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Memorandum

TO: BATA Oversight Committee

DATE: May 7, 2014

FR: Executive Director

W. I. 1251/1256

RE: Draft FY 2014-15 Toll Bridge Program Operating and Capital Budget

This memorandum presents an overview of the draft FY 2014-15 BATA Toll Bridge Operating and Capital Budgets. The FY 2014-15 budgets will be presented to the Committee for referral and to the full Authority for approval in June of this year.

FY 2013-14 Operating Budget Update

FY 2013-14 Revenues

Total paid toll traffic for the first nine months of FY 2013-14 is up 2.2% over the nine-month period in FY 2012-13. The number of reduced fare carpool vehicles increased by about 461,000 vehicles when compared to the first nine months of FY 2012-13, while full fare toll paying vehicles increased by roughly 2,100,000 vehicles as shown below in Table 1.

Table 1
Toll Traffic – Comparison of 9 Months of FY 2012-13 and FY 2013-14

	FY 2012-13	FY 2013-14	Change
Full Fare Toll Paying Vehicles	87,070,464	89,175,480	2,105,016
Reduced Fare Carpool Vehicles	4,044,343	4,505,411	461,068
Total Vehicles	91,114,807	93,680,891	2,566,084

Total toll revenues through the third quarter of FY 2013-14 are approximately \$498 million, which is 2.7% above FY 2012-13 as shown below in Table 2.

Table 2
Toll Revenues – Comparison of 9 Months of FY 2012-13 and FY 2013-14

	FY 2012-13	FY 2013-14 Actual	Percent Change
Full Fare Toll Paying Vehicles	\$474,688,311	\$486,672,437	2.5%
Reduced Fare Carpool Vehicles	\$10,110,858	\$11,263,527	11.4%
Total Revenue	\$484,799,169	\$497,935,964	2.7%

FY 2013-14 Expenses

Staff projects that overall operating expenses for the current FY 2013-14 will be within the approved budget. Increases for electronic toll collection are the result of increases in FasTrak[®] accounts and a slight increase in maintenance expenses for in-lane toll collection equipment. This increase was due in part to installation of the new toll collection system on the San Francisco-Oakland Bay Bridge over the 2013 Labor Day weekend.

FY 2014-15 Draft Operating Budget

The draft FY 2014-15 operating budget as compared to the adopted FY 2013-14 operating budget is shown in Attachment A. This draft budget includes 5 new positions for the Express Lanes program. The new positions include two for systems support and implementation, one traffic engineer, one program technician and one toll/rate analyst.

Toll Bridge Revenue (Lines 1a and 1b)

Staff is estimating total toll revenue of \$665 million for FY 2014-15, which is about 3 percent higher than the adopted budget for FY 2013-14. This is the fourth year that two-axle vehicle revenue has increased. Carpool revenue for FY 2014-15 is also estimated to be back to the level of FY 2010-11 when the carpool tolls/rates were first implemented.

Other Revenues (Lines 4 to 6)

Staff is anticipating a decrease in reimbursement revenues (lines 4a-4d). All agencies clearing transactions through the FasTrak[®] Regional Customer Service Center reimburse BATA for their FasTrak[®] collection costs. The Golden Gate Bridge reimbursement covers the on-going costs for their recently implemented all electronic tolling (AET). The Golden Gate Bridge reimbursement will be less because FY 2013-14 included development and reimbursable startup costs for AET. The last payment from Caltrans for the State Payment Acceleration Notes (SPANs) was received in FY 2013-14 for \$300 million (line 5). The interest subsidy payment from the Federal government for the Build America Bonds (line 6) was reduced to \$71 million to reflect the reduction from budget sequestration.

Toll Bridge Operations and Maintenance Expenses (Lines 8 through 15)

Overall, for FY 2014-15, the cost to maintain and operate the toll bridges is estimated to total approximately \$69 million (line 15), which is about 1% more than the budget in FY 2013-14. The major highlights in the operations and maintenance portions of the budget include:

- (Line 8) The number of Caltrans toll collection person years (PYs) is expected to drop about 3% from the FY 2013-14 budget; however the PY billing rate is estimated to be about 7% higher. As a result, the toll collections and operations costs are projected to increase approximately 5% from last year. BATA and Caltrans staff will continue to seek opportunities to optimize lane staffing costs.
- (Line 9) For FY 2014-15, staff is proposing a total budget of \$7.9 million for Caltrans maintenance activities, which is the same as the FY 2013-14 budget.
- (Line 13a) For FY 2014-15, staff is proposing a total budget of \$22 million for the operation of the FasTrak[®] Regional Customer Service Center (CSC), which is a minor decrease from the adopted budget for FY 2013-14. The CSC will begin operations under a new contract (although with the same contractor) this Fall 2014.
- (Line 13c) There is a \$220,000 decrease for ATCAS facility and in-lane maintenance for FY 2014-15 with the new ATCAS toll collection and accounting system fully deployed in the field at all the bridges in September 2013.
- (Line 13d) There is a \$127,000 decrease for ATCAS hardware and software maintenance. There was a maintenance overlap in FY 2013-14 as the new ATCAS toll collection and accounting system roll out was completed for all the bridges.

Toll Bridge Administration and Transfers Expense (Lines 16 through 43)

- (Line 22) For FY 2013-14, a total of about \$27.5 million is budgeted for BATA's Toll Bridge Administration costs which represent a 0.3% decrease from the FY 2013-14 budget. The direct staff costs (line 16) will decrease as the new toll collections system was implemented and some of the staff costs transferred into the Express Lanes capital budget. The financing costs (line 17) increased by \$0.7 million mainly due to an increase of costs of issuance of \$4 million and a decrease in commitment and remarketing fees of \$3.2 million for the variable bonds.
- (Lines 29 to 41) Remaining portions of the operating budget maintain BATA's existing programs, transfers and reserves. The last transfer to the Bay Area Infrastructure Financing Authority (BAIFA) for the SPANs Bonds (line 34) was completed in FY 2013-14 for \$300 million. The debt service (line 36) increased by \$5.6 million of interest expense for new debt and additional principal payments.

FY 2014-15 Capital Budget

Express Lanes

The FY 2014-15 BATA capital budget includes the implementation of the Tier 1 program of the Bay Area Express Lane Network (see Table 3). The Tier 1 program includes conversion of existing HOV lanes to express lanes on I-680 in Contra Costa County, I-880 in Alameda County, I-80 in Alameda, Contra Costa and Solano counties, and the approaches to the Bay Bridge, San Mateo Bridge, and Dumbarton Bridge. Funds budgeted by BATA will be assigned to contracts and managed by the Bay Area Infrastructure Financing Authority.

**Table 3
Express Lanes Program Tier 1 Summary**

Scope	Current Total Program Budget (millions)*	Notes
Program Management	\$20.8	Manage overall program work plan, schedule, cost, funding and risk for express lanes development, implementation, testing and operations. Manage coordination among toll system and civil elements. Facilitate coordination with partner agencies.
Toll System	\$104.1	Implementation of 90 miles of express lanes on CC-680, ALA-880, SOL-80 and the bridge approaches.
Civil Projects (construction, support and right-of-way)	\$166.3	Environmental, design and construction for Tier 1 projects.
Operations and Maintenance	\$15.0	One-year of operations for each Tier 1 corridor.
Total	\$306.2	

*The BATA Rehabilitation Budget included additional funds in the amount of \$20 million for Express Lanes program not represented in Table 3.

Toll Bridge Seismic Retrofit Program

The Toll Bridge Program Oversight Committee (TBPOC) has requested a budget transfer of \$103.8 million from the program contingency to the San Francisco-Oakland Bay Bridge East Span Replacement Project (see Table 4). The funds would be used to close-out the Yerba Buena Island Detour Contract, accelerate the dismantling of the east cantilever, and for capital outlay support to close-out the program following complete demolition of the old East Span. These changes are forecasted and noted in the Toll Bridge Seismic Retrofit Financial Report. The TBPOC reviewed and approved the request at its meeting on April 11, 2014. There is no change to the overall program budget as shown in Table 4.

Table 4
Proposed Toll Bridge Seismic Retrofit Program Budget

Project	Current Budget (millions)	Proposed Budget (millions)	Proposed Change
SFOBB East Span Replacement	\$6,293.2	\$6,397.0	+103.8
Other Seismic Retrofit Projects	\$2,469.7	\$2,469.7	---
Subtotal	\$8,762.9	\$8,866.7	+103.8
Program Contingency	\$189.1	\$85.3	-103.8
Total	\$8,952.0	\$8,952.0	---

FY 2014-15 Capital Outlay Support for the Toll Bridge Seismic Retrofit Program

For FY 2014-15, the TBPOC has recommended an allocation of \$38.4 million to Caltrans from the aforementioned proposed project budget for on-going construction oversight and design support cost for dismantling of the old East span and to close-out remaining contracts. I dissented from that recommendation because I believe that additional savings need to be realized in these staffing costs to keep the remaining seismic project work within our overall budget. Accordingly, BATA staff recommends an allocation of \$36 million for capital outlay support the upcoming fiscal year which would require more aggressive staffing reductions.

Toll Bridge Rehabilitation Program

The BATA Toll Bridge Rehabilitation Program is a financially constrained program that uses funds to address the immediate needs of the bridge and related projects to maintain the safe and efficient operation of the bridges and its facilities. BATA staff has worked with BATA and Caltrans management to analyze the program and establish an asset management plan for the toll bridges. Staff jointly identified bridge needs and evaluated the eligible rehabilitation projects based on the type of project and current condition of the bridges. Proposed allocations are summarized in Table 5 on the following page. BATA and Caltrans staff are currently in discussions over the program and will present a final program to the Authority for allocation in June.

**Table 5
Toll Bridge Rehabilitation Program Allocation Summary for FY 2014-15**

	Capital Outlay Construction Allocations	Capital Outlay Support Allocations
Caltrans Rehabilitation Projects	\$29.8	\$22.4
BATA Rehabilitation Projects	\$52.2	\$0.2
Total	\$82.0	\$22.6

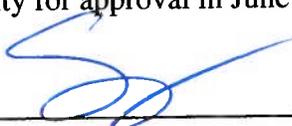
Reserve Designations

The Authority’s approval of the 2013-14 Plan of Finance (BATA Resolution No. 110) approved November 20, 2013, designated BATA’s reserves status to help BATA maintain operations through various emergency scenarios without the need for toll increases. The reserve designations are as follows:

	<u>Funding</u>
Project/self insurance reserve (SIR)	\$580 million
Two years rehabilitation funding	\$120 million
Two years operations & maintenance	\$150 million
Emergency reserve (Co-op)	\$50 million
Variable rate risk reserve	<u>\$100 million</u>
Total	\$1,000 million

Recommendation

This draft budget is presented for the Committee’s information. Staff will present the final budget to this Committee for referral and to the Authority for approval in June of this year.



 Steve Heminger

SH:bm

Attachment A
BATA Operating Budget for FY 2014-15

Line #		FY 2013-14 Amended Budget	FY 2014-15 Proposed Budget	% Change
	REVENUE			
1a	4320 RM 1 & Seismic Toll Revenues	\$529,816,181	\$545,770,967	3.0%
1b	4320 RM 2 Toll Revenues	\$115,741,820	\$119,188,149	3.0%
2a	4800 RM 1 Interest Earnings	\$3,510,525	\$4,829,710	37.6%
2b	4800 RM 2 Interest Earnings	\$750,000	\$1,207,428	61.0%
3	Other revenue (Violations)	\$10,000,000	\$10,000,000	0.0%
4a	4327 GGBH&TD ETC Reimbursement	\$6,545,000	\$5,535,000	-15.4%
4b	Alameda CMA Reimbursement	\$137,000	\$160,000	16.8%
4c	VTA 237 Express lane Reimbursement	\$116,000	\$135,000	16.4%
4d	SFO Airport Reimbursement	\$402,000	\$435,000	8.2%
5	Caltrans (SPANS)	\$300,000,000	\$0	-100.0%
6	Rebate for Build America Bonds	\$76,561,538	\$71,049,107	-7.2%
7	Total Revenues	\$1,043,580,064	\$758,310,361	-27.3%
	EXPENSES			
	Caltrans Operations and Maintenance			
8	6012 Toll Collection & Operations Services	\$20,800,000	\$21,873,000	5.2%
9	6013 Toll Bridge & Facility Maintenance (Category A&B)	\$7,900,000	\$7,900,000	0.0%
10	6011 Caltrans Coordination	\$321,000	\$321,000	0.0%
11	6009 Caltrans ETC Operations	\$3,000	\$0	-100.0%
12	Caltrans Operations and Maintenance Subtotal	\$29,024,000	\$30,094,000	3.7%
	BATA Operations and Maintenance			
13a	5300 ETC - CSC Operations	\$22,175,000	\$22,000,000	-0.8%
13b	5312 ETC - Banking/Credit Card Fees	\$10,900,000	\$11,900,000	9.2%
13c	6009 ETC - ATCAS Facility and In-lane Maintenance	\$3,141,000	\$2,920,820	-7.0%
13d	5201 ETC - ATCAS Hardware/Software Maintenance	\$1,763,000	\$1,636,000	-7.2%
13e	ETC - Collections Contract/DMV Expense	\$1,400,000	\$1,500,000	7.1%
14	BATA Operations and Maintenance Subtotal	\$39,379,000	\$39,956,820	1.5%
15	Toll Bridge Operations and Maintenance Total	\$68,403,000	\$70,050,820	2.4%
	Toll Bridge Administration			
16	Direct Staff Costs	\$8,947,644	\$8,598,055	-3.9%
17	5312 Financing Costs	\$14,931,279	\$15,634,800	4.7%
18	5901 Audit/Accounting/Other	\$2,278,943	\$2,143,200	-6.0%
19	5751 Business Insurance	\$525,000	\$608,100	15.8%
20	6011 Misc. Toll Administration Operating Expense	\$500,000	\$500,000	0.0%
21	5703 CTC TBPOC Oversight Committee Reimbursement	\$450,000	\$60,000	-86.7%
22	Toll Bridge Administration Subtotal	\$27,632,866	\$27,544,155	-0.3%
	Consultant Contracts/Other			
23	5300 ETC Marketing	\$800,000	\$700,000	-12.5%
24	5300 Toll Plaza Traffic Operations Analysis	\$500,000	\$500,000	0.0%
25	5300 RM 2 Project Monitoring - Capital & Ops. Program	\$400,000	\$350,000	-12.5%
26	5300 BATA Contract Contingency	\$500,000	\$300,000	-40.0%
27	5300 RM 2 Contract Contingency	\$500,000	\$500,000	0.0%
28	Consultant Contract/Other Subtotal	\$2,700,000	\$2,350,000	-13.0%
	Transfers to MTC			
29	8934 1% Administration	\$6,498,185	\$6,809,963	4.8%
	Transfer to MTC	\$100,000	\$177,900	77.9%
30	RM 2 marketing	\$1,900,000	\$1,615,000	-15.0%
	Transfer to Legal Reserve	\$329,274	\$500,000	51.8%
31	Disaster Preparedness	\$150,000	\$150,000	0.0%
	Transit Core Capacity	\$0	\$200,000	
32	6018 Transbay Transit Terminal Maintenance	\$4,231,795	\$4,379,908	3.5%
33	Transfer to BAHA	\$0	\$765,012	
34	Transfer to BAIFA (SPANS)	\$300,000,000	\$0	-100.0%
35	Transfers to MTC Subtotal	\$313,209,254	\$14,597,782	-95.3%
36	Debt Service	\$548,618,303	\$554,252,825	1.0%
37	8000 RM2 Transit Operating	\$43,981,892	\$45,291,497	3.0%
	Transfer to Capital Fund (In) Out			
38	8000 Capital Transfer	\$6,884,749	\$41,973,282	509.7%
39	6900 Furniture/Equipment	\$50,000	\$50,000	0.0%
40	BATA RM 1 Capital Reserves (In)Out	\$6,934,749	\$42,023,282	506.0%
41	Contribution to BAHA	\$30,000,000	\$0	-100.0%
42	5790 Provision for Depreciation/Amortization	\$2,100,000	\$2,200,000	4.8%
43	Total Expenses	\$1,043,580,064	\$758,310,361	-27.3%