

**Bay Area Toll Authority
Oversight Committee**

February 14, 2024

Agenda Item 4b-24-0144

Fiscal Year (FY) 2023-24 Bay Area Toll Authority (BATA) Statement of Revenues and Expenses for the Period Ended December 31, 2023 (Unaudited)

Subject:

Statement of revenues and expenses for the period ended December 31, 2023 (unaudited)

Background:

The Bay Area Toll Authority manages the electronic toll revenues collected from the Bay Area's seven bridges owned by the California Department of Transportation (Caltrans). BATA also manages FasTrak®, which is the electronic toll payment system for the bridges and express lanes. Caltrans is responsible for the operation and maintenance of these bridges.

The Statement of Revenues and Expenses has been prepared in accordance with the generally accepted accounting principles (GAAP). The columns have been designed to provide an easy comparison of current year-to-date actuals to the prior year-to-date actuals, including dollar and percentage variances.

Operating Revenue:

Regional Measures (RM) 1, 2, and 3 are tolls on the state-owned bridges to finance specific bridge and roadway improvements and transportation projects. Year-to-date toll revenues collected were \$401.2 million, which was \$1.3 million less than the prior year-to-date actual. An increase in carpool traffic tolled at a discounted rate is the primary driver for the reduction in revenues, despite an overall increase in paid traffic compared to prior year.

Violation revenues and other revenues collected were \$10.3 million, which was \$981 thousand more than prior year-to-date actual violation revenues and other revenues.

Operating Expenses:

As of December 31, 2023 Operating Expenses were \$58.5 million, which is \$689 thousand more than the prior year-to-date actual. Higher operating expenses in FY 2024 were driven by an increase in DMV hold fees and advertising costs, offset by timing difference in vendor invoices received.

Non-Operating Revenues and Expenses:

As of December 31, 2023, Total Non-operating Revenues (Expenses) were (\$124.9 million), which was \$48.4 million more than the non-operating expenses in prior year-to-date actual. The primary driver of this fluctuation is a change in method for the recording of bond interest expenses.

In FY 2023, bond interest expenses were recorded when they were incurred. A majority of BATA's bond payments are made on a semi-annual basis, every October/April. To reflect expenses more accurately, Treasury has started to accrue interest expenses each month. The large increase in non-operating expenses was slightly offset by an increase in interest income for the current fiscal year driven by a higher interest rate environment.

Contributions and Transfers:

As of December 31, 2023, Total Contributions and Transfers were \$101.3 million, an increase of \$86.4 million compared to prior year-to-date actual. The large increase in transfers is attributed to RM3 revenues being transferred to the capital fund in FY24. These transfers did not occur as of Q2 FY23 due to RM3 funds being locked under litigation at the time. The State Supreme Court dismissed this lawsuit in January 2023, and RM3 revenues began to be transferred to the capital fund in Q4 FY23.

Budget & Forecast Updates:

At the end of the second quarter of FY 2023-24, BATA total operating revenue of \$411 million was 45% of the full year budget of \$920 million. RM1, RM2 and RM3 toll revenues for FY 2023-24 were \$242 million, \$52 million, and \$107 million, respectively, which reflect 45% of the approved budget of \$894 million for toll revenue. Paid traffic is up by approximately 2% over the same period last year. Violation revenue collected was \$9.6 million or 37% of its approved budget.

Investment income of \$45 million was 72% of the adopted budget, driving up the total revenue performance. Interest rates continue to be higher than what had been anticipated. Reimbursement revenue from agencies that use the FasTrak toll collection system generated \$6.5 million of revenue which was 36% of the approved budget. There are lags in the receipt of these reimbursement revenues. The revenues from Alameda County Express Lanes (EL), VTA 237 EL, and San Mateo 101 EL were in line with budget assumptions while the revenue from the Golden Gate Bridge was trending low. Additionally, BATA received rental income of \$830 thousand from Conduent for the FasTrak walk in center that are subsequently paid for the office rent and security expenses to Cushman & Wakefield. A budget amendment was submitted in November to add the related income and expenses.

Total operating expenses of \$59 million were 22% of the approved budget. Debt service costs of \$205 million, which were 37% of the approved budget, included interest expenses and financing fees. Second quarter expenses related to Caltrans operations and maintenance, FasTrak operations and maintenance and toll bridge administration were all below 50% of the approved budget. Historically, expenses up to the second quarter are low. Actual expenses will catch up towards the year-end as debt services payments are made, operating invoices are processed and more of the

operating transfers are incurred including transfers for RM2 and RM3 related operating and capital projects.

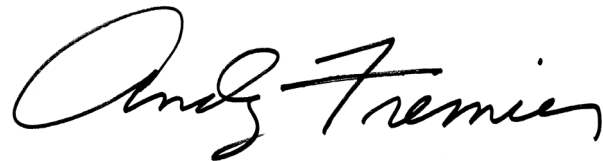
The resulting net surplus before depreciation and unrealized gain/(loss) on investment was \$127 million, which is somewhat overstated. Large expenses included in the budget will be incurred towards the end of the year.

Recommendations:

None. Information only.

Attachments:

- Attachment A: BATA Statement of Revenues and Expenses for the Period Ended December 31, 2023 (unaudited)



Andrew Fremier