Bay Area Toll Authority
BATA

June 24, 2026 **Agenda Item 4b - 26-0750**

Bay Area Toll Authority Resolution No. 195

Proposed Fiscal Year 2026-27 Operating and Capital Budget

Subject:

Staff request adoption of the Bay Area Toll Authority (BATA) Resolution No. 195, approving the Proposed Fiscal Year (FY) 2026-27 Operating and Capital Budget.

Summary of Changes from May Draft:

On May 27, 2026, staff presented the draft FY 2026-27 Operating and Capital Budget to the Authority as an information item. The proposed budget includes a $9.3 million increase in projected interest revenue, reflecting higher interest rate expectations based on recent economic trends. Toll bridge administration costs are projected to increase by $590 thousand, primarily due to the updated cost-of-living adjustments (COLA), consistent with Metropolitan Transportation Commission (MTC) labor agreements and recent Consumer Price Index (CPI) projections from the U.S. Bureau of Labor Statistics, as well as the reallocation of positions to BATA. In addition, the proposed budget reflects a $397 thousand increase in transfers to MTC for consulting projects, administrative draw adjustment, and a $78 thousand contribution to the Oracle Enterprise Resource Planning (ERP) system. These expense changes, totaling approximately $1.0 million, are partially offset by higher revenue projections, resulting in a net increase in the total operating surplus of approximately $8.3 million.

Background:

BATA is responsible for collecting and administering toll revenues across the seven state-owned bridges in the Bay Area. These funds not only support the day-to-day operation, maintenance, and long-term rehabilitation of the bridges, but also help finance major improvements across the region’s transportation network.

BATA invests toll dollars in a wide range of voter-approved programs, including Regional Measure 1 (RM1), Regional Measure 2 (RM2), and Regional Measure 3 (RM3), which fund

highway and transit upgrades, seismic retrofitting of critical infrastructure, congestion-reduction initiatives, and other mobility enhancements that benefit travelers throughout the Bay Area.

In addition, BATA oversees FasTrak®, the region's electronic toll collection system used on toll bridges and Bay Area express lanes. While BATA manages toll revenue and FasTrak® operations, ownership, maintenance and rehabilitation of the state-owned bridges remain under the authority of Caltrans.

The BATA Proposed FY 2026-27 Operating and Capital Budget reflects a strong and growing revenue base, which supports the operation and maintenance of the bridge system, continued investment in preservation and rehabilitation of the bridge system, and funding of other capital programs. The budget also includes planned repayment toward outstanding debt obligations. The BATA proposed operating budget presents a balanced financial plan for the year, with total operating revenues projected at $1.27 billion, including $1.05 billion from bridge toll collections. Planned operating expenditures covering maintenance, administrative functions, debt service, transfers, and one-time costs, total $1.04 billion. This leaves an estimated $225.3 million in operating surplus, which will be held in reserve to support capital investments such as the $4.45 billion Regional Measure 3 program and the $2.3 billion 10-Year Toll Bridge Capital Improvement Plan (CIP).

FY 2025-26 Operational Highlights:

Key achievements and challenges from FY 2025-26 include:

- Implementation of the Board approved 2026 toll increase of 50 cents effective January 1, 2026.
- Continued modest growth in bridge traffic, with year-end estimate at approximately 100% of FY 2025-26 budget while remaining at 84% of pre-pandemic FY 2018-19 levels.
- Started construction to convert the Richmond–San Rafael Toll Plaza to Open Road Tolling (ORT), which will be the first of seven bridges to have toll plazas removed.
- Completed a license plate camera replacement project at all bridges, reducing the number of unreadable images by 23% to reduce toll evasion.

FY 2026-27 Budget:

The following are the key assumptions for the development of the FY 2026-27 budget:

- Traffic growth of 0.5% from current FY 2025-26 budget levels.
- Includes the January 1, 2026 toll increase of 50 cents for two-axle vehicles and per-axle for multi-axle vehicles. The second of the five-year plan of toll increases of 50 cents will be effective on January 1, 2027.
- On January 1, 2027, BATA is also implementing a toll differential for customers using license plate accounts or paying by invoice. The proposed budget does not include any increase in revenue or decrease in expenses associated with this change, pending a better understanding of the behavior/financial results of this change.
- 3.8% cost-of-living adjustment (COLA), consistent with MTC labor agreements and based on current consumer price index (CPI) projections based on figures released by the Bureau of Labor Statistics on May 12, 2026.
- The budget applies a 46% benefit rate to salaries to allocate projected employer-paid employee benefits, including retirement, health insurance, transit subsidies, and other post-employment benefits.
- An 8% vacancy rate assumption is included, which is in alignment with ongoing staffing trends.
- A net interest yield of 3.6%.
- The Authority's tax-exempt variable rate debt average of 3.15%.

Operating Revenue:

Total bridge toll revenues for the FY 2026-27 budget are projected at $1.05 billion, based on a modest 0.5% traffic increase, maintaining 90.3% paid traffic, and incorporating the January 2026 $0.50 per axle toll increase. By March 2026, toll collections reached $712.0 million, or 72.3% of the FY 2025-26 annual budget, as amended.

Violation revenues are projected at $32.1 million, which exceeds the FY 2025-26 budget by 10.3%. It should be noted, however, that this increase due to increased traffic will be partially offset following the completion of DMV hold catch up activity from COVID-era backlogs.

The FY 2026-27 budget reflects an upward revision in interest revenue assumptions to $108.7 million, driven by stronger interest rate expectations. Reimbursement revenue for FasTrak® processing from other agencies is expected to increase by 18.9% to $19.5 million. At the same time Build America Bond (BAB) subsidies are projected to decrease to $52.5 million from the $61.9 million budgeted in FY 2025-26 following the partial refunding of the 2010 S1 bonds, with refunding savings shown in debt service expense.

Operating Expenses:

Total operating expenses and transfers for the fiscal year are projected at $1.04 billion, reflecting a 10.5% increase over the prior year. This growth is driven by higher toll-system operating costs, increased FasTrak® and customer service expenditures (including one-time Title 21 tag-swap activities), rising debt service obligations, and the reclassification of select Caltrans recurring bridge preservation costs from the rehabilitation program into operating activities.

Toll Bridge operating and maintenance costs rise primarily due to the shift of existing Caltrans work into the operating budget, adding $14.1 million for BASE cameras, bridge inspections, and traffic-operations support. Caltrans A and B maintenance totals $19.7 million, a 7.0% increase from the FY 2025-26 budget reflecting expanded electrical responsibilities and higher materials and contract pricing.

FasTrak® operating and maintenance costs are projected to rise, primarily due to Regional Customer Service Center (RCSC) costs that increase 9.0% to $96.3 million, driven by higher

processing volumes, and additional technical support. Merchant and banking fees continue to rise with increased credit-card usage, while DMV and collection fees decline as violation backlogs normalize. FasTrak® costs also budget a one-time allocation of $13.5 million to cover Title 21 tag-swap expenses, ensuring compliance with the statewide retirement of the Title 21 protocol on January 1, 2027.

Staffing costs are projected to increase by 8.9% to $21.5 million. This increase reflects a 3.8% salary adjustment and a net increase of 3.5 full time equivalent (FTE) allocated to BATA, partially offset by vacancy savings. Other operating costs decrease modestly due to consolidation of electronic toll collection marketing contracts and the transfer of the Bay Lights project to the rehabilitation program.

Debt service expenses are projected to increase by 11.2% to $652.8 million, driven by issuance of new money bonds and interest-rate volatility. Transit operating assistance funded through RM2 and RM3 remains a major expenditure, representing 35% and 16% of their respective toll revenues. RM2 transit support increased slightly to $41.2 million, while RM3 transit operating assistance totals $61.3 million. However, this increase is partially offset by lower Express Bus carryover funding from prior year retained revenue compared to FY 2025-26.

Transfers rise modestly due to higher MTC administrative draws tied to revenue growth, while liability-reserve contributions remain at $5.0 million. Transfers to MTC projects decline by $934 thousand due to fewer technology support commitments, partially offset by increased contributions to the Enterprise Resource Planning (ERP) system.

After accounting for all operating costs, transfers, and one-time expenditures, the FY 2026-27 budget projects an operating surplus of approximately $225.3 million. The budget proposes that this funding will be directed to capital programs supporting long-term bridge and transportation investments.

Rehabilitation Program:

The Toll Bridge Rehabilitation Program has been under BATA Oversight since 2007. Each year BATA works closely with Caltrans to develop the budget for the program. Over the past 19 years

both Caltrans and BATA have administered nearly $3.0 billion in bridge rehabilitation projects as follows:

Budget vs. Actual (in millions)

	Life-to-date Budget Thru FY 2025-26	Actual Expenses Thru 03/31/26	Remaining Balance
Caltrans	$1,866.1	$1,132.0	$734.1
BATA	$962.6	$6757	$286.9
Total	**$2,828.7**	**$1,807.7**	**$1,021.0**

Looking forward, BATA's FY 2024-33 CIP provides a baseline for the FY 2026-27 budget request. The CIP, first adopted in February 2023 and amended by BATA in January 2025, outlines projects that BATA intends to fund and implement with Caltrans to preserve the bridges and BATA managed tolling infrastructure on a multi-year basis. As projects advance, a more precise schedule and cost estimate are developed, and some variance between the plan and the budget is expected. A new 10-year CIP for FY 2027-2036 will be proposed later this year, using the adopted FY 2026-27 budget as the starting point and incorporating analysis from the first edition of the Toll Bridge Asset Management Plan that was adopted by BATA in January 2026.

The proposed FY 2026-27 BATA Rehabilitation program life-to-date budget totals $2.959 billion. It includes $130.0 million in additional funding for FY 2026-27, a decrease from the FY 2025-26 approved budget of $643.0 million. This difference reflects a concentration of high-cost construction projects Caltrans advertised during the current fiscal year, including the Richmond–San Rafael Bridge Structural Steel Paint (Phase 3) project, the San Mateo–Hayward Bridge Trestles Repair (Phase 2) project, and the San Francisco–Oakland Bay Bridge West Span Paint project. Future annual budgets, such as the proposed budget for FY 2026-27, are not expected to consistently reach the same level as observed in FY 2025-26.

Major components of the FY 2026-27 budget (in millions) are as follows:

	Proposed Budget FY 2026-27
Bridge Preservation	$63.0
Technology & Transport Support Elements	$42.0
Routine Preservation	$25.0
Total	**$130.0**

As in past years, bridge preservation remains the largest component of the FY 2026-27 proposed rehabilitation budget, as Caltrans continues to advance rehabilitation projects through the project development process and prepare projects for construction. Two examples include the structural steel painting projects on the Carquinez and San Mateo-Hayward bridges.

The budget for navigational aid and fender rehabilitation projects continues to be prioritized to ensure existing systems that help reduce risk to toll bridges from vessel allisions remain in good condition. Additional budget needs are anticipated, and Staff may present an amendment once design and studies included in the FY 2026-27 proposed rehabilitation budget for emergency warning systems and support contracts for development of risk reduction plans are completed. This work is prompted by the National Transportation Safety Board Marine Investigation Report MIR-25-10 *Safeguarding Bridges from Vessel Strikes: Need for Vulnerability Assessment and Risk Reduction Strategies* recommendations and industry peer review.

Caltrans and BATA staff collaborate throughout the year to ensure optimal capital outlay and timing of projects. As projects progress towards the construction phase, staff may request budget amendments as needed for awarding those contracts. The complete list of proposed FY 2026-27 Bridge Rehabilitation Program projects can be found in Attachments C-1 and C-2.

Capital Programs:

The budget advances several other strategic capital priorities. A new FasTrak® Capital Systems program has been established with $10.0 million reallocated from BATA Rehabilitation to support digital initiatives, tolling system enhancements, and related staff costs. Analysis of requirements necessary to support a new FasTrak® Back-Office System is underway, and staff may present a budget amendment in the second half of FY 2026-27 with additional details. The details of the proposed FY 2026-27 FasTrak® Capital Systems can be found in Attachment G.

In addition, the budget includes a $3.0 million increase for the Cutting Boulevard Transit Priority Project within the Other Capital Projects program.

Other capital projects are underway in the following programs (in millions).

	FY 2025-26 Budget	Actual*	Balance
AB1171	$570.0	$544.0	$26.0
RM2	$1,589.0	$1,559.0	$30.0
RM3	$4,450.0	$914.0	$3,536.0
Core Capacity Challenge	$250.0	$216.0	$34.0
Other Capital Projects	$10.0	$0.7	$9.3
Total Other Capital Projects	**$6,869.0**	**$3,233.7**	**$3,635.3**

**As of March 2026*

The full lists of projects for these capital programs are included in Attachments B, D, E, and F.

The proposed FY 2026-27 BATA Operating and Capital Budget reflects a balanced and financially sound plan that supports continued operation, maintenance, and long-term investment in the Bay Area's toll bridge system and regional transportation network. Modest updates since the May draft—primarily higher projected interest revenue and targeted expense adjustments—result in an improved overall operating position. With $1.27 billion in revenues and $1.04 billion in expenditures, the budget projects an operating surplus of approximately $225.5 million, which will be reserved for critical capital programs, including bridge preservation, seismic safety, and

voter-approved regional improvements. Overall, the budget demonstrates prudent fiscal management, stable revenue growth, and continued commitment to sustaining and enhancing the region's transportation infrastructure

Operating and Capital Reserve:

Staff is not proposing any changes to the designated reserves for Fiscal Year 2026-27. Information on these designated reserves is included in Attachment H.

Recommendations:

Staff recommends adoption of Resolution No. 195, approving the BATA FY 2026-27 Operating and Capital Budget.

Attachments:

- BATA Resolution No. 195
  - Attachment A - Operating Budget FY 2026-27
  - Attachment B - Capital Projects
  - Attachment C-1 - Rehabilitation Program Budget
  - Attachment C-2 - Rehabilitation Program Budget by Program
  - Attachment D - Regional Measure 2 Regional Traffic Relief Program Capital Budget Summary
  - Attachment E - AB 1171 Program Capital Budget Summary
  - Attachment F - Regional Measure 3 Bay Area Traffic Relief Plan Capital Budget Summary
  - Attachment G – FasTrak® Capital Systems
  - Attachment H - Fund Reserve Designations (effective July 1, 2026)

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