

SAN JOAQUIN HILLS TRANSPORTATION CORRIDOR AGENCY

AGENDA ITEM #: **11**

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY



## **BOARDS OF DIRECTORS**

June 9, 2022

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### **FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY FISCAL YEAR 2023 ANNUAL BUDGET**

#### **RECOMMENDATION**

Foothill/Eastern Transportation Corridor Agency Recommendation:

Approve Resolution No. F2022-13 entitled "A Resolution of the Board of Directors of the Foothill/Eastern Transportation Corridor Agency Approving the Budget for Fiscal Year 2023" in the amount of \$144,585,575.

#### **SUMMARY**

The Fiscal Year 2023 (FY23) budget reflects: positive transaction and revenue trends while remaining conservative, maintains the Agency's history of cost containment, incorporates FY23 activities from the Board's approved Strategic Plan and meets the fiduciary responsibility to bondholders. The proposed budget includes input from the various Board Committee meetings that were held in March and April and also any feedback received at the budget workshops that were conducted during the Joint Operations and Finance Committee Meetings on April 27, 2022 and May 25, 2022.

#### **COMMITTEE DISCUSSION**

Staff discussed the proposed FY23 budget with the Joint Operations and Finance Committee on April 27, 2022 and May 25, 2022.

Discussion included clarification of revenue assumptions for development impact fees and investment income. A Director requested a more detailed breakdown of general counsel/legal expense and the attached draft budget documents have been updated to provide this additional detail.

The Joint Operations and Finance Committee recommended adoption of the FY23 Budget at the June 9, 2022 Boards of Directors Meeting.

Report Written By: Erick Luque, Manager, Budget and Planning

**REVIEWED BY:**

/s/ Amy Potter

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Amy Potter, Chief Financial Officer

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**APPROVED BY:**

/s/ Samuel Johnson

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Samuel Johnson, Chief Executive Officer

**Attachments:**

1. F/ETCA Annual Budget Narrative Fiscal Year 2023
2. Resolution No. F2022-13

# FY23 Proposed Budget

Foothill/Eastern Transportation  
Corridor Agency



**Foothill/Eastern  
Transportation Corridor Agency**

**Budget Process and Format**

**Fiscal Year 2023 Proposed Budget**

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## **Budget Process**

The Foothill/Eastern Transportation Corridor Agency's (F/ETCA) Board of Directors and the Master Indentures of Trust (Indentures), established in the context of the Agency's bond issuances, provide the financial and funding parameters for the Agency in the development of the budget. The Indentures provide the scheduled future debt service payments and the required debt service coverage ratios that must be obtained each fiscal year and establish financial constraints.

The budget process begins by setting objectives that align with the Board of Directors approved Transportation Corridor Agencies Strategic Plan (Strategic Plan). The objectives consider both near-term and long-term Agency goals and direction from the Board of Directors. Department managers review the status of projects for the current year and develop project initiatives for the next fiscal year with the Agency's Strategic Plan seven focus areas in mind:

- Fiscal Management
- Environmental Stewardship
- Customer Service
- Tolling Technology
- Communications & Public Engagement
- Capital Project Delivery
- Regional Mobility Partnerships

The Agency's history of fiscally responsible management, and the steps taken over the years to manage debt, reduce expenditures and improve ridership resulted in strong liquidity and positioned the Agency well to deal with economic challenges as reflected during the pandemic and to meet the requirements of the Strategic Plan. The budget for Fiscal Year 2023 (FY23) includes the positive traffic and revenue trends, a continued commitment to cost containment, and long-term cashflow planning inclusive of the Debt Management Policy and the Strategic Plan. The FY23 budget process is described in the following paragraphs.

The finance staff worked jointly with each department to compile budget expenditure requests. The project initiatives and budget requests were then reviewed by executive management. All Agency functional areas presented their portion of the budget at the related committee meetings during March and April 2022. The proposed annual budget was presented to the Joint Operations and Finance Committee at a workshop on April 27, 2022, to obtain direction and feedback. The workshop included a review of revenue assumptions and expenditures. Questions received during the workshop were then addressed, and the annual budget was again presented to the Joint Operations and Finance Committee on May 25, 2022. The annual budget is now being presented to the Board of Directors for adoption at the June 9, 2022 Board meeting for the fiscal year starting July 1, 2022. Approval of the budget requires the consent of at least two-thirds of the Board Members. Expenditures during the year must be made in accordance with the Agency's policies. Expenditures in excess of the total of each budget category, as defined in the budget resolution, cannot be made without the approval of a budget resolution by at least two-thirds of the Board Members. The Agency is required to file copies of the annual budget with the trustee on or before the 20th day of July each fiscal year in accordance with the Indentures.

All budgets are developed on a basis consistent with Generally Accepted Accounting Principles. The Chief Executive Officer (CEO) has the authority to make budget transfers within each of the following five categories as long as the total budget amount per category is maintained and the expenditures are made within Board approved policies:

- Administration
- Capital Improvement Plan
- Other Planning, Environmental and Construction
- Toll Operations
- Debt Service

Transfers within each category are subject to the controls in place under the Indentures, the contracts and procurement manual, the investment policy, the staffing and compensation plan, and enabling legislation and are reported to the Board of Directors on a quarterly basis.

Transfers between categories require the Board of Directors approval.

These budget categories are presented on pages 20-21 along with detail subcategories. Budget categories and subcategories are discussed in the Expenditures Summary section beginning on page 16. All budget appropriations lapse at year-end and any amounts not accrued at each year-end must be re-appropriated in the next fiscal year.

### **Budget Format**

The FY23 proposed expenditures budget for the F/ETCA totals \$144.6 million. The Agency has one enterprise fund that records all activity on the accrual basis of accounting. The Agency establishes a budget for this one fund that includes the following budget fund categories: Non-Operating and Planning, Environmental and Construction, Toll Operating Expenses and Equipment (Toll Operations), and Debt Service. Expenses directly related to the F/ETCA are charged entirely to the Agency and those incurred on behalf of both the Agency and the San Joaquin Hills Transportation Corridor Agency (SJHTCA) are allocated between the F/ETCA and SJHTCA (the Agencies) based on the estimated benefit to each. As part of the annual budget process, allocations between the Agencies are reviewed.

Within each Agency, for funding purposes and calculation of debt coverage, costs are further allocated between Non-Operating and Planning, Environmental and Construction, and Toll Operations, based on the estimated benefit to each activity. The following discussion presents a broad description of the type of activities included in the three budget fund categories. These three fund categories are represented as separate columns on pages 20-21 to illustrate how each budget category and subcategory is allocated between the budget fund categories. A more detailed discussion of the expenditures proposed for FY23 is included in the Sources and Expenditures section of this document beginning on page 8.

#### Non-Operating and Planning, Environmental and Construction Expenses (budget fund category)

The proposed FY23 Non-Operating and Planning, Environmental and Construction budget is \$23.4 million. The budget for Non-Operating and Planning, Environmental and Construction includes capital improvement plan projects, ongoing environmental mitigation and other environmental services, such as demographic and regional transportation studies, and all non-operating administration costs. These expenses are generally recorded in the Agency's audited financial statements as an addition to construction in progress. Certain projects are then transferred to Caltrans, as required. It is at the point of transfer to Caltrans that the costs of the project are then expensed on the audited financial statements as a contribution to Caltrans. To date, 36 miles of the

F/ETCA toll system have been transferred to Caltrans. The costs associated with such projects are budgeted in the year the expense is incurred, not when the project is transferred to Caltrans.

Non-Operating and Planning, Environmental and Construction Administration costs include office, personnel, legal, and other customary and normal expenditures associated with the direct management and administration of the Agency's non-operating, planning, environmental and construction related activities, and are allocated as discussed above.

The primary sources of funds for Non-Operating and Planning, Environmental and Construction Expenses are unrestricted cash. Unrestricted cash includes toll, fee and penalty revenues in excess of amounts needed for operating expenses, debt service payments and funding the Indenture required reserves in the year the revenue is collected. The Indentures require surplus revenues in order to meet debt service coverage ratios. The debt service reserve fund requirements have been fully met and the balance of the debt service reserves is approximately \$220.8 million. Additional reserves are discussed in the Toll Operations section below. Each year, \$5.0 million of Development Impact Fees (DIFs) received by the Agency is available to fund expenditures or increase the unrestricted cash fund; the balance of development impact fees collected during the year are also made available for the same purpose if they are not needed to fund current debt service payments. The fees are one-time developer payments that are collected by the County of Orange and member cities when a building permit is issued. F/ETCA was able to construct the roads in advance of collection of the DIFs by issuing toll revenue bonds that will be repaid with the tolls and DIFs collected. Therefore, the fees are to be used to repay the indebtedness incurred to construct the Foothill/Eastern Transportation Corridors that have already been built, as well as to pay the cost of future anticipated improvements, as identified in the Capital Improvement Plan to be presented to the Board of Directors on June 9, 2022. Other sources of funds for these activities include investment earnings. See the table on page 29 for detail of unrestricted cash funds.

#### Toll Operations (budget fund category)

The Toll Operations budget includes funding for the toll operations activities including operating administration costs. The proposed FY23 Toll Operations budget is \$27.7 million.

The primary sources of funds available for Toll Operations are toll revenues, penalties, fees, and interest earnings from certain accounts specified within the Indentures. Unrestricted cash as described above is also available for funding operations equipment and capital purchases. Operating reserves totaling \$17.0 million are also maintained in accordance with the Indentures.

Amounts allocated to Toll Operations are costs associated with maintaining and operating the toll equipment, software, and systems as well as the customer service centers, toll collection processing, and all other related operating expenses. The major costs budgeted for Toll Operations' activities include the contract costs associated with the operation and maintenance of the Agency's on-road toll equipment and back-office systems; license plate image review processing; customer care and toll compliance services; and credit card processing fees. Also included in Toll Operations are toll equipment purchases such as transponders, system software, in-lane toll and violation processing equipment, and project development costs. In addition, a portion of Agency administration costs allocated to operation activities such as insurance, salaries and benefits, consulting, legal, office expense and customer communications are included in this fund category.



## Debt Service (budget fund category)

Debt Service includes annual principal and semi-annual accrued interest payments related to long-term debt. A portion of the outstanding bonds are capital appreciation bonds and convertible capital appreciation bonds, which are structured so that the principal amount accretes (increases) each year at the stated interest rate. Debt accretion has been excluded from the budget because it is a non-cash item and is reflected in the budget as part of the principal payments in the years scheduled to be paid. The proposed FY23 budget for Debt Service is \$93.5 million.

In 1995, the Agency issued long-term toll revenue bonds to finance construction of the Foothill/Eastern Transportation Corridors (State Routes 133, 241 and 261). The bonds were initially refinanced in 1999 and ultimately refinanced in 2013 (with a smaller final portion of the 1995 bonds refinanced in 2015). The 2013 transaction refinanced the debt to 2053, placed the Agency in a solid financial position, significantly improved the Agency's debt metrics and achieved the following:

- Positioned the Agency for future credit upgrades.
- Provided for inflationary toll rate increases (small annual adjustments rather than infrequent larger lump sum adjustments).
- Created increased margin to build cash reserves to support the Capital Improvement Plan, withstand future economic downturns and allow for potential early debt repayment in the future.

In FY18, \$125 million of Term Rate Bonds were remarketed which locked in a lower interest rate, resulting in approximately \$1.3 million in interest rates savings each year. In FY20, an additional \$125 million of Term Rate Bonds were remarketed resulting in approximately \$1.9 million of interest savings each year.

In FY20, the Agency also advance refunded \$820.3 million of the 2013A senior lien bonds through the issuance of taxable bonds. The refunding reduced debt payments by \$330 million without extending bond maturity dates. Interest savings from the refunding transaction are approximately \$13.5 million per year.

In FY21, the Agency refunded \$494.2 million of 2013A Senior Lien bonds and \$198.1 million of 2013C Junior Lien bonds through the issuance of new bonds at a lower interest rate. The refunding was achieved without extending bond maturity dates. Interest savings from the refunding transaction are approximately \$13.0 million per year.

Per the Indentures, the Agency's Adjusted Net Toll Revenue (toll related revenues plus interest income on certain accounts, less operating expenses) must be at least 115% of the current year's aggregate debt payments (all debt service scheduled for the fiscal year) and at least 130% of the current year's senior lien debt payments. This is often referred to as 1.15x and 1.30x debt service coverage, respectively.

When compiling the operations budget, Agency staff ensures that the revenues and expenses budgeted provide the necessary coverage ratio needed to maintain or improve credit ratings. The Agency has continued a commitment to cost containment with operating and related administrative costs as a percentage of revenue being materially aligned with prior years even considering the current inflationary environment. The FY23 proposed budget results in an aggregate coverage ratio

of 2.07x and a senior lien coverage ratio of 2.27x. A schedule showing the calculation is included on page 28 of this document.

**Foothill/Eastern  
Transportation Corridor Agency**

**Sources**

**and**

**Expenditures**

**Fiscal Year 2023 Proposed Budget**

## Sources and Expenditures

The Sources and Expenditures of Funds Statement summarizes the Agency's projected total sources and expenditures for the year ending June 30, 2023.

Total sources include revenues budgeted in FY23 as well as available unrestricted cash.

Below is a summary of total funds on hand and the amount of these funds available to fund the FY23 budget as well as future budgets (in thousands).

Estimated total funds on hand at 6/30/22	\$ 821,856
Activity related to prior years	(50,824)
Adjusted estimated total funds on hand at 6/30/22	<u>771,032</u>
Less operating reserves	(17,000)
Less funds restricted for Habitat Conservation Fund	(28,000)
Less debt service reserves	(220,762)
Estimated cash available to fund current and future budgets	<u>\$ 505,270</u>
Cash restricted for debt service	\$ 8,598
All other cash available to fund current and future budgets	<u>496,672</u>
Estimated cash available to fund current and future budgets	<u>\$ 505,270</u>

Total expenditures include all FY23 budgeted expenses requiring a cash outlay.

The Sources and Expenditures of Funds Statement on the following page shows sources less cash expenditures to arrive at cash available to fund subsequent budgets.

The Sources and Expenditures of Funds Statement includes the approved FY22 budget, as amended, including transfers within the CEO's authority, staff projected FY22 sources and expenditures and the proposed budget for FY23. Below are descriptions of cash items that appear on the following page:

The FY23 Early Paydown of Bond Principal is aligned with the goals in the Strategic Plan and reduces the Agency's future debt service interest payments by approximately \$180 million, including \$6.6 million in FY23.

The FY22 Funds Restricted for Habitat Conservation Fund represents the transfer of cash from Unrestricted to Restricted in accordance with a 2016 settlement agreement. The funds will remain under the Agency's control and moving these funds to the restricted category does not equate to an expenditure of funds. Any future expenditure of these funds would be subject to Board approval.

**Foothill/Eastern Transportation Corridor Agency**  
**Sources and Expenditures of Funds Statement**  
**Fiscal Years 2022 and 2023**  
**(\$000)**

Description	FY 2022 Amended Budget As of 4/30/2022	FY 2022 Estimated Actuals	FY 2023 Proposed Budget
Sources:			
Net Toll Revenue	\$165,542	\$168,568	\$189,120
Penalties	23,000	27,455	26,880
Fees	1,846	1,963	2,010
Development Impact Fees	10,600	15,647	15,776
Interest Earnings	4,343	5,999	8,447
Other Revenue	1,881	1,881	574
Cash on Hand Restricted For Debt Service	6,327	6,327	8,598
All Other Cash Available to Fund Current and Future Budgets	444,259	444,259	496,672
<b>Total Sources of Funds</b>	<b>657,798</b>	<b>672,099</b>	<b>748,077</b>
Expenditures:			
Planning, Environmental and Construction	15,238	14,089	15,651
Planning, Environmental and Construction Administration	6,386	5,739	7,736
Toll Operating Administration	7,339	6,834	7,356
Toll Customer Service and Toll Compliance	12,592	12,592	14,903
Toll Systems	2,376	2,368	3,222
Toll Facilities	846	687	780
Operations Equipment and Capital Expenditures	876	863	1,433
Debt Service	95,657	95,657	93,505
<b>Total Expenditures</b>	<b>141,310</b>	<b>138,829</b>	<b>144,586</b>
Subtotal	516,488	533,270	603,491
Early Paydown of Bond Principal*	-	-	125,000
Funds Restricted for Habitat Conservation Fund**	28,000	28,000	-
Projected Cash Available to Fund Subsequent Budgets	488,488	505,270	478,491
Less Restricted Cash For Future Debt Service	8,598	8,598	10,945
<b>Projected Available Cash</b>	<b>\$479,890</b>	<b>\$496,672</b>	<b>\$467,546</b>

\*See further discussion on page 9.

\*\*See further discussion on page 9.

## Sources Summary

FY23 transactions and transactional toll revenue are expected to be up approximately 10.4% and 12.9%, respectively, compared to FY22 mainly due to the continued recovery from the COVID-19 pandemic.

The F/ETCA toll roads were designed to encourage maximum use of the automatic vehicle identification collection system that allows drivers to pay toll charges without stopping at toll booths.

TCA FasTrak account holders can pay tolls by: (i) making a payment by credit card, cash or check to fund a prepaid account from which tolls incurred will be deducted; (ii) maintain a valid credit card or bank account on file from which tolls incurred will be deducted; or (iii) opt for periodic invoices of tolls incurred for which payment will be due immediately upon receipt. For TCA prepaid FasTrak accounts, when the balance of prepaid tolls in a customer's account falls below a minimum threshold, depending on the payment method, TCA either notifies the customer and requests a replenishment payment or TCA charges the customer's credit card or bank account to replenish the toll prepayment account. TCA prepaid FasTrak account holders earn discounts of \$1 per transaction if the account incurred more than \$40 in tolls on TCA toll roads during the prior month.

The FY23 budget adjusts toll rates by 2% in accordance with the Agency's Toll Policy which is based on the average inflation assumption included in the long-term traffic and revenue forecast that supports the Agency's bond obligations. The increases would take effect July 1, 2022.

At the beginning of FY23, the Agency expects to have total cash adjusted for accrual items of \$771.1 million. The expected adjusted cash balance includes debt service reserve and operating reserve funds of \$237.8 million, funds restricted for the Habitat Conservation Fund of \$28.0 million and \$505.3 million of cash on-hand available to fund the current and future years' budgets (See page 9 for further details). During FY23, Net Toll Revenue, Penalties, Fees, Development Impact Fees, Interest Earnings, and Other Revenue are budgeted at \$242.8 million. Below are brief explanations of each of these funding sources.

### Net Toll Revenue

The FY23 budget includes transactional toll revenue of \$195.3 million which is a 12.9% increase as compared to the FY22 estimate of \$173.0 million.

The budget for FY23 Net Toll Revenue of \$189.1 million, or 77.9% of total revenue, is a combination of the Agency's estimate of transactional toll revenue reduced by estimated processable and unprocessable transactions (offset by toll revenue recovered from processed violations), and non-revenue transactions. The Agency currently waives the penalty for first time violators if the toll is paid within 30 days (see further discussion in the Penalties section on page 13).

Unprocessable violations (primarily vehicles with no license plates) and non-revenue transactions (primarily California Highway Patrol, Caltrans, and Agency vehicles used on the road for operations and maintenance) are expected to occur at a rate of 0.9% of transactional toll revenue or \$1.7 million in FY23. Processable transactions offset by toll revenue recovered from processed violations is budgeted at \$4.5 million or 2.3% of transactional toll revenue in FY23.

The Agency estimates that it will receive a total of \$168.6 million in Net Toll Revenue in FY22. This consists of \$173.0 million of transactional toll revenue reduced by estimated processable and unprocessable transactions, non-revenue transactions of \$11.0 million partially offset by toll revenue collected from processed violations of \$6.6 million.

The table below shows the FY22 current toll rates that will increase by 2% and be used as FY23 toll rates by location, split between off-peak, pre- & post-peak, and peak hour if applicable.

Location	Time/Type	Current Rates*	2% Toll Policy	
			Rate*	Change
Tomato Springs***	Off-Peak	\$ 3.66	\$ 3.73	\$ 0.07
	Pre- & Post-Peak	\$ 3.93	\$ 4.01	\$ 0.08
	Peak Hour**	\$ 4.12	\$ 4.20	\$ 0.08
Portola North	Off-Peak	\$ 2.64	\$ 2.69	\$ 0.05
	Pre- & Post-Peak	\$ 3.10	\$ 3.16	\$ 0.06
	Peak Hour**	\$ 3.10	\$ 3.16	\$ 0.06
Alton	Peak & Off-Peak**	\$ 2.64	\$ 2.69	\$ 0.05
Portola South	Peak & Off-Peak**	\$ 1.77	\$ 1.81	\$ 0.04
Los Alisos	Peak & Off-Peak**	\$ 1.67	\$ 1.70	\$ 0.03
Antonio	Peak & Off-Peak**	\$ 1.77	\$ 1.81	\$ 0.04
Oso	Peak & Off-Peak**	\$ 2.54	\$ 2.59	\$ 0.05
Windy Ridge***	Off-Peak	\$ 3.81	\$ 3.89	\$ 0.08
	Pre- & Post-Peak	\$ 4.11	\$ 4.19	\$ 0.08
	Peak Hour**	\$ 4.31	\$ 4.40	\$ 0.09
Orange Grove***	Off-Peak	\$ 2.98	\$ 3.04	\$ 0.06
	Pre- & Post-Peak	\$ 3.25	\$ 3.32	\$ 0.07
	Peak Hour**	\$ 3.43	\$ 3.50	\$ 0.07
Irvine Ranch***	Off-Peak	\$ 2.64	\$ 2.69	\$ 0.05
	Pre- & Post-Peak	\$ 3.10	\$ 3.16	\$ 0.06
	Peak Hour**	\$ 3.25	\$ 3.32	\$ 0.07
Portola (West)	Peak & Off-Peak**	\$ 2.64	\$ 2.69	\$ 0.05
Irvine Blvd. (East)	Peak & Off-Peak**	\$ 2.08	\$ 2.12	\$ 0.04
Irvine Blvd. (West)	Peak & Off-Peak**	\$ 2.08	\$ 2.12	\$ 0.04
Irvine Blvd. (West) NB On	Peak & Off-Peak**	\$ 2.64	\$ 2.69	\$ 0.05
Portola (West) SB On	Peak & Off-Peak**	\$ 2.64	\$ 2.69	\$ 0.05

\* FasTrak TCA prepaid account holders may receive a \$1 discount from the published rates

\*\* One-Time Toll (OTT) Rate

\*\*\* 3-4 Axle Vehicles 2 Time Rate    5+ Axle Vehicle 4 Times Rate

## Penalties

Penalties revenue is budgeted for FY23 at \$26.9 million, representing 11.1% of total revenues and consists of violation penalties related to toll violations. The intent of violation penalties is to act as a deterrent and ensure collection of toll revenues. Penalties revenue is recorded as collected. The Agency continues its efforts in signing patrons up for accounts and informing infrequent users of the available payment options in order to avoid handling through the violation process. The Agency has toll account programs with major rental car agencies thereby improving customer service and reducing potential violations.

Penalties revenue for FY22 is estimated to be \$27.5 million. The FY23 Penalties budget is based on current trends in collections, the estimated transactions for FY23, the current processable transactions rate at 5.5% of traffic, the existing policy of \$57.50 on the first notice of violation and \$42.50 on delinquency notice, and the Agency's policy of waiving penalties for first-time violators.

## Fees

Fees are budgeted for FY23 at \$2.0 million, representing 0.8% of total revenues. Fee revenue for FY22 is estimated to be \$2.0 million. Fee revenue consists of fees related to operations (i.e., invoice fees, suspended account and returned check fees, sales of switchable hardcase transponders, and fees related to programs with rental car agencies).

The Agencies provide all accountholders with electronic account activity statements. If an accountholder would prefer to receive mailed statements, the statements will be provided monthly for a fee of \$1.00 per statement.

## Development Impact Fees

The Agency adopted a Development Impact Fee Program in 1986. The fee program is based on the general principle that development within the "area of benefit" of the corridor will benefit from the construction of the corridor. Development Impact Fees (DIF), assessed on new residential and non-residential (commercial, industrial, etc.) development, are highly cyclical as they are based on market conditions. The fees are one-time developer payments that are collected by the County of Orange and member cities when a building permit is issued. F/ETCA was able to construct the roads in advance of collection of the DIFs by issuing toll revenue bonds that will be repaid with the tolls and DIFs collected. Therefore, the fees are to be used to repay the indebtedness incurred to construct the Foothill/Eastern Transportation Corridors that have already been built, as well as to pay the cost of future anticipated improvements, as identified in the Capital Improvement Plan. Development Impact Fees for FY22 are expected to approximate \$15.6 million. The Agency is estimating Development Impact Fees to be \$15.8 million for FY23, representing 6.5% of total revenues, based upon recent trends.

## Interest Earnings

Interest Earnings represent earnings on funds held in trust for bondholders, funds held for operations and funds held in custody accounts at the trustee for the Agency. Budgeted Interest Earnings are based upon the existing investment portfolio and current interest rates. Total Interest Earnings budgeted for FY23 of \$8.4 million represent approximately 3.5% of total revenues.



Interest Earnings for FY22 are estimated to be \$6.0 million.

### Other Revenue

Other Revenue of \$0.6 million represents 0.2% of total revenues and is for rental income of office space leased to SJHTCA in the Pacifica building owned by F/ETCA. Estimated FY22 Other Revenue of \$1.9 million includes rental income, miscellaneous receipts, a partial property insurance reimbursement related to the Silverado Fire and an insurance recovery related to ongoing litigation.

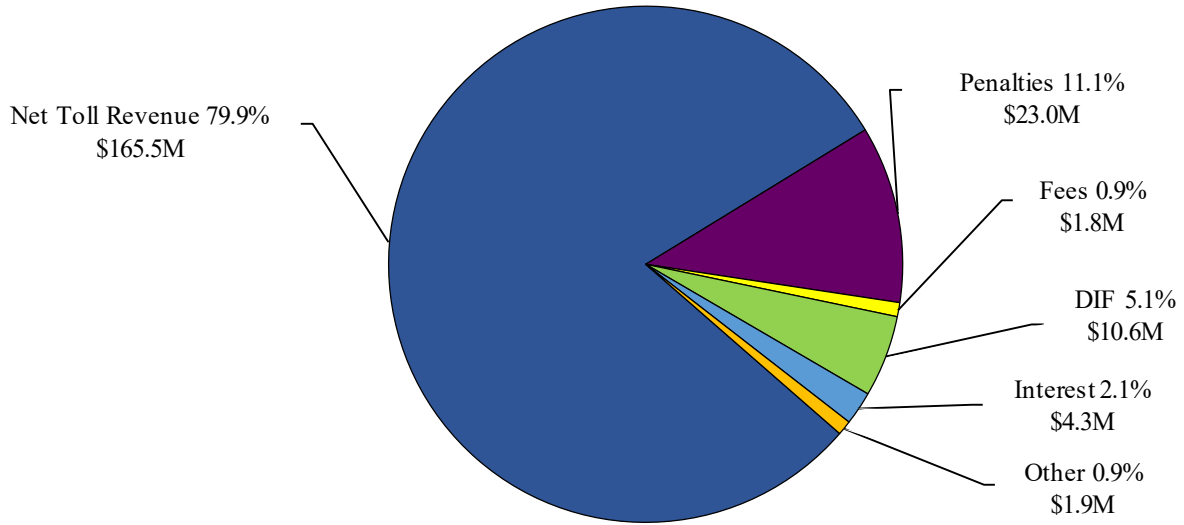
### **Revenue Pie Chart – FY22 Budget as compared to FY23 Budget**

The pie charts on the following page show a comparison of FY22 budgeted revenues to FY23 proposed budget revenues.

Budgeted revenues increased \$35.7 million to \$242.8 million in FY23 from budgeted revenues of \$207.1 million in FY22 due to the recovery from the COVID-19 pandemic.

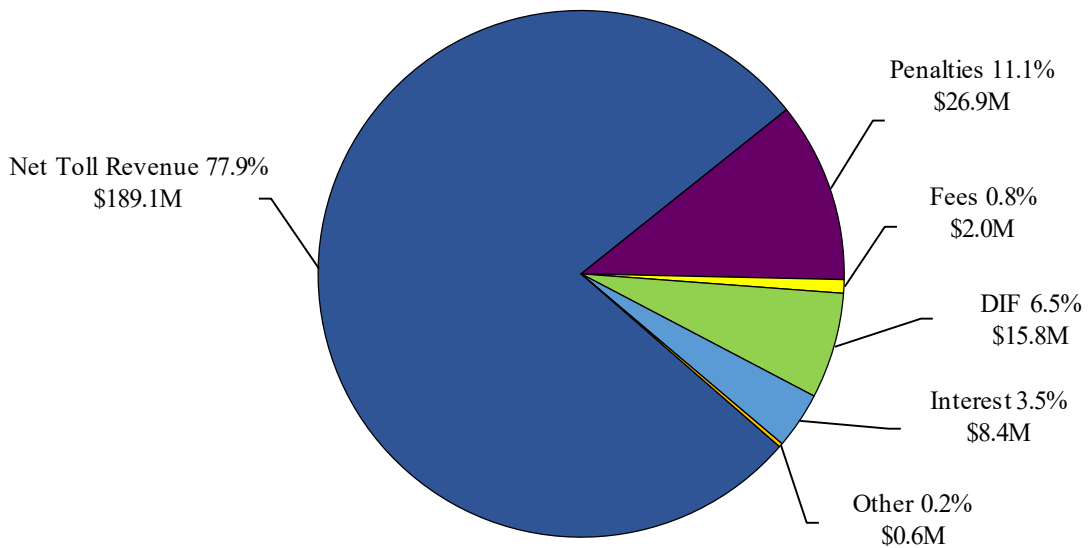
# Foothill/Eastern Transportation Corridor Agency

## FY22 Revenue Budget



**FY22 Budget Revenue \$207.1M**

## FY23 Revenue Proposed Budget



**FY23 Budget Revenue \$242.8M**

## **Expenditures Summary**

In response to the past economic downturns, the Agency worked diligently to significantly decrease operating expenses and reduce headcount, while continuing to provide quality customer service and ensuring that equipment, systems, and facilities remained in a good state of repair. This provided for a lower base to absorb inflationary and revenue driven growth. The Agency has continued a commitment to cost containment during the recovery from the COVID-19 pandemic and the current inflationary environment. In addition, the budget maximizes internal resources and includes contracts for services that are more efficiently outsourced to respond to varying demands in resources and expertise. The FY23 proposed budget for expenses was developed with the Agency's continued commitment to fiscal responsibility.

The proposed budget for FY23 includes total expenditures of \$144.6 million. Detail of expenditures can be found on pages 20-27. The following are brief explanations of the various expenditures.

### Non-Operating and Planning, Environmental and Construction (Excluding Administration)

This category mainly consists of costs associated with the Agency's current Capital Improvement Plan including the 241/91 Express Connector and the SR 241 Loma Improvements projects. The proposed budget for Planning, Environmental and Construction is \$15.7 million for FY23, or approximately 10.8% of the total budget. The funding for these expenses is the cash on hand from Agency directed surplus revenues and previous development impact fee collections.

The Planning, Environmental and Construction projected actuals for FY22 total \$14.1 million. The increase of \$1.6 million in the FY23 budget is primarily related to start of design for the SR 241 Loma Improvements project and continued design services for the SR 241/91 Express Connector project. The increase in the Planning, Environmental and Construction budget is partially offset by the expected FY22 completion of toll plaza and signage repairs due to damage caused by the Silverado Fire.

### Administration

The total proposed budget for Administration expenses is \$15.1 million for FY23, or approximately 10.5% of the total proposed budget. The Administration category includes all employee compensation (4.6% of the total budget) as well as overhead-type expenses, such as insurance, legal, office expenses, financial systems, and building services.

These costs are budgeted in total but are allocated between the two primary activities of the Agency: Non-Operating and Planning, Environmental and Construction, and Toll Operations. The allocation of costs between the two types of activities is necessary in determining the appropriate funding source as well as for the calculation of debt service coverage per the Indentures. The resulting allocation can be seen in the columns for each activity on pages 20-21 of this document.

Projected Administration expenses for FY22 total \$12.6 million. The increase of \$2.5 million in the FY23 proposed budget from the FY22 projected actuals is primarily due to expenditures related to ongoing litigation, an increase in insurance premiums due to the Agency's increased revenues and the impact of worldwide catastrophes, Pacifica building renovations and a business process review and financial system assessment.

### Toll Operations (Excluding Administration)

Toll Operations include toll system costs associated with maintaining the Agency's on-road system of lane hardware and software; customer care and toll compliance services; back-office system operation and maintenance; and license plate image review. Also included in this category are toll facilities costs for maintaining the Agency's buildings utilized in the operation of the road, and toll equipment such as transponders and server replacements. The proposed FY23 budget for these expenses is \$20.3 million or 14.0% of the total budget.

Toll Operations, excluding Administration, is projected to total \$16.5 million in FY22. The FY23 budget is \$3.8 million higher than projected FY22 actuals primarily due to an increase in customer care and toll compliance services, credit card fees and other costs directly related to the increased revenue budget, as well as projects in support of the Strategic Plan.

### Debt Service

The Debt Service category includes the annual principal and semi-annual interest payments to be made on all outstanding bonds. These payments for FY23 are budgeted at \$93.5 million, or 64.7% of the total budget. FY22 Debt Service will total \$95.7 million. The decrease is related to the FY23 Early Paydown of Bond Principal which reduces FY23 debt service by approximately \$6.6 million. See page 9 for further discussion.

### Program Management and Specialty Support Services

Included in the expenditure categories above is \$2.8 million for Program Management and Specialty Support Services in support of engineering staff augmentation and technical expertise in the planning, design, management, and delivery of the Agencies' capital improvement projects and the management and operation of the existing toll-related roadway facilities as well as support for right of way engineering and acquisition services, geographic information system (GIS) mapping, the business intelligence analytics system, strategic initiatives and other specialty services.

## **Expenditures of Funds – FY22 Amended Budget as compared to FY23 Budget**

The pie charts on the following page show a comparison of the FY22 amended budget and the FY23 proposed budget by type of expense.

The FY23 proposed budget of \$144.6 million, as compared to the prior year's amended budget of \$141.3 million, shows an increase of \$3.3 million or 2.3%. The increase in the FY23 proposed budget, excluding debt service, is \$5.5 million or 12.1%.

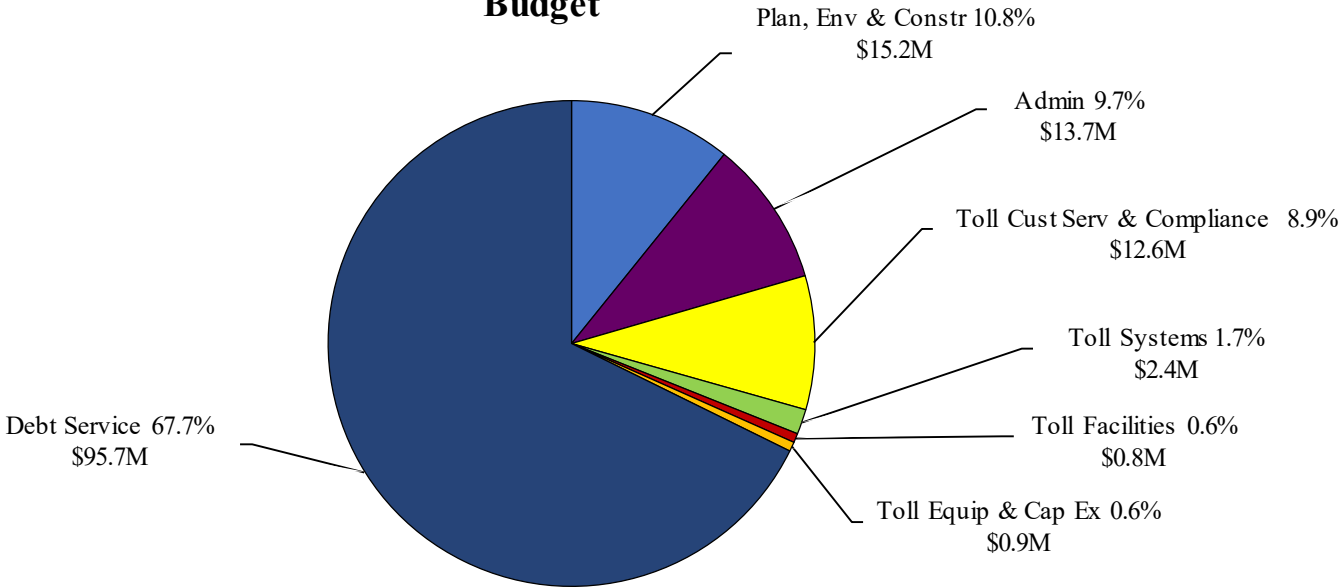
The net increase is primarily due to an increase in customer care and toll compliance services, credit card fees and other costs directly related to the increased revenue budget.

In addition, the increase relates to toll projects in support of the Strategic Plan; an increase in the Administration budget related to higher insurance premiums, ongoing litigation, Pacifica building renovations and a business process review and financial system assessment; and an increase in the Planning, Environmental and Construction budget related to the SR 241 Loma Improvements project. The budgeted increase in expenditures is partially offset by the decrease in 241/91 Express Connector expenditures as well as the expected completion of Silverado Fire damage repairs in FY22.

The Debt Service category includes the semi-annual interest and annual principal payments on the 2013, 2015, 2019 and 2021 outstanding bonds. These payments are budgeted at \$93.5 million for FY23 and were budgeted at \$95.7 million for FY22. The decrease is related to the FY23 Early Paydown of Bond Principal which reduces FY23 debt service by approximately \$6.6 million partially offset by a scheduled debt service increase per the Indentures. See page 9 for further discussion.

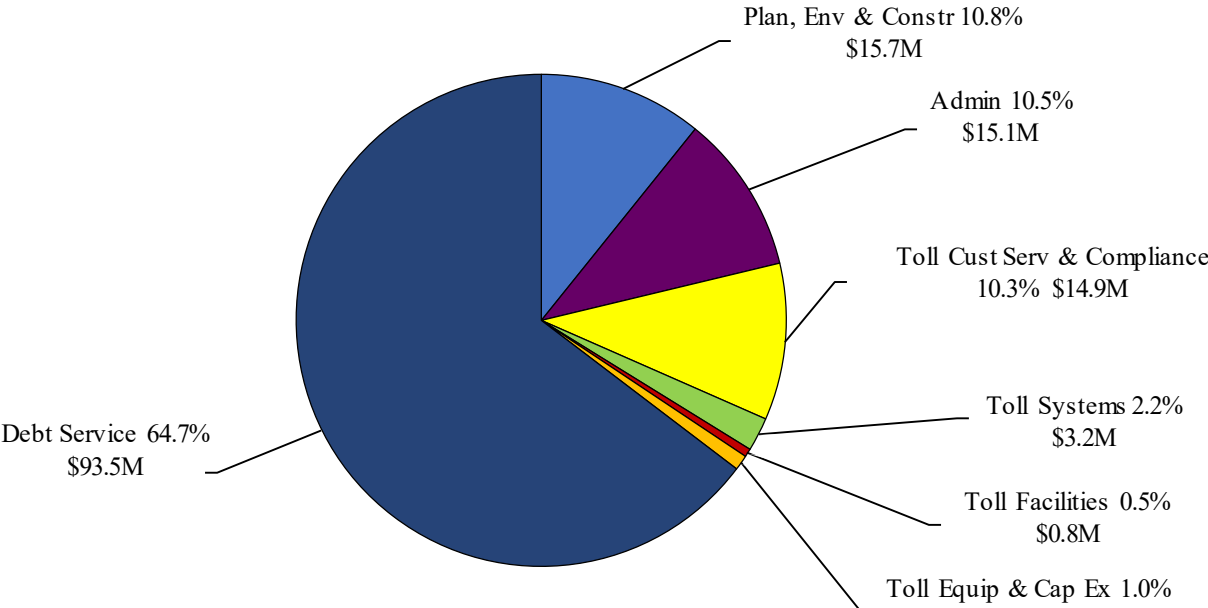
# Foothill/Eastern Transportation Corridor Agency

## FY22 Expenditures Budget



**FY22 Budget Expenditures \$141.3M**

## FY23 Expenditures Proposed Budget



**FY23 Budget Expenditures \$144.6M**

## Expenditures Detail

The schedule on the following pages details the budget as summarized on pages 22-27 into more specific categories (budget subcategories). Many of the Administration subcategories are allocated between Planning, Environmental and Construction and Toll Operations expenses.

**Foothill/Eastern Transportation Corridor Agencies  
Fiscal Year 2023 Proposed Budget  
(\$000)**

Budget Category and Subcategory	Budget Fund Categories			Total
	Non-Operating, Plan, Environ & Construction	Toll Operations Exp & Equip	Debt Service	
Administration:				
Regular Salaries	2,334	2,789	-	5,123
Temporary Help	18	24	-	42
Board Compensation	39	44	-	83
Benefits	613	746	-	1,359
Employer Taxes	40	49	-	89
Insurance	307	1,405	-	1,712
Legal Expense	2,658	406	-	3,064
Telephone/Comm	55	62	-	117
Office Expense & Software	187	212	-	399
Staff Education, Seminar, Membership, Conferences	61	51	-	112
Agency Memberships & Community Investment	58	98	-	156
Communications and Outreach	5	14	-	19
Financial & Administrative	413	242	-	655
Technology Support	152	187	-	339
Advocacy	21	185	-	206
Other Professional Services	145	163	-	308
Publications & Subscriptions	2	3	-	5
Building Services	243	275	-	518
Transportation & Travel	96	82	-	178
Office Equipment	33	30	-	63
Pacifica Fixed Assets	256	289	-	545
<b>Total Administration</b>	<b>7,736</b>	<b>7,356</b>	<b>-</b>	<b>15,092</b>

Continued on next page.

**Foothill/Eastern Transportation Corridor Agencies**  
**Fiscal Year 2023 Proposed Budget**  
**(\$000)**

<b>Budget Category and Subcategory</b>	<b>Budget Fund Categories</b>			<b>Total</b>
	<b>Non-Operating, Plan, Environ &amp; Construction</b>	<b>Toll Operations Exp &amp; Equip</b>	<b>Debt Service</b>	
Planning, Environmental and Construction:				
Capital Improvement Plan (CIP):				
241/91 Express Connector	9,682	-	-	9,682
SR 241 Loma Improvements	2,609	-	-	2,609
Total Capital Improvement Plan	12,291	-	-	12,291
Other Planning, Environmental and Construction:				
Mitigation & Permits	129	-	-	129
Environmental Lands Management	696	-	-	696
Environmental Staff Augmentation	18	-	-	18
Engineering Staff Augmentation	1,114	-	-	1,114
Traffic Studies	307	-	-	307
Other Construction	996	-	-	996
Regional Projects Evaluation/Studies	100	-	-	100
Total Other Planning, Environ and Constr	3,360	-	-	3,360
Total Planning, Environmental and Construction	15,651	-	-	15,651
Toll Operations:				
Customer Service & Toll Compliance	-	14,903	-	14,903
Toll Systems	-	3,222	-	3,222
Toll Facilities	-	780	-	780
Subtotal Toll Operations	-	18,905	-	18,905
Operations Equipment:				
Transponder Equipment	-	551	-	551
Toll Equipment and Capital Expenditures	-	882	-	882
Total Equipment	-	1,433	-	1,433
Total Toll Operations	-	20,338	-	20,338
Debt Service	-	-	93,505	93,505
Total Expenditures	23,387	27,694	93,505	144,586



## Staffing

The FY23 budget includes 64.5 full-time equivalent positions equal to the FY22 budget. The detail job classifications and pay ranges for positions included in the budget and positions not currently included in the budget but may be used in future budgets are shown in the table on pages 30-31.

### Administration - Compensation (Regular Salaries and Benefits)

The Agency employee compensation budget is \$6.6 million. TCA salaries are normally reviewed each year through the annual performance review process. The Agency does not provide for any type of automatic step or Cost of Living Adjustment (COLA) increases.

The current labor market conditions and changes to the Consumer Price Index (CPI) requires changes to the TCA compensation plan so the TCA can continue to attract and retain a high-quality staff. A high-quality staff is essential to continued delivery of the service levels desired by the customers, public and Boards of Directors. To ensure this goal can be met, the following are recommended:

- The salary ranges be adjusted, as the salary ranges have not been adjusted in three years; adjustments to the salary ranges do not change staff compensation.
- A merit pool, tied to the employee performance review process; TCA does not provide any other salary adjustments such as automatic step or COLA increases.
- A performance incentive award for use by the CEO to recognize extraordinary staff efforts.

Based on the labor market conditions, a review of CPI, and the survey of member and other transportation agencies, the FY23 budget includes an adjustment of the salary ranges of 7.0%, a 5.0% merit pool and a 2.0% performance incentive award pool.

The FY23 proposed staffing and compensation budget is expected to allow the Agencies to stay positioned to successfully attract and retain high performers while at the same time maintain cost containment strategies as a focus.

The net impact of the staffing and compensation changes from FY22 to FY23 to the total compensation (salaries, benefits, and employee taxes) budget, including the 5.0% merit pool and a 2.0% performance incentive award pool, is an increase of \$292,000 or 2.7% combined for both Agencies.

Benefits include contributions to a cafeteria plan (medical, dental, and vision) and retirement plans. In general, budgeted benefits are determined by applying estimated rates for these plans to estimated headcount. If benefit rates come in lower than expected, the budget is not spent. FY23 benefits are 25.7% of salaries.

The FY23 employer contributions to the Orange County Employee Retirement System (OCERS) have been budgeted at 14.95% for legacy employees and 10.98% for employees hired on or after January 1, 2013 under the Public Employees' Pension Reform Act – PEPRRA. In FY20, the Agencies paid off the unfunded actuarial accrued liability (UAAL). The Agency's portion of the FY20 UAAL payoff was \$8.8 million.

TCA has contained costs through a net reduction in headcount (81 to 64.5) since FY12 and reduced benefits by shifting pension and health benefits costs to employees and reduction of accrued leave.

Our philosophy and approach to contract out many of our services continues to keep our salaries/benefits lower and manageable.

Administration - Insurance

Insurance expense is budgeted at \$1.7 million, approximately 1.2% of the total budget. Budgeted insurance premiums are increasing as a result of increasing revenues related to the Agencies’ business interruption insurance as well as due to the impact of worldwide catastrophes, cybercrimes and other losses that have continued to impact the insurance markets in recent years. The major components of insurance include earthquake, property, general and excess liability, cyber, and workers’ compensation coverage as detailed in the annual Current Insurance Coverage Report which was provided at the March 2022 Board of Directors meeting. Policies are marketed and placed by the Agency’s insurance broker, Alliant Insurance Services, Inc., who provides all the Agencies’ insurance procurement needs. All insurance is maintained in accordance with the requirements of the Indentures and as prudent business activities dictate.

Administration - Legal Expenses

Legal Expenses are \$3.1 million, approximately 2.1% of the total budget. Amounts in this category include, but are not limited to, general counsel representation, capital improvement plan support, legislation, support for ongoing and potential litigation, legal consulting related to contracts, financing, development impact fees, human resources, and claims litigation. Legal expenses are invoiced separately by individual matter or type of legal issue. Below is a breakdown of legal expenses by major category:

Litigation	\$ 1,973,000
General Counsel	473,000
241/91 Connector Legal	270,000
Contracts	164,000
Financing	60,000
Environmental	50,000
Human Resources	49,000
Toll Operations	25,000
Total	<u>\$ 3,064,000</u>

Administration – Office Expense & Software

Office Expense is budgeted at \$399,000, approximately 0.3% of the total budget. The following is the budget associated with these expenses:

Software/Cloud Hosting	\$ 279,000
General Office Expenses	91,000
Marketing Materials	27,000
Postage	2,000
Total	<u>\$ 399,000</u>

### Administration – Financial & Administrative

Financial & Administrative is budgeted at \$655,000, approximately 0.5% of the total budget, and, as detailed below, includes costs such as payroll processing, investment and financial advisory services, annual audit services, and other financial and administrative support.

Investment Advisory Services	\$ 261,000
Finance Advisors	86,000
Traffic & Revenue Consultant for Budget Planning	54,000
Annual Audit	50,000
Financial Systems Support	44,000
Trustee Fees	39,000
Rating Agencies	38,000
Staffing Services	37,000
Payroll Services	26,000
Other Financial & Administrative Consulting	20,000
Total	<u>\$ 655,000</u>

### Administration – Technology Support

Technology Support is budgeted at \$339,000, approximately 0.2% of the total budget. This category includes data security services & technology planning efforts, and website maintenance and support.

### Administration – Advocacy

Advocacy is budgeted at \$206,000, approximately 0.1% of the total budget. This category includes state and federal advocacy support.

State Advocacy	\$ 111,000
Federal Advocacy	95,000
Total	<u>\$ 206,000</u>

### Administration – Other Professional Services

Other Professional Service is budgeted at \$308,000, approximately 0.2% of the total budget. This category includes a business process review and financial system assessment as requested by the Boards of Directors prior to the COVID-19 pandemic that was deferred during the pandemic recovery. Staff plans to leverage internal resources to the extent possible but will need third-party consulting resources and expertise to assist in the business process review and determination of which financial system meets the Agencies current and future needs. The actual cost of these services will be determined through a request for proposals.

### Administration - Building Services

Building Services is budgeted at \$518,000, approximately 0.4% of the total budget. This category includes all operating costs associated with the Agency's facility (Pacifica building) including utilities, janitorial services, landscaping services, and maintenance and repairs as listed below:

Pacifica Utilities	\$ 353,000
Pacifica Building Maintenance Services	165,000
Total	<u>\$ 518,000</u>

### Administration – Pacifica Fixed Assets

Pacifica Fixed Assets is budgeted at \$545,000, approximately 0.4% of the total budget. This category includes all capital expenditures associated with the Agency's facility (Pacifica building) including renovations to the building such as carpet replacement and restroom improvements.

### Planning, Environmental and Construction - Capital Improvement Plan

The Capital Improvement Plan is budgeted at \$12.3 million and represents 8.5% of the total budget. This category is comprised of projects for the 133, 241 and 261 Toll Roads and includes annual funding for the projects, consisting of project management, environmental, design, construction management, construction, and all other related costs. The main CIP projects include the coordinated efforts with the Orange County Transportation Authority (OCTA), Riverside County Transportation Commission (RCTC), and Caltrans on a direct tolled connector from the SR 241 to the 91 Express Lanes, and a SR 241 Loma Improvement project adding one lane in each direction and shifting southbound traffic onto the existing graded roadbed. These projects are outlined in the Capital Improvement Plan to be presented to the Board of Directors on June 9, 2022 and summarized below:

241/91 Express Connector	\$ 9,682,000
SR 241 Loma Improvements	2,609,000
Total	<u>\$ 12,291,000</u>

### Planning, Environmental and Construction - Other Planning, Environmental and Construction

Other Planning, Environmental and Construction costs are budgeted at \$3.4 million, or 2.3% of the total budget. Expenditures include engineering design program management, traffic studies, regional projects evaluation/studies, and continued monitoring and habitat management for nearly 1,800 acres of mitigation area required for the 133, 241 and 261 Toll Roads. Monitoring and habitat management includes Upper Chiquita, Saddle Club, Limestone Canyon, and Live Oak Plaza. Additional activities include on-going coordination with the Southern California Association of Governments and OCTA to ensure the Agency's projects are described accurately in regional transportation plans. Other Construction also includes allowance for maintenance and repairs of Agency-owned roadway facilities that are related to our tolling operations such as channelizers on the road and at our toll points facilities and toll payment information signs.

Engineering Staff Augmentation	\$	1,114,000
Other Construction		996,000
Environmental Lands Management		696,000
Traffic Studies		307,000
Mitigation & Permits		129,000
Regional Projects Evaluation/Studies		100,000
Environmental Staff Augmentation		18,000
Total	\$	<u>3,360,000</u>

#### Toll Operations - Toll Customer Service and Toll Compliance

The Toll Customer Service and Toll Compliance category totals \$14.9 million, approximately 10.3% of the total budget, and primarily includes funding for the service center operations and toll compliance activities comprised of customer care and payment processing staff and management costs for the customer service operator, customer service system maintenance and toll processing costs, and license plate image review costs. Also included in this category are credit card processing fees assessed on all credit card transactions, printing, postage, and mailing services, judgment recovery and collection costs, CHP violation enforcement, and telephone system expenses. Fees are included in this category for the Costco, AAA, and Albertsons FasTrak enrollment programs. The budget associated with these expenses is detailed below:

Customer Service Contract	\$	5,744,000
Credit Card Processing Fees		4,707,000
Postage & Printing		1,973,000
Customer Service System Maintenance		1,644,000
Enforcement Services & Other		442,000
Other Customer Service		393,000
Total	\$	<u>14,903,000</u>

#### Toll Operations - Toll Systems

The Toll Systems category totals \$3.2 million, or approximately 2.2% of the total budget and, as detailed below, primarily consists of fees for the tolling systems software and hardware maintenance and operation contract. Also included in this category are toll system spare parts and repairs, software licenses, and various computer maintenance contracts. In addition, this category includes toll projects aligned with the Strategic Plan.

On-Road Toll System Maintenance	\$	2,234,000
Computer/Software Maintenance & Support		232,000
Strategic Initiatives		756,000
Total	\$	<u>3,222,000</u>

#### Toll Operations - Toll Facilities

This category is budgeted at \$780,000 representing 0.5% of the total budget, and accounts for all costs associated with maintaining the Agency's facilities on the road system such as utilities, janitorial services, and other various supplies and repairs.

On Road Utilities	\$	456,000
On Road Building Maintenance Services		324,000
Total	\$	<u>780,000</u>

Toll Operations Equipment & Capital Expenditures

The Toll Operations Equipment & Capital Expenditures budget is \$1.4 million, approximately 1.0% of the total budget. Toll Operations Equipment & Capital Expenditures primarily consists of the Customer Service Center Back Office System Replacement Project and sticker tag and hardcase transponder costs. Other items include generator replacements, uninterruptible power supply (UPS) replacements, and servers.

CSC Back Office System Replacement Project	\$	882,000
Transponders & Other Equipment		551,000
Total	\$	<u>1,433,000</u>

Debt Service

The Debt Service category totals \$93.5 million, or 64.7% of the total budget and includes interest and principal payments on the Agency's outstanding bonds. The debt service to be paid is \$55.4 million on January 15, 2023 and \$38.1 million on July 15, 2023. The FY23 debt service was reduced by approximately \$6.6 million due to the FY23 Early Paydown of Bond Principal. See page 9 for further discussion.

The FY23 budgeted aggregate and senior lien debt service coverage ratios shown on page 28 meet the Indenture requirements of 1.15x and 1.30x, respectively. The budgeted coverage is 2.07x and 2.27x, respectively, and does not include the use of unrestricted cash for debt service coverage.

On the following page, Adjusted Net Toll Revenues only includes revenues and interest earnings in certain accounts per the Indentures. Development impact fees are not included in the calculation. While development impact fees are not included in the budget calculation of the debt service coverage ratios, the Indentures allow for development impact fees that are remaining after each debt service payment to be added to the calculation thereby enhancing the debt service coverage calculation. The Indentures refer to this as Enhanced Adjusted Net Toll Revenues and this enhanced calculation will be used for actual debt service coverage covenant reporting. Current expenses include expenditures that are allocated to operations (as shown in the second column of the schedule on pages 20-21).

## Debt Coverage

Debt Coverage is defined in the Bond Indentures and is budgeted with consideration of the expectations of bondholders and credit rating agencies. See discussion of goals and objectives on page 3.

### Debt Coverage Calculation Fiscal Year 2023

	<u>FY23 Budget (in Millions)</u>
<u>Adjusted Net Toll Revenues</u>	
Total Toll Revenues Including Fees and Penalties	218.0
Interest Earnings *	3.5
Current Expenses - Funded From Toll Revenue	<u>(27.7)</u>
Adjusted Net Toll Revenues	<u><u>193.8</u></u>
 <u>Aggregate Net Debt Service</u>	
Aggregate Net Debt Service	<u><u>93.5</u></u>
Aggregate Coverage Ratio (1.15x requirement)	<u><u>2.07x</u></u>
 <u>Senior Lien Net Debt Service</u>	
Senior Lien Net Debt Service	<u><u>85.4</u></u>
Senior Lien Coverage Ratio (1.30x requirement)	<u><u>2.27x</u></u>

\* Reflects estimated earnings on specific accounts allowed for coverage as defined per the Indentures

### Estimated Unrestricted Cash Fund

Below is the FY23 budgeted activity and estimated ending balance for the unrestricted cash fund (as described in more detail on page 5). Unrestricted cash is budgeted in consideration of the goals and objectives discussed in more detail on page 3. The Early Paydown of Bond Principal is discussed further on page 9.

Estimated Available Unrestricted Cash @ 6/30/22	\$ 496,672
DIF Revenue and Interest Income	20,386
Non-Operating Expenditures	(23,387)
Surplus Revenue	98,875
Early Paydown of Bond Principal	(125,000)
Estimated Available Unrestricted Cash @ 6/30/23	<u>\$ 467,546</u>
Less Liquidity Reserve Target	(262,200)
Unrestricted Cash Excluding Liquidity Reserve @ 6/30/23	<u><u>\$ 205,346</u></u>



**TCA Job Classifications and Pay Ranges**

<b>Pay Grade</b>	<b>Classification Title Job Title(s)</b>	<b>Range Minimum</b>	<b>Range Maximum</b>	<b>Budgeted Employees per Pay Grade FY22</b>	<b>Budgeted Employees per Pay Grade FY23</b>
<b>1</b>	<b>Office Assistant</b> <i>Office Assistant</i>	\$ 38,518	\$ 53,925	<b>1</b>	<b>1</b>
<b>2</b>	<b>Clerical</b> <i>Accounting Clerk (Vacant)</i> <i>Facilities Coordinator (Vacant)</i>	\$ 42,370	\$ 59,316		
<b>3</b>	<b>Senior Clerical</b> <i>Senior Accounting Clerk</i>	\$ 46,606	\$ 65,249	<b>3</b>	<b>3</b>
<b>4</b>	<b>Administrative</b> <i>Administrative Assistant (Vacant)</i> <i>Human Resources Coordinator I (Vacant)</i>	\$ 51,267	\$ 71,773	<b>1</b>	
<b>5</b>	<b>Senior Administrative</b> <i>Administrative Coordinator/Planner</i> <i>Senior Administrative Assistant</i>	\$ 56,393	\$ 78,985	<b>2</b>	<b>4</b>
<b>6</b>	<b>Associate</b> <i>Accountant (Budget) (Vacant)</i> <i>Accountant (Tolls)</i> <i>Associate Contract Administrator (Vacant)</i> <i>Associate Graphics Designer (Vacant)</i> <i>Associate Technology Administrator/Help Desk Administrator</i> <i>Communications Coordinator (Vacant)</i> <i>Community Relations Liasion (Vacant)</i> <i>Contracts Assistant (Vacant)</i> <i>Environmental Analyst</i> <i>Facilities Maintenance Technician II</i> <i>Human Resources Coordinator II</i>	\$ 62,032	\$ 86,845	<b>9</b>	<b>7</b>
<b>7</b>	<b>Senior Associate</b> <i>Accountant (General Ledger) (Vacant)</i> <i>Financial Analyst - Budget</i> <i>Accounting and Business Intelligence Analyst</i> <i>Technology Administrator</i> <i>Facilities Maintenance Coordinator</i> <i>Digital Media Specialist</i>	\$ 68,236	\$ 95,530	<b>5</b>	<b>6</b>
<b>8</b>	<b>Professional</b> <i>Contract Administrator</i> <i>Internal Auditor</i> <i>Graphics Designer</i> <i>Human Resources Specialist (Vacant)</i> <i>Public Affairs Specialist</i> <i>Senior Accountant (Vacant)</i> <i>Senior Environmental Analyst (Vacant)</i>	\$ 75,060	\$ 105,084	<b>5</b>	<b>6</b>
<b>9</b>	<b>Senior Professional</b> <i>HR Generalist</i> <i>Principal Environmental Analyst (Vacant)</i> <i>Senior Contracts Administrator</i> <i>Senior Financial Analyst</i>	\$ 82,565	\$ 115,591	<b>6</b>	<b>4</b>

**TCA Job Classifications and Pay Ranges**

<b>Pay Grade</b>	<b>Classification Title Job Title(s)</b>	<b>Range Minimum</b>	<b>Range Maximum</b>	<b>Budgeted Employees per Pay Grade FY22</b>	<b>Budgeted Employees per Pay Grade FY23</b>
<b>10</b>	<b>Supervising Professional</b> <i>Executive Assistant &amp; Clerk of the Board</i> <i>Supervising Accountant</i>	\$ 90,822	\$ 127,150	<b>1</b>	<b>2</b>
<b>11</b>	<b>Program Manager</b> <i>Manager, Legislative &amp; Government Affairs (Vacant)</i> <i>Manager, Media Relations</i> <i>Program Manager, Toll Operations</i> <i>Program Manager, Customer Service Revenue Management</i> <i>Program Manager, Violation Processing &amp; Toll Compliance</i> <i>Manager Community Engagement</i>	\$ 99,903	\$ 139,865	<b>4</b>	<b>5</b>
<b>12</b>	<b>Manager</b> <i>Assistant Controller</i> <i>Assistant Controller/Financial Analyst</i> <i>Manager, Budget &amp; Planning</i> <i>Manager, Contracts</i> <i>Manager, Customer Experience Communications (Vacant)</i> <i>Manager, Environmental</i> <i>Manager, Facilities</i> <i>Manager, Information Technology (Vacant)</i> <i>Manager, Internal Audit</i> <i>Manager, Toll Systems (Vacant)</i> <i>Manager, Treasury Operations</i> <i>Manager, Customer Service (Vacant)</i>	\$ 109,894	\$ 153,852	<b>9.5</b>	<b>8.5</b>
<b>13</b>	<i>not currently used</i>	\$ 120,884	\$ 169,237		
<b>14</b>	<b>Director</b> <i>Controller</i> <i>Corridor Manager</i> <i>Director, Customer Service</i> <i>Director, Contracts</i> <i>Director, Environmental Planning (Vacant)</i> <i>Director, Information Technology</i> <i>Director, Local Government Relations</i> <i>Director, State &amp; Federal Government Relations (Vacant)</i>	\$ 132,972	\$ 186,160	<b>9</b>	<b>6</b>
<b>15</b>	<b>Senior Director</b> <i>Director, Design and Construction</i> <i>Director, Finance</i> <i>Director, Tolling and Customer Information Systems</i> <i>Director, Human Resources</i> <i>Director, Communications (Internal &amp; External)</i>	\$ 146,269	\$ 204,777	<b>3</b>	<b>5</b>
<b>16</b>	<b>Deputy Executive</b> <i>Deputy Chief Capital Programs</i>	\$ 160,896	\$ 225,255		<b>1</b>
<b>E1</b>	<b>Executive</b> <i>Chief External Affairs Officer (Vacant)</i> <i>Chief Financial Officer</i> <i>Chief Toll Operations Officer</i> <i>Chief Capital Programs Officer</i> <i>Chief Technology Officer</i>	\$ 176,986	\$ 247,780	<b>4</b>	<b>4</b>
<b>E2</b>	<b>Senior Executive</b> <i>Deputy Chief Executive Officer</i>	\$ 194,684	\$ 272,558	<b>1</b>	<b>1</b>
	<i>CEO (CONTRACT)</i>			<b>1</b>	<b>1</b>

FTE's

**64.5**

**64.5**

RESOLUTION NO. F2022-13

A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY  
APPROVING THE BUDGET FOR FISCAL YEAR 2023

On motion of Board Member Patricia Kelley, the following Resolution was adopted.

WHEREAS, Section VI, paragraph 6.1 of the Second Amended and Restated Joint Exercise of Powers Agreement creating the Foothill/Eastern Transportation Corridor Agency (the "JPA"), requires the adoption upon the approval of not less than two-thirds (2/3) of the Board Members, an annual budget for the ensuing fiscal year, pursuant to procedures developed by the Board; and

WHEREAS, Section VI, paragraph 6.3 of the JPA requires all funds to be placed in object accounts and the receipt, transfer or disbursement of such funds during the term of the JPA shall be accounted for in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governmental entities and all revenues and expenditures must be reported to the Board; and,

WHEREAS, Section VI, paragraph 6.4 of the JPA states that all expenditures within the designations and limitations of the approved annual budget shall be made upon the approval of the Chief Executive Officer in accordance with the rules, policies and procedures adopted by the Board; and,

WHEREAS, Section VI, paragraph 6.4 of the JPA further states that no expenditures in excess of those budgeted shall be made without the approval of not less than two-thirds (2/3) of the Board Members to a revised and amended budget which may, from time to time, be submitted to the Board; and,

WHEREAS, Article VI, paragraph 6.5 of the Administrative Code of the Agency adopted on January 10, 1991, amended on June 9, 2016, amended on February 14, 2019, amended on November 14, 2019, and further amended on September 9, 2021 requires that all expenditures for travel, conference and business-related activities, and reimbursement of Board Members and Agency employees for such expenditures be governed by the Board adopted Travel and Expense Policy;

NOW, THEREFORE the Board of the Foothill/Eastern Transportation Corridor Agency does resolve, declare, determine and order as follows:

1. Approves the annual budget for Fiscal Year 2023 (FY23) in the amount of \$144,585,575. The approval includes Administration, Planning, Environmental and Construction, Toll Operations, Debt expenses, the proposed staffing plan

as described in the budget, and projected Revenues, including without limitation the adoption of the toll rates, fees, and fines, as presented in the FY23 Annual Budget report.

2. Authorizes the Chief Executive Officer to reallocate within budget categories as long as the budget for the following categories does not exceed the amount stated:

• Administration	\$15,091,379
• Capital Improvement Plan	\$12,290,708
• Other Planning, Environmental and Construction	\$3,360,523
• Toll Operations	\$20,338,253
• Debt Service	\$93,504,712

and subject to controls in place under the 2013, 2015, 2019, and 2021 Indentures of Trust, the Board approved Contracts and Procurement Manual, Investment Policy, Toll Policy, and finally the Agency's enabling legislation.

3. Directs staff to forward the approved Annual Budget for FY23 to the trustee.

This Resolution No. F2022-13, shall become effective immediately upon adoption.

Adopted this 9th day of June, 2022, by the Board of Directors of the Foothill/Eastern Transportation Corridor Agency.

  
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**Peggy Huang, Chair**  
Foothill/Eastern Transportation Corridor Agency

RESOLUTION NO. F2022-13

A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY  
APPROVING THE BUDGET FOR FISCAL YEAR 2023

ATTEST:


I, Kaylee Doolittle, Secretary/Clerk of the Board of the Foothill/Eastern Transportation Corridor Agency hereby certify that the foregoing Resolution No. F2022-13 was duly adopted on June 9, 2022, by the Board of Directors of the Foothill/Eastern Transportation Corridor Agency by the following vote:

Yes: Peggy Huang, Richard Viczorek, Lisa Bartlett, Anthony Beall,  
Doug Chaffee, Patricia Kelley, Farrah Khan, Austin Lumbard, Mark  
Murphy, Trevor O'Neil, David Penaloza, John Taylor

No: Donald Wagner

Absent: Scott Voigts

Abstain: None

  
\_\_\_\_\_  
Kaylee Doolittle  
Clerk of the Board  
Foothill/Eastern Transportation Corridor Agency