

**San Mateo County Express Lanes Joint Powers Authority
(SMCEL-JPA)
Board of Directors Meeting Notice**

Meeting No. 54

Date: Friday, April 12, 2024 Time: 9:00 A.M. Primary Location: San Mateo County Transit District Office 1250 San Carlos Ave, 2 nd Fl. Auditorium, San Carlos, CA Teleconference Location (Alternate Public Access): Bay Area Metro Center 375 Beale Street, Temazcal Conference Room, 1st Floor, San Francisco, California 94105	Join by Webinar: https://us02web.zoom.us/j/87651243836?pwd=R2MxQzBoWXNMUTNadzJyWjlBcDA3Zz09 Webinar ID: 876 5124 3836 Password: 041224 Join by Phone: (669) 900-6833
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*****HYBRID MEETING - IN-PERSON AND BY VIDEOCONFERENCE*****

This meeting of the SMCEL-JPA Board of Directors will be held in person and by teleconference pursuant to Government Code Section 54953(e). Members of the public will be able to participate in the meeting remotely via the Zoom platform or in person at the location above. For information regarding how to participate in the meeting, either in person or remotely, please refer to the instructions at the end of the agenda.

Board of Directors: Alicia Aguirre (Chair), Emily Beach (Vice Chair), Rico E. Medina, Rich Hedges, Carlos Romero, and Michael Salazar.

1.0 CALL TO ORDER/ ROLL CALL

2.0 PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Note: Public comment is limited to two minutes per speaker. Members of the public who wish to address the Board should complete a speaker's slip to make a public comment in person or raise their hand in Zoom to speak virtually.

3.0 APPROVAL OF CONSENT AGENDA

This item is to set the final consent and regular agenda, and to approve the items listed on the consent agenda. All items on the consent agenda are approved by one action. There will be no separate discussion on these items unless members of the Board, staff or public

request specific items to be removed for separate action.

3.1 Approval of the minutes from Board of Directors regular business meeting No. 53 dated March 8, 2024. ACTION p. 1

3.2 Accept the Sources and Uses of Funds for the FY2024 Period Ending February 29, 2024. ACTION p. 7

4.0 **REGULAR AGENDA**

4.1 Receive an update on the draft Fiscal Year 2023 Flow of Funds and the illustrative forecasts for Fiscal Years 2024 through 2031. INFORMATION p. 9

4.2 Receive an update on the JPA organizational assessment. INFORMATION p. 21

5.0 **REPORTS**

- a) Chairperson Report.
- b) Member Communication.
- c) Executive Council Report - Executive Council Verbal Report.
- d) Policy/Program Manager Report.

6.0 **WRITTEN COMMUNICATIONS**

None.

7.0 **NEXT BOARD MEETING**

May 17, 2024

8.0 **ADJOURNMENT**

PUBLIC NOTICING: All notices of SMCEL-JPA regular Board meetings, standing committee meetings, and special meetings will be posted at the San Mateo County Court Yard, 555 County Center, Redwood City, CA, and on SMCEL-JPA's website at: <http://www.ccag.ca.gov>.

PUBLIC RECORDS: Public records that relate to any item on the open session agenda for a regular Board meeting, standing committee meeting, or special meeting are available for public inspection. Those public records that are distributed less than 72 hours prior to a regular Board meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members, of the Board. The Board has designated the San Mateo County Express Lanes JPA (SMCEL-JPA), located at 555 County Center, 5th Floor, Redwood City, CA 94063, for the purpose of making public records available for inspection. Such public records are also available on SMCEL-JPA's website at: <http://www.ccag.ca.gov>. Please note that SMCEL-JPA's office is temporarily closed to the public; please contact Mima Crume at (650) 599-1406 to arrange for inspection of public records.

ADA REQUESTS: Persons with disabilities who require auxiliary aids or services to participate in this meeting should contact Mima Crume at (650) 599-1406 or mcrume@smcgov.org by 10:00 a.m. prior to the meeting date.

PUBLIC PARTICIPATION DURING HYBRID MEETINGS: During hybrid meetings of the SMCEL-JPA Board, members of the public may address the Board as follows:

Written comments should be emailed in advance of the meeting. Please read the following instructions carefully:

1. Your written comment should be emailed to mcrume@smcgov.org.
2. Your email should include the specific agenda item on which you are commenting or note that your comment concerns an item that is not on the agenda.
3. Members of the public are limited to one comment per agenda item.
4. If your emailed comment is received at least 2 hours prior to the meeting, it will be provided to the SMCEL-JPA Board members, made publicly available on the SMCEL-JPA website along with the agenda. Emails received less than 2 hours before the meeting will be provided to the SMCEL-JPA Board members and included in the administrative record of the meeting as soon as practicable.

Spoken comments will be accepted during the meeting in person and through Zoom. Public comments will be taken first by speakers in person followed by via Zoom. Please read the following instructions carefully:

***In-person participation:**

1. If you wish to speak to the Board, please fill out a speaker's slip located on the 2nd floor auditorium side table against the wall. If you have anything that you wish distributed to the Board and included in the official record, please hand it to the SMCEL-JPA Clerk who will distribute the information to the Board members and staff.

***Remote participation:**

1. The SMCEL-JPA Board meeting may be accessed through Zoom at the online location indicated at the top of this agenda.
2. You may download the Zoom client or connect to the meeting using an internet browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
3. You will be asked to enter an email address and name. We request that you identify yourself by your name as this will be visible online and will be used to notify you that it is your turn to speak.
4. When the SMCEL-JPA Clerk or Chair call for the item on which you wish to speak, click on "raise hand." The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called on to speak. If calling in via phone, press *9 to raise your hand and when called upon press *6 to unmute.
5. When called, please limit your remarks to the time allotted.

If you have any questions about this agenda, please contact SMCEL-JPA staff:

Executive Director: Sean Charpentier (650) 599-1409

Clerk of the Board: Mima Crume (650) 599-1406

San Mateo County Express Lanes Joint Powers Authority Board of Directors Meeting Minutes

Meeting No. 53
March 8, 2024

This meeting of the SMCEL-JPA Board of Directors was held in person and by teleconference pursuant to Government Code Section 54953(e). Members of the public was able to participate in the meeting remotely via the Zoom platform or in person.

Board of Directors: Alicia Aguirre (Chair), Emily Beach (Vice Chair), Rico E. Medina, Gina Papan, Carlos Romero and Michael Salazar.

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1.0 CALL TO ORDER/ ROLL CALL

Vice Chair Emily Beach called the meeting to order at 9:00 a.m. Roll call was taken.

AGENCY:	IN-PERSON:	ABSENT:	REMOTE AB 2449:	REMOTE Publicly Accessible Teleconference Location:
C/CAG		Alicia Aguirre		
C/CAG	Michael Salazar			
C/CAG	Rich Hedges			
SMCTA				Carlos Romero
SMCTA	Emily Beach			
SMCTA	Rico E. Medina			

Staff Present (In-Person):	Staff Present (Remote):
Sean Charpentier, Executive Council – C/CAG	
April Chan, Executive Council – TA	
Mima Crume – Clerk of the Board	Members of the Public (In-Person):
Tim Fox – Legal Counsel	
Kaki Cheung – C/CAG	
Van Ocampo – C/CAG	Members of the Public (Remote):
Connie Mobley-Ritter – TA	Christa Cassidy – HNTB
Peter Skinner – TA	
Lacy Vong – HNTB	

Other members of staff and members of the public were in attendance via in-person or remote using zoom.

Vice Chair welcomed new Board of Director Rich Hedges who is representing C/CAG.

2.0 PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Note: Public comment is limited to two minutes per speaker. Members of the public who wish to address the Board should complete a speaker's slip to make a public comment in

person or raise their hand in Zoom to speak virtually.

Clerk Crume reported that there were no public comments.

3.0 **APPROVAL OF CONSENT AGENDA**

This item is to set the final consent and regular agenda, and to approve the items listed on the consent agenda. All items on the consent agenda are approved by one action. There will be no separate discussion on these items unless members of the Board, staff or public request specific items to be removed for separate action.

- 3.1 Approval of the minutes of Board of Directors regular business meeting No. 51 dated November 9, 2023. **APPROVED**
- 3.2 Approval of the minutes of Board of Directors regular business meeting No. 52 dated January 12, 2024. **APPROVED**
- 3.3 Accept the Sources and Uses of Funds for the FY2023 Period Ending December 31, 2023. **APPROVED**
- 3.4 Accept the Sources and Uses of Funds for the FY2023 Period Ending January 31, 2024. **APPROVED**

Director Romero MOVED to approve the consent agenda items 3.1 and 3.4.
Director Medina SECONDED. **MOTION CARRIED 5-0-0**

4.0 **REGULAR AGENDA**

- 4.1 Receive a presentation on the status of the outstanding 2020 Variable Rate Demand Bonds used to fund a portion of the SMCEL-JPA Express Lanes project. **INFORMATION**

The Board of Directors received a presentation on the Variable Rate Bond for the US 101 Express Lanes. Ms. Mobley-Ritter provided background information, explaining that in 2020, the agency issued \$100 million in variable-rate bonds to help cover the costs of express lanes construction and development.

At the time of issuance, interest rates were extremely low. Initially, the bonds carried a minimal cost of one to seven basis points on daily and weekly rates. Currently, the agency is paying around 3.1% on daily rates and about 3.3% on weekly rates. However, during times of market volatility, rates drop to 1% or less.

Ms. Mobley-Ritter emphasized that while these bonds exhibit volatility, there is consistent demand for them depending on market conditions. The decision to opt for variable-rate bonds was primarily driven by their cost-effectiveness, they were the cheapest option available compared to fixed-rate bonds, which would have had rates ranging from 3% to 3.5%. Overall, this choice has resulted in significant cost savings for the agency.

Ms. Mobley-Ritter elaborated on the concept of debt service, emphasizing that it encompasses both interest and principal payments. She clarified that "calling bonds" refers to paying down principal. Beginning in 2027, the agency will be obligated to call \$5 million in bonds, reducing the outstanding balance from \$100 million to \$95 million. The next principal payment of \$10 million is due in 2030. She highlighted the flexibility of the bond structure, allowing the agency to use additional funds to call bonds and pay down principal at the end of any chosen month. This flexibility contrasts with fixed-rate bonds, where such options might only become available after years 7 or 10. Ms. Mobley-Ritter noted that while the agency isn't obligated to call bonds, it remains an available option for consideration in the future.

Vice Chair Beach further clarified that the potential early payment of the principal aims to save taxpayer money on interest, ultimately benefiting the JPA by reducing overall costs. The agency is currently working through final invoices with the consulting firm involved in the project. Once these invoices are resolved, the Board will need to decide how best to use the remaining funds. The primary option available, aside from paying the invoices, is to call bonds. The specific amount to be called has not yet been determined, but the decision will be made relatively soon.

Ms. Mobley-Ritter elaborated that as of March 2nd, the agency cannot pay interest and fees with the carve-out of capitalized interest from bond proceeds. This will be paid by the TA and reimbursed by the JPA.

Ms. Mobley-Ritter outlined three basic choices from the TA's perspective regarding the repayment schedule.

The first option is to pay according to the schedule, which involves paying interest twice a year over a period of 25 years and gradually paying down the principal according to the schedule outlined in the note. This schedule includes a \$5 million principal payment in 2027 and a \$10 million principal payment in 2030, with the entire process taking approximately 25 years to reach zero.

The second option is to pay down the principal as revenues allow, which would reduce interest expenses. The timeframe for this option would likely be less than 25 years.

The third option involves the JPA issuing bonds on the express lanes once there is a steady revenue stream. In this scenario, the JPA would go out into the market and issue their own bonds on the express lanes. The proceeds from these bonds would then be used to repay the loan to the TA, effectively removing the TA from the equation and making the obligation solely that of the JPA. However, decisions regarding these options will not be made at this time.

Director Romero raised a question regarding the limited authority to use the balance of the interest reserve. He mentioned the possibility of accelerating the payment, even if the entire \$5 million is not available. For instance, if there were

\$7 million left over, could the entire \$7 million be used to bring down the principal of the bond? Ms. Mobley-Ritter said yes, it aligns with Treasury requirements and is a mandate of the IRS.

4.2 Receive a quarterly update on the operations of the US 101 Express Lanes.
INFORMATION

The Board received a quarterly update on the operations of the US 101 Express Lanes. Toll revenues have experienced minor increases, typically around 1 or 2%, which align with expectations based on traffic volume. Revenue from trips has also seen a slight uptick, averaging around \$2 million, slightly surpassing initial budget projections. Seasonal variations are acknowledged, with July exhibiting lower activity compared to December. The average daily trips have risen from 50,000 to 55,000, signaling a growing utilization of the lanes.

A new slide presented addresses a question previously raised by Director Salzar regarding the breakdown of declarations and how it translates into revenue. The slide illustrates the breakdown between image-based trips and single-occupant vehicle declarations, highlighting the potential revenue associated with each category. It's important to note that the potential revenue represents the maximum amount that could be collected if every transaction resulted in payment. However, the actual revenue received may be slightly lower due to factors such as reconciliation delays between lane data and bank deposits. This clarification aims to provide insight into the distribution of declarations and the corresponding revenue generated.

Vice Chair Beach inquired about the potential narrative regarding the impact of carpooling since the implementation of the express lanes. Noting a slight increase in HOV 3 usage from 36% to 39% and consistent usage of HOV 2, Vice Chair Beach asked if there were any considerations or assessments regarding the impact of carpooling on the lanes.

Ms. Vong responded by acknowledging the importance of monitoring the impact of carpooling on the Express Lanes, especially considering the goal of encouraging mode shifts. She mentioned that with the launch of EPX, capturing data related to carpooling might become more challenging. However, the presence of the Express Lane and the availability of express bus services are significant factors that could contribute to encouraging carpooling.

Vice Chair Beach emphasized the importance of considering strategies to encourage carpooling in the lanes. She suggested investing in different kinds of marketing strategies to encourage more carpooling.

Mr. Charpentier said he could reach out to commute.org to assess whether the message about carpooling incentives is resonating with the transportation managers they collaborate with.

Ms. Chan mentioned that they are collaborating with Lacy and her team to work with the communications team in the district. They are planning to implement

multilingual communication about the Express Lanes, which could potentially include information about carpooling incentives.

This campaign is set to launch in early to mid-April and will run through June. Funding for education initiatives was included in the budget to ensure adequate resources for this purpose.

Vice Chair Beach shared a personal anecdote about needing to replace a broken transponder and receiving a replacement by mail. She suggested the inclusion of a QR code or a printed guide with the transponders to facilitate understanding for community members who may still need assistance. Additionally, she proposed providing the guide in multiple languages and potentially enlisting the help of MTC for distribution.

Ms. Vong noted that while congestion remains a concern, the data suggests that people are still choosing to use the express lanes, indicating their perceived value. Vice Chair Beach inquired about the traffic situation around Broadway, specifically whether there's a change in the number of lanes or other factors contributing to the consistent backup in that area. A staff member confirmed that there is a lane drop just past Broadway Ave., which likely contributes to the congestion observed in the southbound direction.

Lastly, Ms. Vong provided updates on the Community Transportation Benefits Program, noting a cumulative total of close to 4,000 participants. The majority of participants were opting for Clipper cards, and there was an increasing number of participants renewing their annual benefits.

Director Hedges expressed his appreciation for the generosity and flexibility of the Community Transportation Benefits Program. However, he raised concerns about the administrative burden for participants, particularly those with limited income. He suggested exploring the possibility of collaborating with other counties to streamline the application process and provide a solid benefit that doesn't require multiple applications at different locations. This, he believed, would make the program more accessible and reduce barriers for working-class individuals.

5.0 REPORTS

a) Chairperson Report.

Vice Chair Beach congratulated SamTrans and the Express Lanes for the launch of the East Palo Alto Express bus, emphasizing that efficient transportation to San Francisco or the San Francisco airport from East Palo Alto wouldn't be possible without it. She praised the all-electric bus and acknowledged Director Romero's inspiring remarks during the presentation. Vice Chair Beach thanked Director Medina for attending the event and noted that it was a great celebration.

b) Member Communication.

Vice Chair Beach raised a concern regarding the general-purpose lanes on the lower section of the express lane, which is the first phase to open. She noted that it's the

time of year when potholes tend to appear, Vice Chair Beach suggested alerting Caltrans to address the issue, especially if there are safety concerns.

Mr. Charpentier explained that there was a smaller overlay in that section because a larger rehabilitation and repair project is in the planning process, set to kick off in the spring. Additionally, the JPA has informed Caltrans of the potholes, they will be mobilizing to address the issue.

Director Hedges raised concerns about the funding for road repairs, noting that the Federal Highway Trust Fund was bankrupt in 2008 due to expenses exceeding revenue. He mentioned participating in a road user charge program. He emphasized that vehicle weight is a significant factor in road wear and tear. Expressing concern about the potential strain on road repair funding as electric vehicle adoption increases, he stressed the importance of addressing this issue proactively to ensure adequate funding for road maintenance in the future.

Vice Chair Beach expressed appreciation to Director Hedges for raising the topic.

c) Executive Council Report - Executive Council Verbal Report.

Ms. Chan reported that the EPX express bus service officially launched on February 12th, operating Monday through Friday. She mentioned that they are closely monitoring the service to determine if any adjustments are needed and expressed willingness to provide updates to the board regarding its operation, especially since it utilizes the express lane.

d) Policy/Program Manager Report.

Ms. Cassidy provided updates on the Community Transportation Benefits Program.

6.0 **WRITTEN COMMUNICATIONS**

None.

7.0 **NEXT REGULAR MEETING**

April 12, 2024

8.0 **ADJOURNMENT – 9:55 a.m.**

San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: April 12, 2024

To: San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) Board of Directors

From: Kate Jordan Steiner, CFO

Subject: Accept the Sources and Uses of Funds for the FY2024 Period Ending February 29, 2024
(For further information, contact Kate Jordan Steiner, CFO, at 650-647-3504)

RECOMMENDATION

That the SMCEL-JPA Board accepts and enters into the record the Sources and Uses of Funds for the Fiscal Year 2024, period ending February 29, 2024.

The statement columns have been designed to provide the annual budget and the year-to-date current actuals for the current fiscal year.

FISCAL IMPACT

Year-to-Date Sources of Funds: As of February 2024, the Total Sources of Funds are \$20.1 million. It is comprised of Toll revenues (\$18.0 million – line 1) and Toll violation, fees and penalties (\$1.4 million – line 2) from both Southern and Northern segments of Express Lanes on U.S. 101. The Northern segment, which is from Whipple Avenue to the I-380 in South San Francisco, was officially opened on March 3, 2023. The Sources of Funds also include Allocated bond funds - Equity program (\$0.3 million – line 3) and Interest income (\$0.4 million – line 5).

Year-to-Date Uses of Funds: As of February 2024, the Total Uses of Funds are \$7.2 million. Major expenses are in the categories of Toll operations and maintenance costs (\$2.3 million – line 19), FasTrak customer service costs (\$2.1 million – line 20), Consultant (\$0.9 million – line 17), Staff support (\$0.4 million – line 6), Insurance (\$0.3 – line 14), and Credit enhancement fee (\$0.3 million – line 24).

BACKGROUND

Budget Amendment: There are no budget amendments for the month of February 2024.

Other Information:

Loan payables represent loan advance payments received since the formation of the SMCEL-JPA from the San Mateo County Transportation Authority and the City/County Association of Governments of San Mateo County. Loan advances will be repaid on a monthly basis and no later than five years after the San Mateo County 101 Express Lanes Project begins operations and receives toll revenues.

ATTACHMENT

1. Sources and Uses of Funds Fiscal Year 2024 (February 2024)

SAN MATEO COUNTY EXPRESS LANE JPA

SOURCES AND USES OF FUNDS

Fiscal Year 2024

February 2024

		ADOPTED BUDGET	ACTUALS
		Annual	As of 2/29/2024
SOURCES OF FUNDS:			
1	Toll Revenues	\$ 20,200,000	\$ 18,041,128
2	Toll Violation, Fees and Penalties	4,200,000	1,387,195
3	Allocated Bond Funds - Equity Program	577,550	266,033
4	SMCTA Measure A (ACR TDM) - Equity Program	400,000	-
5	Misc. Income	-	395,596
TOTAL SOURCES OF FUNDS		\$ 25,377,550	\$ 20,089,952
USES OF FUNDS:			
6	Staff Support	\$ 1,032,871	\$ 386,753
7	Administrative Overhead	117,139	66,930
8	Seminar Training/Business Travel	40,500	8,050
9	Audit & Bank Fees	22,636	10,544
10	Promotional Advertising	50,000	33,336
11	Utilities	50,000	44,144
12	Software Maintenance & License	33,600	22,301
13	Legal Services	60,000	40,000
14	Insurance	500,000	342,188
15	SMCEL-JPA Bond Related Debt Fees	520,000	-
16	Miscellaneous	52,090	14,431
17	Consultant	2,206,700	880,825
18	Express Lane Maintenance	847,000	22,474
19	Toll Operations and Maintenance (BAIFA)	8,350,000	2,347,964
20	FasTrak Customer Service (BATA)	5,200,000	2,144,223
21	Express Lanes Enhanced Enforcement (CHP)	240,000	196,626
22	Equity Program Adminsitration and Costs	1,435,000	266,033
23	Interest Expense on Operating Advances	269,098	143,660
24	Credit Enhancement Fee	400,000	266,664
25	SMCEL-JPA Bond Interest	1,000,000	-
TOTAL USES OF FUNDS		\$ 22,426,634	\$ 7,237,146
PROJECT SOURCES OVER USES		\$ 2,950,916	\$ 12,852,806

Additional Information:

Loan payables to the City/County Association of Governments of San Mateo County	\$	2,835,307
Loan payables to the San Mateo County Transportation Authority	\$	3,336,842

San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: April 12, 2024

To: San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) Board of Directors

From: Kate Jordan Steiner, CFO

Subject: Receive an update on the draft Fiscal Year 2023 Flow of Funds and the illustrative forecasts for Fiscal Years 2024 through 2031.

(For further information, contact Annie To, Director, Accounting, at toa@samtrans.com)

RECOMMENDATION

The Board will receive an update on the draft Fiscal Year 2023 Flow of Funds and the illustrative forecasts for Fiscal Years 2024 through 2031.

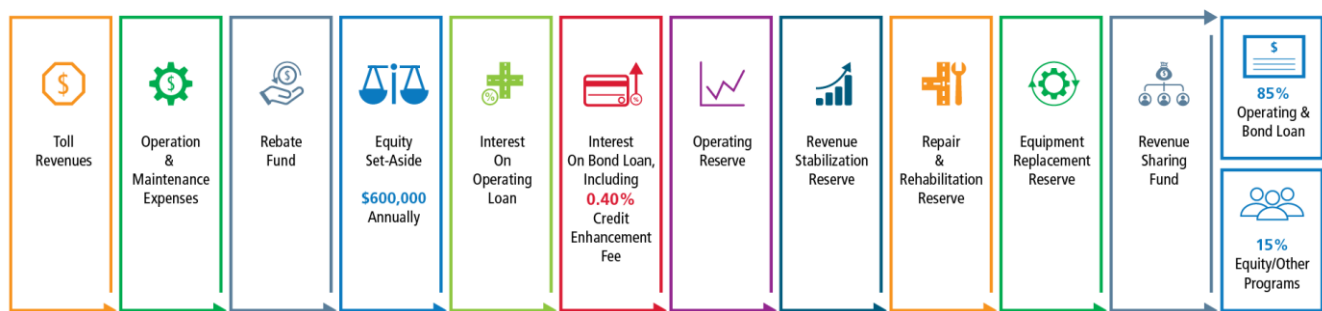
FISCAL IMPACT

This is an informational report only.

BACKGROUND

On September 10, 2020, the San Mateo County Transportation Authority (TA) issued \$100 million of Subordinate Sales Tax Revenue Variable Rate Demand Bonds (Limited Tax Bonds), to fund project costs associated with construction of the US 101 Express Lanes project and an equity program. As part of the issuance of the bonds, the TA and the SMCEL-JPA entered into a Loan Agreement whereby the SMCEL-JPA will repay the \$100 million and all associated financing costs to the TA with toll revenues. The loan document outlines a flow of funds structure, illustrated in the graphic below, to provide for payment of operating costs, funding for the community transportation benefits program, establishing necessary reserves, repayment of the TA loan, and a provision of additional funding for equity programs or other initiatives managed by the JPA.

Figure 1: Flow of Funds



Note: If in any given year, excess revenues to the TA are more than \$5 million, 0.15% of the TA's Credit Enhancement Fee will be used for additional Bond Loan principal repayment

With the full corridor in operation since March 2023, sufficient revenue has been generated to initiate funding of reserve accounts identified in the flow of funds.

Staff developed a financial model to help illustrate how the flow of funds could work over time. The values will change as trends in operating and revenue data are better understood, and as the model is refined and reconciled with budget documents.

Key assumptions for the financial model include:

- Toll revenues and operating and maintenance expenses increase annually at 3%
- Interest on bond loans is 3.5%
- Asset inventory was used by the Policy and Program Management Team to develop an annual need of \$5.9 million for the Equipment Replacement Reserve Fund

Using the financial model, two scenarios were developed to highlight tradeoffs associated with funding the reserves at different levels. Funding levels for most of the reserve funds are prescribed in the Loan Agreement. The primary exception is the Equipment Replacement Reserve, where the funding level is not set explicitly. Each scenario funds the Equipment Replacement Reserve at a different level, illustrating how the flow of funds could build the reserve accounts and repay loans over a ten-year period.

The scenarios are:

- *Option 1: Prioritize Building Reserves*
 - o This option funds the Equipment Replacement Reserve Fund to a maximum of \$5.9 million annually, depending on fund availability.
- *Option 2: Prioritize Loan Repayments*
 - o This option funds the Equipment Replacement Reserve Fund to a level which allows for \$3.3 million of bond repayments in each of the three fiscal years before the first \$10 million principal payment is due in Fiscal Year 2030.

It should be noted that additional capital reserves will be needed to maintain express lane pavement and other civil infrastructure. In the event of a capital or operating expense exceeding the available budget or associated reserve fund in a given year, funds from other reserve categories would be used to fill the funding gap.

The Board will receive a PowerPoint presentation on the draft flow of funds recommendation for Fiscal Year 2023, and forecasts for Fiscal Year 2024 and subsequent years. These projections will be using the financial model for illustration.

Attachment:

1. Flow of Funds presentation



Flow of Funds for Fiscal Year 2023 and Beyond



AGENDA

1. Background
2. Flow of Funds
3. Financial Model
4. Capital Reserve Scenarios
5. Next Steps
6. Discussion

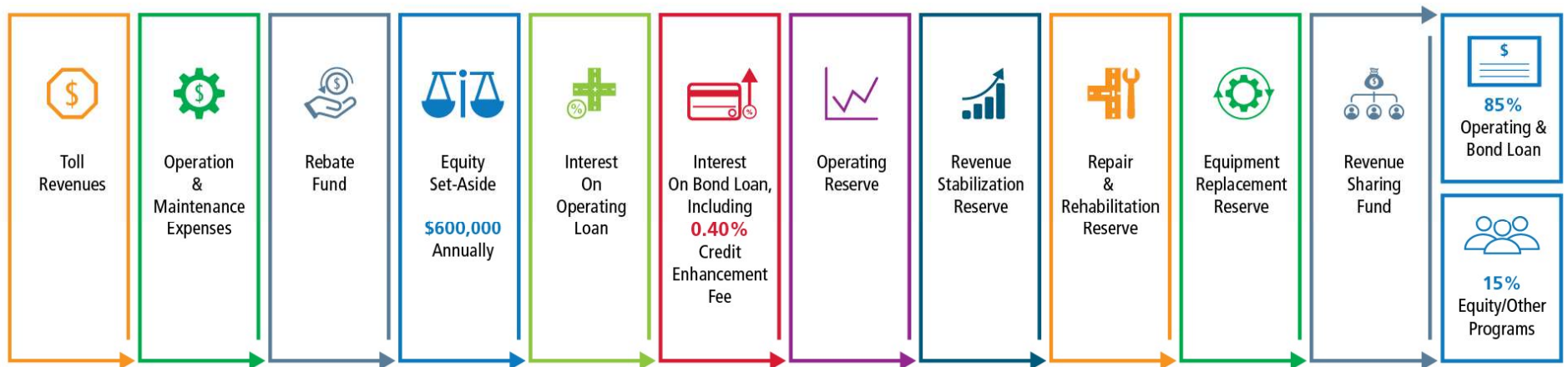


Background

- Loan agreement between SMCEL-JPA and TA for \$100M bonds
- Requires excess toll revenue go through flow of funds annually in May
- Sufficient revenue in FY23 to start funding reserves
- Most line items have defined funding levels
- Flexibility with equipment replacement reserve
- Developed financial model to help understand tradeoffs between building reserves and bond and operating loan repayment



Flow of Funds



Note: If in any given year, excess revenues to the TA are more than \$5 million, 0.15% of the TA's Credit Enhancement Fee will be used for additional Bond Loan principal repayment



Capital Reserve Scenarios

- Option 1 – Prioritize Building Reserves
 - \$5.9M/year for Equipment Replacement Reserve
 - Excess revenue to Revenue Sharing Fund (85% for bond and loan repayment)
- Option 2 – Prioritize Repaying Loans
 - Splits FY30 \$10M bond principal repayment over the 3 preceding years
 - Repays operating loan in FY 29
 - Excess revenue to Equipment Replacement Reserve
- Should capital expenses exceed reserves, will use operating reserves to cover needs



Capital Reserve Scenarios

Numbers in \$ M

Option 1	FY 22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Build Reserves	Actual	Actual	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Operating Reserve	-	0.05	2.75	2.90	2.98	3.07	3.17	3.27	3.37	3.47
Revenue Stabilization Reserve	-	-	7.33	14.90	22.62	23.10	23.53	24.08	24.63	24.98
Equipment Replacement Reserve	-	-	0.50	0.91	1.68	5.12	11.02	16.92	19.56	25.33
<i>Total Reserves</i>		<i>0.05</i>	<i>10.58</i>	<i>18.71</i>	<i>27.29</i>	<i>31.29</i>	<i>37.71</i>	<i>44.27</i>	<i>47.55</i>	<i>53.77</i>

Option 2	FY 22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Repay Loans	Actual	Actual	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Operating Reserve	-	0.05	2.75	2.90	2.98	3.07	3.17	3.27	3.37	3.47
Revenue Stabilization Reserve	-	-	7.33	14.90	22.62	23.10	23.53	24.01	24.67	24.86
Equipment Replacement Reserve	-	-	0.50	0.91	1.68	5.12	6.33	8.59	11.01	16.62
<i>Total Reserves</i>		<i>0.05</i>	<i>10.58</i>	<i>18.71</i>	<i>27.29</i>	<i>31.29</i>	<i>33.02</i>	<i>35.87</i>	<i>39.05</i>	<i>44.95</i>



Capital Reserve Scenarios

Position of Reserve Accounts and Loan Repayment after Year 10 (\$M)

	Option 1 (Prioritize Building Reserve)	Option 2 (Prioritize Loan Repayments)	Difference (Option 1 - Option 2)
Operating Reserve	\$ 3.47	\$ 3.47	\$ -
Revenue Stabilization Reserve	\$ 24.98	\$ 24.86	\$ 0.12
Equipment Replacement Reserve Fund	\$ 25.33	\$ 16.62	\$ 8.71
<i>Total Reserves</i>	\$ 53.77	\$ 44.95	\$ 8.83
Bond Principal Payments	\$ 22.81	\$ 23.33	\$ (0.52)
Bond Interest Payments	\$ 24.30	\$ 24.16	\$ 0.15
Operating Loan Payments	\$ 2.81	\$ 6.15	\$ (3.34)



Pros & Cons

	Option 1: Prioritize Building Reserve	Option 2: Prioritize Bond Repayment
PROS	<ul style="list-style-type: none"> • Maximize reserves • Reduces financial risk for JPA 	<ul style="list-style-type: none"> • Reduces financial exposure for TA • Lower interest payments
CONS	<ul style="list-style-type: none"> • Higher interest payments • Higher financial exposure for TA 	<ul style="list-style-type: none"> • Lower reserves • Higher financial risk for JPA



Next Steps

- Refine model(s) and develop recommendation based on Board feedback
- Staff presents a proposed approach in May
- Develop clarifying document to accompany Loan Agreement



Discussion

- Do you have clarifying questions about the flow of funds or financial model?
- Do you prefer one approach over the other?
- Is there additional information you would like to see when this returns to the Board in May?

San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: April 12, 2024

To: San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) Board of Directors

From: Executive Council

Subject: Receive an update on the JPA organizational assessment

(For further information, contact April Chan at chana@samtrans.com, or Sean Charpentier at scharpentier@smcgov.org)

RECOMMENDATION

That the SMCEL-JPA Board of Directors receives an update on the progress of the organizational assessment project. Additionally, the Board will provide feedback on a preliminary set of organizational goals and selection criteria for a recommended organizational model.

FISCAL IMPACT

The cost of the organizational assessment project is \$366,495.

SOURCE OF FUNDS

The adopted Fiscal Year 2023/2024 Budget includes funding for an organizational assessment.

BACKGROUND

With a fully operational San Mateo US 101 Express Lanes, the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) embarked on an organizational assessment project to determine the appropriate organizational and staffing structure. The project goal is to facilitate the seamless execution of the Express Lane's vision, mission, and goals in a manner that maximizes efficiency and effectiveness. The JPA awarded a contract to WSP USA, Inc. to support this project.

At the April Board meeting, the Consultant will provide a comprehensive update on the project progress. Additionally, the Consultant will seek input on a preliminary set of organizational goals, and introduce the selection criteria for a recommended organizational model.

ATTACHMENT:

1. Draft Organizational Goals Presentation



Draft Organizational Goals

April Board Meeting

April 12, 2024



Agenda

Project Overview

Organizational Goals / Selection Criteria

Next Steps



Project Goals

“Appropriate organizational and staffing structure to efficiently and effectively implement the vision, mission, and goals of the Express Lanes Program”

As Stated in Joint Exercise of Powers Agreement



Project Scope





How It All Fits Together





Desired characteristics of a high-performing SMCEL organization





Insights from Interviews



Express Lanes
are **performing
well**



Evident
**duplication of
responsibilities**



Keep it **local and
equitable**



Pay down the
\$100M loan



Selection Criteria

Can this model...?

**How well does
this model...?**



Selection Criteria

Can this
model...?

Ensure **Fiscal Responsibility**
Focus on **Investments in Equity**
Promote **Mode Shift**
Generate **Sufficient Revenue**
Factor in Adequate **Maintenance and Improvements**
Advance **Stakeholder Engagement**
Further Robust **Partner Agency Relationships**



Selection Criteria

How well
does this
model...?

Advance **Cost-effectiveness**

Minimize Duplication

Support **Local Needs**

Encourage **Regional and National Connection**

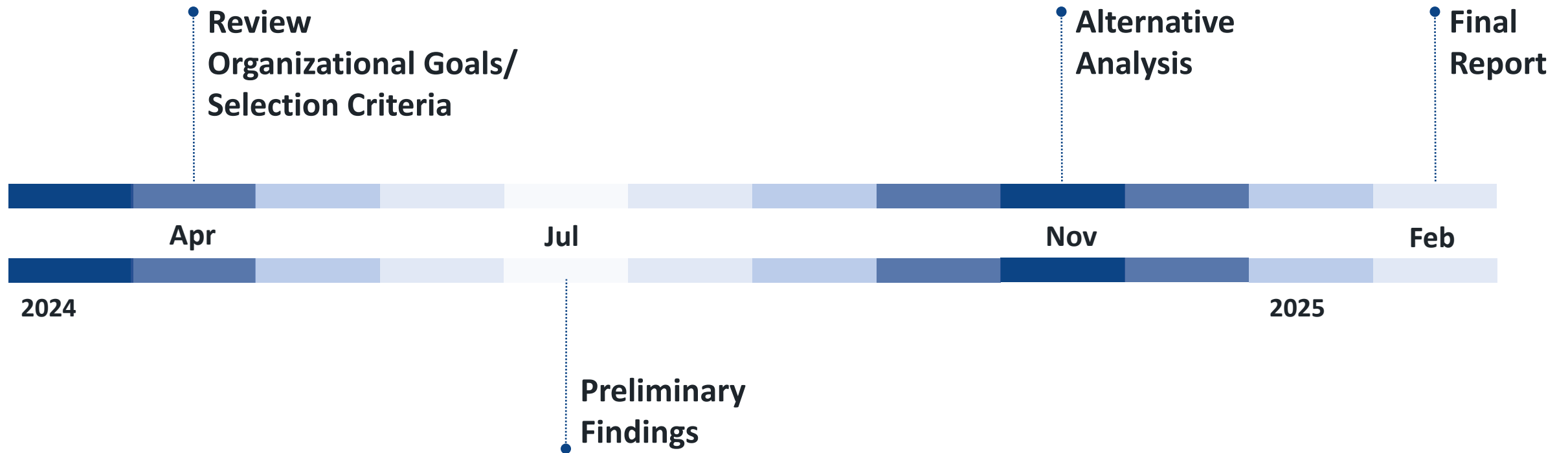
Promote Adoption of **Innovative Policies And Technology**

Deliver a **Systemic Management Approach**

Focus on the **Key Program Elements**



Board Engagement





Thank you