

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.