

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

Meeting No. 55
May 17, 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

Chair Alicia Aguirre 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	Peter Skinner – TA
April Chan, Executive Council – TA	Kevin Beltz – TA
Mima Crume – Clerk of the Board	
Tim Fox – Legal Counsel	Members of the Public (In-Person):
Kaki Cheung – C/CAG	
Van Ocampo – C/CAG	
Lacy Vong – HNTB	
Samantha Soule – HNTB	Members of the Public (Remote):
Christa Cassidy – HNTB	
Annie To – TA	

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

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. 54 dated April 12, 2024. APPROVED
- 3.2 Accept the Sources and Uses of Funds for the FY2024 Period Ending March 31, 2024. APPROVED
- 3.3 Review and approve Resolution SMCEL 24-01 authorizing the negotiation and execution of a service contract amendment with the California Highway Patrol (CHP) to increase the budget of the existing Agreement up to \$1,132,909, until June 30, 2025. APPROVED
- 3.4 Review and approve Resolution SMCEL 24-02 authorizing a no-cost contract amendment with Samaritan House to administer the Community Transportation Benefits Program (CTB Program) through June 30, 2025. APPROVED
- 3.5 Review and approve Resolution SMCEL 24-03 approving the proposal from Carahsoft for Granicus Video Conversion Services for SMCEL-JPA Board Meetings from July 1, 2024 through June 30, 2027, with a total not to exceed amount of \$81,048.78. APPROVED

Director Medina MOVED to approve the consent agenda items 3.1 to 3.5.
Director Romero SECONDED. **MOTION CARRIED 6-0-0**

4.0 REGULAR AGENDA

- 4.1 Receive a presentation on the draft Fiscal Year 2025 SMCEL-JPA Operating Budget. INFORMATION

The Board received a presentation for the Fiscal Year 2025 Preliminary Budget.

Revenue Budget Highlights: Total revenue, including toll revenues and violation fees, assumes a 3% growth from the FY24 forecast, based on steady traffic and revenue increases. FY24 forecast toll revenue is estimated at \$2.3 million per month, with violation fees at \$182,000 per month. The equity program funds include a \$1 million set aside from the \$100 million bond funds, anticipated to be fully utilized by the end of FY24, with no carryforward to FY25. Additionally, \$400,000 from the TA Measure A ACR-TDM program is expected to be spent in FY25.

Expense Budget Highlights: The organizational assessment started in FY24 will be completed in FY25. Bond interest and related fees are increasing significantly due to the cessation of capitalized interest from bond funds as of March 2024. BAIFA and BATA projections are based on data from July to December 2023 actuals, with a 3% growth.

FY25 Projections: Total sources of funds are projected at \$31 million, a 2.3% increase over FY24. Toll revenues are projected at \$28 million, and toll violation fees at \$2.3 million. Miscellaneous revenue interest income is estimated at \$440,000, based on a projected average cash balance of \$13.4 million at a 3.3% interest rate.

Total FY25 Budget: The total FY25 preliminary budget is projected at \$22.3 million, a 41.3% increase over the FY24 forecast. Significant items include JPA bond-related fees projected at \$4.57 million, express lane maintenance at \$847,000, consulting services at \$1.65 million, toll operations and maintenance (BAIFA) at \$6.95 million, FasTrak customer service (BATA) at \$3.65 million, and equity program administration and costs at \$1.47 million.

Flow of Funds Update: Last month, scenarios were presented to illustrate how net toll revenues could fill reserves and repay loans. Corrections were made to the summary table to clarify discrepancies. Excess toll revenue from FY23 is not sufficient to fully fund reserves. An update on reserve balances and a forecast on the flow of funds will be provided next spring.

Next Steps: Staff will incorporate Board feedback and finalize the budget for the June board meeting, where the FY25 proposed budget will be presented for Board adoption.

Clarification on Flow of Funds Update: Board Member Romero requested a review of the flow of funds update, questioning the absence of a complete year of operations for comparison. The current reserves from FY23 are insufficient to fully fund the required reserves, necessitating a return to the Board in FY24, likely by February 2025, for a more comprehensive update.

Timing and Auditing: It was clarified that the fiscal year ends on June 30, 2024, the auditing process takes about 4-5 months. Therefore, the final figures will be available post-audit, around late 2024 or early 2025. This delay is necessary to ensure accuracy in the distribution of excess revenues and allocation for reserves or loan repayments.

Equity Program Funding: Board of Director Romero inquired about the \$1.47 million allocation for the equity program in FY25. Staff responded that the cost was higher than initially projected due to startup costs. It was confirmed that \$600,000 has been set aside annually since FY23, with a carryforward to FY25 to cover increased costs, including a new program rollout expected to enhance enrollment and benefits.

Additional Questions: Board members raised further questions about the budget

numbers and the equity program's funding adequacy. The discussion confirmed that the preliminary budget projects a surplus of \$8.8 million for FY25. Further details on the community transportation benefit program and related costs were deferred to the next agenda item for a more thorough discussion.

- 4.2 Review and provide feedback on an informational update about the proposed implementation plan for the Next Generation of the Community Transportation Benefits Program. INFORMATION

The Board received a presentation and provide feedback on an informational update about the proposed implementation plan for the Next Generation of the Community Transportation Benefits Program.

Timeline and Evaluation: Staff provided a recap of the presentation in the fall, sharing program evaluation results and recommendations. The discussion included operational rules, guiding principles, and the exploration of three potential implementation options.

Key Conclusions from Evaluation: The evaluation highlighted the need to increase the benefit amount to cover transportation expenses for a longer period. It also emphasized expanding enrollment options through an online portal, integrating the benefit with regional programs like ClipperStart, and considering expanding mobility options to meet diverse needs.

Implementation Options: Three implementation options were considered:

1. Integration with the existing Clarity system.
2. An off-the-shelf enrollment portal and case management system.
3. A partnership with MTC's Salesforce platform.

Recommended Option (Option 2): The recommended solution is a commercial off-the-shelf system with a built-in enrollment portal and program management platform. The initial cost ranges from \$30,000 to \$55,000, with annual operating costs between \$150,000 and \$200,000. This option offers benefits such as flexibility, control, scalability, and efficient participant management.

Challenges and Solutions: The presentation identified several challenges, including managing participant data in a new system while ensuring privacy. Streamlining data entry for caseworkers to minimize their burden is also crucial. Additionally, developing a data-sharing agreement with the Department of Health and Human Services would be necessary.

Next Steps: The next steps include developing and issuing RFPs for vendors, finalizing the marketing strategy, and creating a framework for eligible transportation merchants. Interim enhancements will be implemented to bridge the current and next-generation programs.

The Board discussed the need for regional collaboration to ensure the program reaches all areas of the county, addressing online enrollment challenges, and maintaining efficient data management.

4.3 Receive a quarterly update on the US 101 Express Lanes Variable Rate Bond.
INFORMATION

The Board received a presentation on item 4.3, providing a quarterly update on the US 101 Express Lanes variable rate bond.

Background on Debt Issuance: In 2020, the Transportation Authority (TA) issued \$101 million in variable rate debt to finance the final portion of the \$581 million Express Lanes construction project. The debt is secured by Measure A and W sales tax revenues. The decision to opt for variable rate debt was influenced by historically lower costs of capital and prepayment flexibility compared to fixed-rate bonds.

Current Variable Rates and Outlook: The rates have been volatile but have averaged just over 1.4% since issuance, compared to an estimated 3% to 3.5% for fixed-rate bonds. Current variable rates are around 3.5%, and the Federal Reserve's actions to combat inflation are expected to influence future rates. The TA has budgeted a 3.5% rate for fiscal year 2025.

Debt Service and Revenue: The toll revenue is sufficient to cover the ongoing interest costs, operational expenses, and reserve funding. Projections indicate continued sufficiency of toll revenue to meet financial obligations. There are unused bond funds from the capital project that may be used to pay down future maturities.

Future Updates: Staff recommended moving to a quarterly consent item for updates on variable rates. The proposed presentation frequency is twice a year, either in March and September or on a similar schedule, now that the revenues are stable.

Board Feedback: Vice Chair Beach emphasized the soundness of the decision to use variable rate debt and the financial stability it provides. Board Member Rico supported twice-yearly presentations, aligning with the TA's decision, and quarterly consent updates. Board Member Salazar agreed with the lower frequency of detailed presentations, suggesting that Kevin Beltz could align the TA and Board updates for efficiency. The Board concluded the discussion by agreeing to the recommended update schedule.

5.0 REPORTS

- a) Chairperson Report – None.
- b) Member Communication – None.
- c) Executive Council Report - Executive Council Verbal Report.

Appointment of Chair and Vice Chair:

As done annually, the Board will appoint a new chair and vice chair at the June

meeting.

Scheduling of Meetings:

A meeting is needed sometime between July and August. However, it is uncertain if two board meetings are necessary. Board members will be polled to determine if there is a preference for taking a break in either July or August. A quick poll during the meeting indicated a preference for taking August off. The decision was made to hold a board meeting in July and take a break in August.

Community Transportation Benefit Program Award:

The Community Transportation Benefit Program adopted by the JPA Board will receive a Transportation Innovation Award at the WTS Annual Awards Dinner. The event is scheduled for June 20th in Oakland. Invitations will be sent to all board members. It is hoped that either the chair or vice chair will attend to receive the award on behalf of the agency.

Additional Announcements:

Further details and reminders about the awards dinner will be provided.

d) Policy/Program Manager Report.

A brief update was provided on the launch of an education campaign for the express lanes. The campaign is now live on the Express Lanes website, featuring new materials designed to explain the campaign clearly and concisely.

Additionally, there is new social media content aimed at enhancing awareness, particularly highlighting eligibility for HOV discounts, including the fact that children count toward eligibility. All content is available in multiple languages to ensure accessibility.

Board members were encouraged to visit the website, share, and repost the new content on Facebook and Twitter. Special thanks were extended to the JPA marketing and communication staff, led by Robert Casumbal, and Christa Cassidy's team for their efforts in launching this campaign.

6.0 **WRITTEN COMMUNICATIONS** – None.

7.0 **NEXT REGULAR MEETING** – June 14, 2024

8.0 **ADJOURNMENT** – 10:32am