

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

**Meeting No. 62**

<b>Date:</b> Friday, May 2, 2025	<b>Join by Webinar:</b> <a href="https://us02web.zoom.us/j/84158647101?pwd=wEXeXZacQubCO3RlgRykk1rTHsBJ8e.1">https://us02web.zoom.us/j/84158647101?pwd=wEXeXZacQubCO3RlgRykk1rTHsBJ8e.1</a>
<b>Time:</b> 9:00 A.M.	<b>Webinar ID:</b> 841 5864 7101
<b>Primary Location:</b> San Mateo County Transit District Office 1250 San Carlos Ave, 2 <sup>nd</sup> Fl. Auditorium, San Carlos, CA	<b>Password:</b> 050225
	<b>Join by Phone:</b> (669) 900-6833

**\*\*\*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:** Rico E. Medina (Chair), Michael Salazar (Vice Chair), Stacey Jimenez, Julia Mates, Adam Rak, and Carlos Romero.

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**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 of Board of Directors regular business meeting No. 61 dated March 7, 2025. ACTION p. 1
- 3.2 Acceptance of Statement of Revenues and Expenses for the Period Ending February 28, 2025. ACTION p. 6
- 3.3 Acceptance of Statement of Revenues and Expenses for the Period Ending March 31, 2025. ACTION p. 9
- 3.4 Return a late claim under California Government Claims Act. ACTION p. 12

### **4.0 REGULAR AGENDA**

- 4.1 Receive a presentation on the draft Fiscal Year 2026 SMCEL-JPA Operating Budget. INFORMATION p. 13
- 4.2 Receive an update on the draft Fiscal Year 2024 Flow of Funds and potential impact on future years. POSSIBLE ACTION p. 38

### **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 REGULAR MEETING**

June 6, 2025

### **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](mailto: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](mailto: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 2<sup>nd</sup> 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. 61  
March 7, 2025

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:** Rico E. Medina (Chair), Michael Salazar (Vice Chair), Stacy Jimenez, Julia Mates, Adam Rak and Carlos Romero

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## 1.0 CALL TO ORDER/ ROLL CALL

Chair Rico E. Medina called the meeting to order at 9:00 a.m. Roll call was taken.

<b>AGENCY:</b>	<b>IN-PERSON:</b>	<b>ABSENT:</b>	<b>REMOTE AB 2449:</b>	<b>REMOTE Publicly Accessible Teleconference Location:</b>
C/CAG	Stacy Jimenez			
C/CAG	Adam Rak			
C/CAG	Michael Salazar			
SMCTA	Carlos Romero			
SMCTA	Julia Mates			
SMCTA	Rico E. Medina			

<b>Staff Present (In-Person):</b>	<b>Staff Present (Remote):</b>
Sean Charpentier, Executive Council – C/CAG	Van Ocampo
April Chan, Executive Council – TA	Kim Wever
Mima Crume – Clerk of the Board	Jeff Lacap
Kaki Cheung – C/CAG	Ladi Millard-Olmeda
Peter Skinner – TA	
Kate Steiner – TA	<b>Members of the Public (In-Person):</b>
Lacy Vong – HNTB	Emily Beach
Sadie Palmatier – HNTB	
	<b>Members of the Public (Remote):</b>

## 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.*

No public comments received.

### 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. 60 dated December 6, 2024. APPROVED

3.2 Acceptance of Statement of Revenues and Expenses for the Period Ending November 30, 2024. APPROVED

3.3 Acceptance of Statement of Revenues and Expenses for the Period Ending December 31, 2024. APPROVED

3.4 Acceptance of Statement of Revenues and Expenses for the Period Ending January 31, 2025. APPROVED

3.5 Review and Approval of Resolution SMCEL 25-01 authorizing an amendment with Samaritan House for the continuation of San Mateo 101 Express Lanes Community Transportation Benefits (CTB) Program administrative services through September 30, 2025, and increase the contract budget by up to \$162,000. APPROVED

3.6 Review and approve Resolution SMCEL 25-02 authorizing the negotiation and execution of a service contract amendment with the California Highway Patrol (CHP) to increase the budget by \$880,325, for a new total not to exceed amount of \$2,013,234, until June 30, 2027. APPROVED

3.7 Review and Approval of Resolution SMCEL 25-03 authorizing an amendment to the Agreement with WSP USA Inc. to conduct an organizational assessment, increasing the contract by \$40,000 and extending services through June 30, 2025. APPROVED

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

3.9 Receive an update on the US 101 Express Lanes Variable Rate Bond. INFORMATION

Director Romero MOVED to approve the consent agenda items 3.1 to 3.9.  
Director Salazar SECONDED. **MOTION CARRIED 5-0-1** (Director Rak Abstain 3.1)

#### 4.0 **REGULAR AGENDA**

- 4.1 Receive an update on the Organizational Assessment for Express Lane Program Management and select a hiring agency for the Program Manager position.

APPROVED

Staff and consultant WSP USA provided an update on the Express Lanes Program organizational assessment and presented considerations for selecting a hiring agency for a new Program Manager position. WSP Senior Vice President Erica Dinsdale led the presentation, highlighting past Board direction, proposed duties of the new position, coordination expectations, cost and efficiency analysis, and organizational structure impacts.

Board discussion included:

- Clarification on duties and reporting relationships
- Implications of overhead and administrative costs
- Role of the Executive Council in managing the position
- Equitable workload distribution between TA and C/CAG
- Long-term program efficiency and alignment with agency missions

Board members discussed the pros and cons of having either the TA or C/CAG serve as the hiring agency. The consultant affirmed that either agency could successfully manage the hiring and management of staff, but offered a slight recommendation for C/CAG due to operational alignment and broader coordination potential.

No public comments made.

Director Romero MOVED to direct staff to proceed with C/CAG as the hiring agency for the Express Lanes Program Manager position. Director Salazar SECONDED. **MOTION CARRIED 4-2-0** (Chair Medina and Director Mates Oppose)

- 4.2 Review and approval of Resolution SMCEL 25-04 authorizing the Chair to execute an Agreement with Beam to develop and manage the software platform for the next generation Community Transportation Benefits Program and distribute the mobility cards to eligible individuals at an amount not to exceed \$851,401, establish a contingency in the amount of \$85,401 (10% of contract) for a total project budget of \$936,540, and authorize the Executive Council to execute future amendments in an amount not-to-exceed the appropriated contingency, covering the period of March 10, 2025 to June 30, 2030, with the option of extending services for five 1-year terms through 2035. APPROVED

Staff presented Resolution 25-04 authorizing the Chair to execute an agreement with Beam to develop and manage the software platform for the Next Generation Community Transportation Benefits Program and distribute mobility cards to eligible individuals. The contract amount is not to exceed \$851,401, with a contingency of \$85,139 (10%), for a total project budget of \$936,540. The agreement covers March 2025 through June 2030, with an option to extend services for five additional one-year terms through 2035. Staff also recommended authorizing the Executive Council to execute future amendments not to exceed the contingency amount.

Staff provided an overview of the program's evolution, key features of the new platform, and rationale for vendor selection following an RFP process. Beam was identified as the top-ranked proposer based on experience, cost-effectiveness, and ability to meet operational requirements.

Board members discussed:

- Contract structure and flexibility of multi-year extensions.
- Potential for cost savings through online enrollment versus in-person enrollment.
- Continued role of Samaritan House and core agencies for in-person enrollment.
- Concerns about technological access and user-friendliness.
- Equity considerations and potential benefits for participants eligible for Clipper START discounts.
- Implementation timeline and options for early termination with disentanglement provisions.

Staff clarified that:

- The contract includes one-time development, monthly software service fees, and per-card costs.
- Program evaluation explored multiple models, and Beam's proposal was the most cost-effective.
- Disentanglement and termination clauses are included in the contract, with no early termination allowed in year one.

No public comments were made.

Director Mates MOVED approve Resolution 25-04. Director Rak SECONDED.  
**MOTION CARRIED 4-2-0** (Chair Medina and Director Salazar Oppose)

## 5.0 REPORTS

- a) Chairperson Report.

No report.

- b) Member Communication.

None.

- c) Executive Council Report - Executive Council Verbal Report.

Mr. Charpentier reported that the current contract with HNTB as Program/Project Manager (PPM), in place since November 2019, will expire in November 2025. An RFP for a new contract will be issued in the spring.

Ms. Chan noted that the next Board meeting will include discussion of the upcoming budget and may be a longer meeting as budget season begins.

- d) Policy/Program Manager Report.

No report.

## 6.0 **WRITTEN COMMUNICATIONS**

None.

## 7.0 **NEXT REGULAR MEETING**

May 2, 2025

## 8.0 **ADJOURNMENT** – 11: 04 a.m.



## San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: May 2, 2025

To: San Mateo County Express Lanes Joint Powers Authority Board of Directors

From: Kate Jordan Steiner, Chief Financial Officer

Subject: Acceptance of Statement of Revenues and Expenses for the Period Ending February 28, 2025  
(For further information, contact Kate Jordan Steiner, Chief Financial Officer, at 650-647-3504)

### RECOMMENDATION

That the San Mateo County Express Lanes Joint Powers Authority Board of Directors accepts and enters into the record the Statement of Revenues and Expenses for the Fiscal Year 2025, period ending February 28, 2025.

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

Operating Revenues: As of February 28, 2025, total Operating Revenues are \$23.9 million, \$3.2 million (15.5 percent) favorable to budget. Total Revenues are comprised of the following:

- Toll Revenues, \$19.7 million (\$1.0 million [5.5 percent] favorable to budget)
  - The favorable variance is due to the overall increase in usage of express lanes; however, seasonality still exists.
- Toll Violation Fees and Penalties, \$2.7 million (\$1.2 million [79.5 percent] favorable to budget)
  - The favorable variance is driven by \$1.1 million in toll violation revenue recognized on an accrual basis year-to-date, which has since been reclassified to this account. However, actual collection rates have been significantly lower than expected. To address this, we've transitioned to cash-based revenue recognition going forward.
- Allocated Bond Funds – Equity Program, \$0.2 million (\$0.2 million [100 percent] favorable to budget)
  - Favorable variance reflects the use of prior-year bond funds as a source for the equity program. However, this source is now exhausted.
- San Mateo County Transportation Authority Measure A (Alternative Congestion Relief Transportation Demand Management) – Equity Program, \$0.4 million (\$0.2 million [69.4 percent] favorable to budget)
  - Favorable variance due to one-time use of Measure A funds to support the equity program of \$0.4 million, after which the equity program will rely on toll revenues.
- Investment Income \$0.9 million, (\$0.6 million [193.8 percent] favorable to budget)
  - The favorable variance is driven by higher interest earnings.

Operating Expenses: As of February 28, 2025, total Operating Expenses are \$9.3 million, \$5.5 million (37.1 percent) favorable to budget. Major Expenses are in the following categories:

- Toll Operations and Maintenance (Bay Area Infrastructure Financing Authority), \$2.9 million (\$1.8 million [38.0 percent] favorable variance to budget)
  - Favorable variance due to lower program management costs with other timing-related savings expected to resolve by year-end.
- FasTrak Customer Service (Bay Area Transportation Authority), \$2.2 million (\$0.2 million [8.9 percent] favorable variance to budget)
  - Favorability is largely timing related and anticipated to resolve by year-end.
- Equity Program Administration and Costs, \$0.7 million (\$0.3 million [29.2 percent] favorable to

- budget)
  - This is due to delay in start-up expenses and an increase in the new equity program features.
- Consultant, \$0.8 million (\$0.3 million [23.7 percent] favorable to budget)
  - Favorable variance due to timing of expense expected to resolve by year-end.

## **BACKGROUND**

Budget Amendment: There are no budget amendments for the month of February 2025.

Other Information: Loan payables represent loan advance payments received and the interests accrued since the formation of the San Mateo County Express Lanes Joint Powers Authority 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.

The Agency accounts for revenues and expenses on a modified cash basis (only material revenues and expenses are accrued) on the monthly financial statement. As such, the differences between the current year's actual and the budget show noticeable variances due to the timing of expenses.

## **ATTACHMENT:**

1. Statement of Revenues and Expenses Fiscal Year 2025 (February 2025)



**SAN MATEO COUNTY EXPRESS LANE JOINT POWERS AUTHORITY**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FISCAL YEAR**  
**As of February 28, 2025**

	YEAR-TO-DATE JULY - FEBRUARY				ANNUAL
	BUDGET	ACTUAL	\$ VARIANCE	% VARIANCE	BUDGET
<b>OPERATING REVENUES</b>					
Toll Revenues	\$ 18,658,667	\$ 19,681,236	\$ 1,022,569	5.5%	\$ 27,988,000
Toll Violation, Fees and Penalties	1,502,000	2,695,549	1,193,549	79.5%	2,253,000
Allocated Bond Funds - Equity Program	-	245,164	245,164	100.0%	-
SMCTA Measure A (ACR TDM) - Equity Program	236,067	400,000	163,933	69.4%	354,100
Miscellaneous Revenue (Investment Income)	295,267	867,503	572,236	193.8%	442,900
<b>TOTAL REVENUES</b>	<b>\$ 20,692,000</b>	<b>\$ 23,889,452</b>	<b>\$ 3,197,452</b>	<b>15.5%</b>	<b>\$ 31,038,000</b>
<b>OPERATING EXPENSES</b>					
Staff Support & Admin Overhead	\$ 798,239	\$ 372,092	\$ 426,147	53.4%	\$ 1,197,358
Seminar/Training & Business Travel	27,000	4,796	22,204	82.2%	40,500
Audit & Bank Fees	14,643	5,435	9,208	62.9%	21,965
Promotional Advertising	33,333	2,329	31,004	93.0%	50,000
Utilities	40,000	70,835	(30,835)	(77.1%)	60,000
Software Maintenance & License	25,333	16,324	9,009	35.6%	38,000
Legal Services	40,000	7,301	32,699	81.7%	60,000
Insurance	446,333	398,328	48,005	10.8%	669,500
SMCEL-JPA Bond Related Debt Fees	446,667	219,381	227,286	50.9%	670,000
Miscellaneous	36,200	25,381	10,819	29.9%	54,300
Consultant	1,096,667	837,058	259,609	23.7%	1,645,000
Express Lane Maintenance	564,667	24,418	540,249	95.7%	847,000
Toll Operations and Maintenance (BAIFA)	4,633,333	2,871,462	1,761,871	38.0%	6,950,000
FasTrak Customer Service (BATA)	2,431,667	2,215,126	216,541	8.9%	3,647,500
Express Lanes Enhanced Enforcement (CHP)	410,667	160,299	250,368	61.0%	616,000
Equity Program Administration and Costs	980,693	694,005	286,688	29.2%	1,471,039
Interest Expense on Operating Advances	213,725	96,078	117,647	55.0%	320,587
Credit Enhancement Fee	266,667	266,664	3	0.0%	400,000
SMCEL-JPA Bond Interest	2,333,333	1,041,025	1,292,308	55.4%	3,500,000
<b>TOTAL EXPENSES</b>	<b>\$ 14,839,166</b>	<b>\$ 9,328,337</b>	<b>\$ 5,510,829</b>	<b>37.1%</b>	<b>\$ 22,258,749</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ 5,852,834</b>	<b>\$ 14,561,115</b>	<b>\$ 8,708,281</b>	<b>148.8%</b>	<b>\$ 8,779,251</b>
<b>Additional Information:</b>					
Operating loan and interest payable to the City/County Association of Governments of San Mateo County			\$	2,703,959	
Operating loan and interest payable to the San Mateo County Transportation Authority			\$	3,182,176	

## San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: May 2, 2025

To: San Mateo County Express Lanes Joint Powers Authority Board of Directors

From: Kate Jordan Steiner, Chief Financial Officer

Subject: Acceptance of Statement of Revenues and Expenses for the Period Ending March 31, 2025  
(For further information, contact Kate Jordan Steiner, Chief Financial Officer, at 650-647-3504)

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### RECOMMENDATION

That the San Mateo County Express Lanes Joint Powers Authority Board of Directors accepts and enters into the record the Statement of Revenues and Expenses for the Fiscal Year 2025, period ending March 31, 2025.

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

Operating Revenues: As of March 31, 2025, total Operating Revenues are \$27.4 million, \$4.1 million (17.5 percent) favorable to budget. Total Revenues are comprised of the following:

- Toll Revenues, \$21.4 million (\$0.4 million [2.0 percent] favorable to budget)
  - Favorable variance due to the overall increase in usage of express lanes; however, seasonality still exists.
- Toll Violation Fees and Penalties, \$4.3 million (\$2.6 million [154.8 percent] favorable to budget)
  - The favorable variance is driven by an additional \$0.9 million in toll violation revenue recognized on an accrual basis year-to-date, which has since been reclassified to this account. However, actual collection rates have been significantly lower than expected. To address this, we have transitioned to cash-based revenue recognition going forward.
- Allocated Bond Funds – Equity Program, \$0.2 million (\$0.2 million [100 percent] favorable to budget)
  - Favorable variance reflects the use of prior-year bond funds as a source for the equity program. However, this source is now exhausted.
- San Mateo County Transportation Authority Measure A (Alternative Congestion Relief Transportation Demand Management) – Equity Program, \$0.4 million (\$0.1 million [50.6 percent] favorable to budget)
  - Favorable variance due to one-time use of Measure A funds to support the equity program of \$0.4 million, after which the equity program will rely on toll revenues.
- Miscellaneous Revenue (Investment Income) \$1.0 million, (\$0.7 million [198.1 percent] favorable to budget)
  - Favorable variance driven by higher interest earnings expected to continue through year-end.

Operating Expenses: As of March 31, 2025, total Operating Expenses are \$10.3 million, \$6.4 million (38.1 percent) favorable to budget. Major Expenses are in the following categories:

- Toll Operations and Maintenance (Bay Area Infrastructure Financing Authority), \$3.2 million (\$2.0 million [37.9 percent] favorable variance to budget)
  - Favorable variance due to lower program management costs with other timing-related savings expected to resolve by year-end.
- FasTrak Customer Service (Bay Area Transportation Authority), \$2.5 million (\$0.3 million [10.4 percent] favorable variance to budget)

- Favorable variance due largely to timing of the expenses, which is expected to be resolved by year-end.
- Equity Program Administration and Costs, \$0.8 million (\$0.3 million [28.8 percent] favorable to budget)
  - Favorable variance due to the delay in start-up expenses and an increase in the new equity program features which we expect to align with budget by year-end.
- Consultant, \$0.9 million (\$0.3 million [23.7 percent] favorable to budget)
  - Favorable variance due to timing of expense, which is expected to be resolved by year-end.

## **BACKGROUND**

Budget Amendment: There are no budget amendments for the month of March 2025.

Other Information: Loan payables represent loan advance payments received and the interests accrued since the formation of the San Mateo County Express Lanes Joint Powers Authority 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.

The Agency accounts for revenues and expenses on a modified cash basis (only material revenues and expenses are accrued) on the monthly financial statement. As such, the differences between the current year's actual and the budget show noticeable variances due to the timing of expenses.

## **ATTACHMENT:**

1. Statement of Revenues and Expenses Fiscal Year 2025 (March 2025)



**SAN MATEO COUNTY EXPRESS LANE JOINT POWERS AUTHORITY**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FISCAL YEAR**  
**As of March 31, 2025**

	YEAR-TO-DATE JULY - MARCH				ANNUAL
	BUDGET	ACTUAL	\$ VARIANCE	% VARIANCE	BUDGET
<b>OPERATING REVENUES</b>					
Toll Revenues	\$ 20,991,000	\$ 21,415,281	\$ 424,281	2.0%	\$ 27,988,000
Toll Violation, Fees and Penalties	1,689,750	4,305,718	2,615,968	154.8%	2,253,000
Allocated Bond Funds - Equity Program	-	245,164	245,164	100.0%	-
SMCTA Measure A (ACR TDM) - Equity Program	265,575	400,000	134,425	50.6%	354,100
Miscellaneous Revenue (Investment Income)	332,175	990,061	657,886	198.1%	442,900
<b>TOTAL REVENUES</b>	<b>\$ 23,278,500</b>	<b>\$ 27,356,224</b>	<b>\$ 4,077,724</b>	<b>17.5%</b>	<b>\$ 31,038,000</b>
<b>OPERATING EXPENSES</b>					
Staff Support & Admin Overhead	\$ 898,019	\$ 449,528	\$ 448,491	49.9%	\$ 1,197,358
Seminar/Training & Business Travel	30,375	4,796	25,579	84.2%	40,500
Audit & Bank Fees	16,474	5,911	10,563	64.1%	21,965
Promotional Advertising	37,500	2,329	35,171	93.8%	50,000
Utilities	45,000	84,616	(39,616)	(88.0%)	60,000
Software Maintenance & License	28,500	18,365	10,135	35.6%	38,000
Legal Services	45,000	9,040	35,960	79.9%	60,000
Insurance	502,125	448,119	54,006	10.8%	669,500
SMCEL-JPA Bond Related Debt Fees	502,500	235,552	266,948	53.1%	670,000
Miscellaneous	40,725	26,233	14,492	35.6%	54,300
Consultant	1,233,750	941,563	292,187	23.7%	1,645,000
Express Lane Maintenance	635,250	30,180	605,070	95.2%	847,000
Toll Operations and Maintenance (BAIFA)	5,212,500	3,235,905	1,976,595	37.9%	6,950,000
FasTrak Customer Service (BATA)	2,735,625	2,450,030	285,595	10.4%	3,647,500
Express Lanes Enhanced Enforcement (CHP)	462,000	160,299	301,701	65.3%	616,000
Equity Program Administration and Costs	1,103,279	785,768	317,511	28.8%	1,471,039
Interest Expense on Operating Advances	240,440	96,078	144,362	60.0%	320,587
Credit Enhancement Fee	300,000	299,997	3	0.0%	400,000
SMCEL-JPA Bond Interest	2,625,000	1,041,025	1,583,975	60.3%	3,500,000
<b>TOTAL EXPENSES</b>	<b>\$ 16,694,062</b>	<b>\$ 10,325,334</b>	<b>\$ 6,368,728</b>	<b>38.1%</b>	<b>\$ 22,258,749</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ 6,584,438</b>	<b>\$ 17,030,890</b>	<b>\$ 10,446,452</b>	<b>158.7%</b>	<b>\$ 8,779,251</b>
<b>Additional Information:</b>					
Operating loan and interest payable to the City/County Association of Governments of San Mateo County			\$	2,703,959	
Operating loan and interest payable to the San Mateo County Transportation Authority			\$	3,182,176	

## San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: May 2, 2025

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

From: Tim Fox, Legal Counsel

Subject: Return a late claim under California Government Claims Act.  
(For further information please contact Tim Fox at tfox@smcgov.org)

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### **RECOMMENDATION**

That the SMCEL-JPA Board return a claim under California Government Claims Act for as not having been filed timely and to give the claimant the required statutory notice.

### **FISCAL IMPACT**

There is not any fiscal impact related to this item.

### **SOURCE OF FUNDS**

Not Applicable.

### **BACKGROUND**

On April 9, 2025, staff has received a claim from a motorist alleging that the FasTrak toll reader did not properly detect his transponder starting in December 2023, resulting in toll charges on several occasions that were calculated based on solo occupancy when the motorist alleges his vehicle was entitled to discounts based on vehicle occupancy on each occasion. Staff recommends and requests that the Board direct staff to give written notice that the claim was not timely filed and that it is being returned without further action pursuant to Cal. Gov't Code § 911.3, and to give the required statutory notice of the procedure for seeking leave to file a late claim.

### **ATTACHMENTS**

None.

## **San Mateo County Express Lanes Joint Powers Authority Agenda Report**

DATE: May 2, 2025

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

FROM: Kate Jordan Steiner  
Chief Financial Officer

SUBJECT: Receive a presentation on the draft Fiscal Year 2026 SMCEL-JPA Operating Budget.

(For further information or questions, contact Kate Jordan Steiner at steinerkj@samtrans.com)

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### **RECOMMENDATION**

That the SMCEL-JPA Board receives a presentation on the draft Fiscal Year 2026 SMCEL-JPA Operating budget. Staff will present a final Fiscal Year 2026 (FY26) budget proposal for Board adoption at the June 6, 2025 Board meeting.

### **FISCAL IMPACT**

Adoption of the FY26 Budget would provide the SMCEL-JPA budget authority for \$22,679,077 in anticipated expenditures in the upcoming fiscal year. This budget includes toll revenues and express lanes operational and maintenance (O&M) expenses for the full corridor.

### **SOURCE OF FUNDS**

Funding sources for the SMCEL-JPA mainly come from toll revenues and interest earnings.

### **BACKGROUND**

Management and operation of the Express Lanes is governed by the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA), a six-member joint powers authority consisting of three (3) San Mateo County Transportation Authority (TA) Board members and three (3) City/County Association of Governments of San Mateo County (C/CAG) Board members.

The Express Lanes, extending over 22 miles within San Mateo County, provide a continuous link to Santa Clara County's express lanes. These lanes facilitate travel in both the northbound and southbound directions along US 101, stretching from Santa Clara County line to Interstate 380 in South San Francisco. The FY26 Budget provides funding for the continued operational support of the full corridor of the US 101 Express Lanes.



## **FY26 PRELIMINARY BUDGET**

This preliminary budget makes no assumptions regarding distribution or allocation of funds that are subject to board appropriation from the Revenue Sharing Fund through the Flow of Funds. As such, no assumptions or associated fiscal impacts are included in this preliminary budget regarding (a) equity allocation, (b) voluntary prepayment of loan principal, or (c) contributions to capital reserve outside the terms of the Loan Agreement.

Please refer to Attachment A for a comparative schedule of the FY25 Adopted Budget, FY25 Forecast and FY26 Preliminary Budget. The line numbers for each revenue and expense item are detailed below and refer to the corresponding line numbers on Attachment A.

### **TOTAL SOURCES OF FUNDS (LINE 9)**

Total revenues for FY26 are projected at \$41.2 million (M), an increase of \$3.4M (9.1%) compared to FY25 Forecast. The FY25 Forecast shows a total revenue of \$37.7M, an increase of \$6.7M from the FY25 Adopted Budget.

	<b>FY2025 ADOPTED</b>	<b>FY2025 FORECAST</b>	<b>FY2026 PRELIMINARY</b>	<b>FY25 FORECAST vs FY26 PRELIMINARY</b>	<b>PERCENTAGE CHANGE</b>
<b>SOURCES OF FUNDS</b>					
<b>TOTAL SOURCES OF FUNDS</b>	31,038,000	37,738,728	41,166,683	3,427,955	9.1%

### **TOLL REVENUES (LINE 2) \$34.3M – INCREASE \$3.2M COMPARED TO FY25 FORECAST**

This line item pertains to the collection of toll revenue for the San Mateo County's 22-mile express lanes in both northbound and southbound directions along US 101 Highway. This includes tolls paid by FasTrak® account users and tolls collected from toll evasion violations.

The FY26 Preliminary Budget is estimated to be \$34.3M, which assumes steady traffic and revenue with an estimated 8.6% year over year increase in trip volume contributing to the overall growth. This estimate compares trip volume growth between FY24 and FY25 for the first half of the fiscal year (July to December).

Total annual revenue for FY25 Forecast is projected to be at \$31.1M, based on 6 months of actual data from July to December 2024. For the remaining months of the fiscal year, average tolls from January to June 2024 were used in the forecast. These estimates account for a year-over-year growth in trip volume for the same period. The FY25 Adopted Budget was \$28.0M, calculated from the average monthly tolls from July to December 2023 with a 3% growth.

	<b>FY2025 ADOPTED</b>	<b>FY2025 FORECAST</b>	<b>FY2026 PRELIMINARY</b>	<b>FY25 FORECAST vs FY26 PRELIMINARY</b>	<b>PERCENTAGE CHANGE</b>
<b>SOURCES OF FUNDS</b>					
Toll Revenues	27,988,000	31,107,397	34,293,879	3,186,482	10.2%

**TOLL VIOLATION FEES, AND PENALTIES (LINE 3) \$4.5M – INCREASE \$0.4M COMPARED TO FY25 FORECAST**

This line item pertains to the penalties and charges linked to toll evasion violation notices in Express Lanes.

The FY26 Preliminary Budget is projected to be \$4.5M. This estimate is based on the average of fees and penalties collected from January 2024 to December 2024, with the year over year growth of 10.7%.

The Forecast of \$4.0M is based on actual fees recorded between July to December 2024, and the estimates for the remaining months of fiscal year 2025 is based on a 10.7% year over year increase. The FY25 Forecast indicates an increase of \$1.8M over the FY25 Adopted Budget, resulting from a rise in trip volume, and growth in revenue from collections by Department of Motor Vehicle and collection agencies.

The FY25 Adopted Budget of \$2.3M assumed a monthly collection of \$0.2M. This figure is derived from 6-month average of actuals from July to December 2023 with a 3% growth rate.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>SOURCES OF FUNDS</b>					
Toll Violation, Fees and Penalties	2,253,000	4,023,377	4,453,858	430,481	10.7%

**ALLOCATED BOND FUNDS – EQUITY PROGRAM (LINE 4) \$0M – DECREASE \$0.3M COMPARED TO FY25 FORECAST.**

As part of the \$100.0M loan agreement made by TA to the SMCEL-JPA in 2020, \$1.0M was earmarked for equity program expenses. The FY26 Preliminary Budget has no allocation, as it is expected that the Allocated Bond Funds will be fully expended in FY25. As of June 30, 2024, \$732K has already been spent on the Equity Program leaving the remaining balance of \$268K to carryforward into FY25. The FY25 Adopted Budget reflected no allocation, assuming that the funds would have been fully spent by the end of FY24.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>SOURCES OF FUNDS</b>					
Allocated Bond Funds - Equity Program	-	267,983	-	(267,983)	-100.0%

**SMCTA MEASURE A (ACR TDM) – EQUITY PROGRAM (LINE 5) \$0M –DECREASE \$0. 4M COMPARED TO FY25 FORECAST**

On January 6, 2022, TA Board made a one-time allocation of \$0.4M from the Alternative Congestion Relief/Transportation Demand Management (ACR/TDM) program to the US 101 Express Lanes Equity Program.

The FY26 Preliminary Budget assumes no carryforward balance as the one-time allocation of \$0.4M is expected to be spent by FY25.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>SOURCES OF FUNDS</b>					
SMCTA Measure A (ACR TDM) - Equity Program	354,100	400,000	-	(400,000)	-100.0%

**SET ASIDE PRIOR YEARS BALANCE - EQUITY PROGRAM (LINE 6) \$1.0M –INCREASE \$0.4M COMPARED TO FY25 FORECAST**

This line item pertains to the toll revenue allocated to fund the San Mateo 101 Express Lanes Equity Program administration services.

Effective FY23, a \$600K per year was set aside to support the equity program. As of June 30, 2024, \$169K of the set aside funds have been spent on the equity program, leaving the remaining balance of \$1.0M to carry forward to FY25. The Forecast is expected to fund the remaining \$616K for the equity program, after utilizing the remaining allocated bond funds of \$268K and \$400K from the SMCTA Measure A (ACR TDM).

The \$1.0M carryforward from prior years' balance of will be used to fully fund the FY26 Equity Program, which has a projected total cost of \$2.782M.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>SOURCES OF FUNDS</b>					
Set Aside Prior Years Balance - Equity Program	-	616,017	1,014,594	398,577	64.7%

**REVENUE SHARING FUNDS (LINE 7)**

The FY2024 audited actuals and surpluses have been updated in the flow of funds schedule per the loan agreement. For FY24, the flow of funds schedule shows \$1,283,223 in the portion of the Revenue Sharing Fund that can be allocated to the equity programs and other allowable uses. Based on Board discussion and approval of the flow of funds, the Revenue Sharing Fund amount will be updated for adoption in June 2025.

**MISCELLANEOUS REVENUE - INTEREST INCOME (LINE 8) \$1.4M –INCREASE \$80.3K COMPARED TO FY25 FORECAST**

This line item reflects the interest income on the SMCEL-JPA's average annual investment holdings.

The FY26 Preliminary Budget projects interest earnings of \$1.4M, assuming an average investment balance of \$42.6M at a 3.3% interest rate. This represents a \$80.3K increase from the FY25 Forecast, which projected interest earnings of \$1.3M. The Forecast is based on seven

months of actual plus five months of estimates, assuming an investment balance of \$39.7M at the same 3.3% interest rate. The FY25 Adopted Budget was based on an investment balance of \$13.4M at the same interest rate of 3.3%.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>SOURCES OF FUNDS</b>					
Miscellaneous Revenue (Interest Income)	442,900	1,324,055	1,404,353	80,298	6.1%

## USES OF FUNDS

### **TOLL OPERATIONS AND MAINTENANCE (BAIFA) (LINE 12) \$6.7M– DECREASE \$0.3M COMPARED TO FY25 FORECAST**

This line reflects the Bay Area Infrastructure Financial Authority’s (BAIFA) operation of the Express Lanes toll system, including the collection of toll transactions and traffic data, sending information to the Bay Area Toll Authority (BATA) customer service center, monitoring system performance, providing roadway operations, and the maintenance of toll system equipment and software.

- The FY26 Preliminary Budget is projected at \$6.7M. This includes program management, operations and maintenance of toll system, Regional Operations Center (ROC) 511 monitoring, other civil costs not covered by Caltrans, AT&T host/fiber costs, and a 10% contingency. The preliminary budget includes a \$400K increase in Program management, specifically to shift Southwest Power Pool (SPP) data expenditures from Backhaul line item, a \$21K increase in Regional Operations Center (ROC) fixed costs, and a \$144K in Other Costs not covered by Caltrans, primarily related to expanding Underground Service Alert coverage to the full corridor. It also includes approximately \$204K increase in Toll System for end-of-life equipment updates. These increases offset the reduction in Toll Systems and AT&T Host Costs and fiber costs.
- The FY25 Forecast is projected at \$7.0M. This estimate is based on six months of actuals and six months of estimates, which reflect a year over year percentage increase from July to December 2023 and July to December 2024. The forecast also includes \$1.0M in milestone payments for toll system end-of-life equipment updates. This cost was not known at the time when the FY25 Budget was adopted. The FY25 Adopted Budget was calculated based on a six-month average incurred from July to December 2023, a 2.9% rise in fixed rate of Toll System and a 3% increase in variable costs.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Toll Operations and Maintenance (BAIFA)	6,950,000	6,982,000	6,681,000	(301,000)	-4.3%

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>Scope Area</b>					
Program Management	990,000	663,000	1,063,000	400,000	60.3%
Toll Systems	3,600,000	4,009,000	3,320,000	(689,000)	-17.2%
Regional Operations Center (ROC) - Fixed	590,000	423,000	444,000	21,000	5.0%
Other Costs not covered by Caltrans	960,000	945,000	1,089,000	144,000	15.2%
Backhaul - Fixed (AT&T Host Costs & Fiber Costs)	180,000	307,000	157,000	(150,000)	-48.9%
Contingency (10%)	630,000	635,000	608,000	(27,000)	-4.3%
<b>Total</b>	<b>6,950,000</b>	<b>6,982,000</b>	<b>6,681,000</b>	<b>(301,000)</b>	<b>-4.3%</b>

### **FASTRAK CUSTOMER SERVICE (BATA) (LINE 13) \$3.7M – INCREASE \$0.1M COMPARED TO FY25 FORECAST**

This line item is to provide customer service for FasTrak® account holders for trips taken on the US 101 Express Lanes in San Mateo County, to process customer payments and issue toll evasion violation notices.

- The FY26 Preliminary Budget is projected at \$3.7M based on a year-over-year percentage change in costs from July 2023 to January 2024 and July 2024 to January 2025. The estimate includes an increase in Customer Service Center, credit card and bank fees, which aligns with the year over year growth in fee rate and toll revenue. The estimate also includes a 10% contingency. This reflects a \$0.1M increase over the FY25 Forecast, which is roughly a 3.1% increase for FY26.
- The FY25 Forecast shows a decrease of \$0.1M compared to the FY25 Adopted Budget of \$3.6M, which was based on average costs from July to December 2023 with a 3% growth.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
FasTrak Customer Service (BATA)	3,647,500	3,561,000	3,670,000	109,000	3.1%

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>Scope Area</b>					
FasTrak Maintenance & Accounting	91,100	90,000	90,000	-	0.0%
Customer Service Center	2,404,000	2,310,000	2,343,000	33,000	1.4%
Credit Card and Banking Fees	745,400	762,000	828,000	66,000	8.7%
Direct Costs	75,000	75,000	75,000	-	0.0%
Contingency (10%)	332,000	324,000	334,000	10,000	3.1%
<b>Total</b>	<b>3,647,500</b>	<b>3,561,000</b>	<b>3,670,000</b>	<b>109,000</b>	<b>3.1%</b>

### **EXPRESS LANE MAINTENANCE: (LINE 14) \$0.8M – INCREASE \$0.8M COMPARED TO FY25 FORECAST**

- The FY26 Preliminary Budget of \$0.8M is based on the maximum value of the contract with Caltrans for an extensive maintenance agreement. This includes \$0.5M for direct maintenance work – covering labor, equipment, and repairs materials, and \$0.3M for

Traffic Management Program (TIMP) operations, which involve real-time surveillance and incident management.

- In contrast, the FY25 Forecast is at \$40K, reflecting the projected expenditure for the year.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Express Lane Maintenance	847,000	40,000	847,000	807,000	2017.5%

**EXPRESS LANE ENHANCED ENFORCEMENT (CHP) (LINE 15) \$0.4M –DECREASE \$8.5K  
COMPARED TO FY25 FORECAST**

This line item is for the California Highway Patrol (CHP) to provide enforcement services.

- The FY26 Preliminary Budget of \$0.4M projects a \$8.5K decrease compared to the FY25 Forecast. The FY25 Forecast was based on 6 months of actuals, with the remaining months estimated using one year of actual data plus 10% contingency.
- The FY25 Forecast reflects a decrease of \$0.2M compared to the FY25 Adopted Budget. This estimate was based on an average of six-months' spend from July to December 2023 and assumed maximum scope of service.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Express Lane Enhanced Enforcement (CHP)	616,000	430,509	422,000	(8,509)	-2.0%

**CONSULTANT: (LINE 16) \$1.4M – INCREASE \$60K COMPARED TO FY25 FORECAST**

This line item is for consulting services, which covers the current HNTB's Policy Program Management (PPM) contract, a one-time organizational study and analysis, various technical studies, advocacy and lobbying efforts.

- The FY26 Preliminary Budget allocates \$1.4M for consulting services, representing a \$60K increase compared to the FY25 Forecast. The additional funding in FY26 consists of:
  - Camera Detection Pilot to lower the amount of toll revenue leakage: \$250K.
  - Technical Studies for potential third-party consultant support to assist in selecting and implementing a camera-based solution to reduce leakage: \$100K.
  - Savings from Organizational Study and Analysis to be completed by FY25: (\$260K)
  - Savings from reduced scope of the new PPM Contract: (\$30K). Cost savings from the PPM contract are expected to increase in future years, once consultant transition costs are no longer incurred.
- The FY25 Forecast projected at \$1.4M, is \$0.3M less than the FY25 Adopted Budget. The lower than budget forecast reflects the absence of anticipated expenditures for technical studies and advocacy/lobby services in FY25. The forecast represents projected costs for the HNTB PPM contract and work on the organizational study and analysis.



	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Consultant	1,645,000	1,360,000	1,420,000	60,000	4.4%
<b>Scope Area</b>					
HNTB PPM	1,200,000	1,100,000	1,070,000	(30,000)	-2.7%
Organizational Study and Analysis	220,000	260,000	-	(260,000)	-100.0%
Allowance for Technical Studies/Services	150,000	-	350,000	350,000	100.0%
Advocacy and Lobbying Services	75,000	-	-	-	0.0%
<b>Total</b>	<b>1,645,000</b>	<b>1,360,000</b>	<b>1,420,000</b>	<b>60,000</b>	<b>4.4%</b>

#### **INSURANCE: (LINE 17) \$0.7M – INCREASE \$53K COMPARED TO FY25 FORECAST**

This line item is for the annual premium for Property, General Liability and Public Officials Liability coverage.

- The FY26 Preliminary Budget is projected at \$0.7M, which is \$53K more than the FY25 Forecast, primarily due to increase in premium for General Liability, Public Officials Liability and Property Insurance.
- The FY25 Forecast is projected at \$0.6M. This is an increase of \$22K in premium over the FY25 Adopted Budget per policy.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Insurance	619,500	597,492	650,000	52,508	8.8%

#### **CLAIMS RESERVE AND PAYMENT: (LINE 18) \$50K - INCREASE OF \$25K COMPARED TO FY25 FORECAST**

This line item covers claims payments.

- The FY26 Preliminary is budgeted at \$50K and will cover claims payments for the full express lane corridor.
- Reduction in FY25 Forecast by \$25K is based on current policy.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Claims Reserve and Payment	50,000	25,000	50,000	25,000	100.0%

#### **UTILITIES: (LINE 19) \$144K - INCREASE OF \$11K COMPARED TO FY25 FORECAST**

This line item includes utility costs from PG&E.

- The FY26 Preliminary is budgeted at \$144K and will cover all the utility costs incurred

for the Express Lanes operations. This is based on a projected average of \$12K per month.

- The FY25 Forecast is projected at \$133K, trending at \$11K per month, which is higher than the original estimate of \$60K per year in the Adopted Budget.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Utilities	60,000	133,000	144,000	11,000	8.3%

#### **EQUITY PROGRAM ADMINISTRATION AND COSTS (LINE 20) \$2.8M – INCREASE \$1.5M COMPARED TO FY25 FORECAST**

This line item includes costs associated with the benefits and administration of the existing Community Transportation Benefits Program (CTBP) for first three months of FY26, one-time start-up costs for the Next Generation CTBP, and implementation of the Next Gen CTBP for the remaining nine months. In November 2023, the SMCEL-JPA Board approved significant changes to the equity program, which is expected to be implemented in late summer of 2025. Beginning in FY26, a new equity program, Next Gen Debit Cards, will replace the Clipper Cards and FasTrak® toll tag/transponders, which are being phased out. This new program's expenditures will include all administrative costs, implementation and maintenance costs, with a 10% contingency. Key components include new agreements with Samaritan House to administer the San Mateo 101 Express Lanes Equity Program, a contract with Beam to develop and operate the Next Gen Program Management Platform, and funding for the distribution of 10,000 mobility debit cards at \$200 each.

- The FY26 Preliminary Budget is projected at \$2.8M. The current estimate assumes the distribution of 10,000 debit cards at \$200 value per card, \$101K for card value loading and reloading, \$240K (12%) administrative fee, \$188K in implementation and maintenance expense, and 10% contingency. Multiple funding sources are needed to support this line. This includes 1) \$600K from the FY26 Toll Revenue; 2) \$1.0M carryforward set aside from prior years, and 3) an additional source of \$1.2M is needed to fully fund the FY26 equity program.

Line Item #	Equity Program	FY2025 Adopted	FY2025 Forecast	FY2026 Preliminary
2	Toll Revenue Set Aside	\$ 600,000		\$ 600,000
4	Allocated Bond Funds		267,983	-
5	SMCTA Measure A (ACR TDM)	354,100	400,000	-
6	Set Aside Prior Years Balance	516,939	616,017	1,014,594
	Funding Shortfall			1,167,406
	<b>Total Funding Sources</b>	<b>\$ 1,471,039</b>	<b>\$ 1,284,000</b>	<b>\$ 2,782,000</b>
20	<b>Equity Program Administration and Costs</b>	<b>\$ 1,471,039</b>	<b>\$ 1,284,000</b>	<b>\$ 2,782,000</b>

- The FY25 Forecast of \$1.3M includes 6 months of actuals for the Clipper Cards and FasTrak toll tag/transponders, 6 months of forecast; included are the initial costs of Next Gen communication and implementation expenditure of \$85K. In contrast, the Adopted Budget of \$1.5M was based on an increase of benefit costs from \$100 to \$200 per eligible participants. Three funding sources to support this line; 1) Allocated Bond Funds of \$268K; 2) \$400K from SMCTA Measure A ACR/TDM, and 3) \$616K carryforward set aside from prior years.



	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Equity Program Administration and Costs*	1,471,039	1,284,000	2,782,000	1,498,000	116.7%

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>Scope Area</b>					
Clipper Cards and FasTrak toll tag/transponders	1,396,039	1,020,000	-	(1,020,000)	-100.0%
Next Gen debit cards	-	-	2,101,000	2,101,000	100.0%
Annual administration cost (Samaritan House)	-	179,000	240,000	61,000	34.1%
Communication services, including translation of materials and marketing	75,000	45,000	-	(45,000)	-100.0%
Next Gen Implementation	-	40,000	28,000	(12,000)	-30.0%
Next Gen Maintenance	-	-	160,000	160,000	100.0%
Contingency (10%)	-	-	253,000	253,000	100.0%
<b>Total</b>	<b>1,471,039</b>	<b>1,284,000</b>	<b>2,782,000</b>	<b>1,498,000</b>	<b>116.7%</b>

**STAFF SUPPORT & ADMINISTRATIVE OVERHEAD: (LINE 21) \$1.7M – INCREASE \$0.6M  
COMPARED TO FY25 FORECAST**

This includes staff wages, benefits, and administrative overhead from the San Mateo County Transit District/TA and C/CAG to support the operations of the SMCEL-JPA.

- The FY26 Preliminary Budget is projected at \$1.7M, reflecting an increase of \$0.6M over the FY25 Forecast. A total of 6.82 full-time equivalents (FTEs) in C/CAG and San Mateo County Transit District (District)/TA staff time is budgeted in FY26, which includes the new Program Manager position. The budget also includes a placeholder for the District's Agency Indirect Administration (AIA) costs of \$152K. The additional costs are driven by the increase in staff time dedicated to the Express Lanes operation from the District/TA and the new program manager from CCAG. The increase in AIA cost is based on the FY26 draft Internal Cost Allocation Plan (ICAP).
- The FY25 Forecast is projected at \$1.1M, which is based on the actual staff charges and administrative overhead expense up to January 2025 plus estimation of remaining months of the fiscal year. The decrease of \$73K from FY25 Adopted Budget is attributed to staff supporting the JPA charging less time than initially budgeted.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Staff Support & Admin Overhead	1,197,358	1,124,195	1,702,200	578,005	51.4%

**BOARD OF DIRECTORS AND RELATED COSTS: (LINE 22) \$14K – INCREASE \$1.2K COMPARED TO FY25 FORECAST**

This line item encompasses the costs for Board of Directors compensation and related costs to include Board meeting refreshments and Automated Data Processing (ADP) fees.

- The FY26 Preliminary Budget is projected at \$14K, which is \$1.2K higher than FY25 Forecast, primarily due to increase in recording and streaming service costs. By comparison, the Adopted Budget of \$24.3K, assumed more board meetings and related costs.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Board of Directors and Related Costs	24,300	12,700	13,900	1,200	9.4%
<b>Scope Area</b>					
BOD Compensation	7,200	4,200	4,200	-	0.0%
Board Meeting Refreshments	5,000	1,300	1,500	200	15.4%
Pen Media AV	10,900	6,000	7,000	1,000	16.7%
ADP Fees	1,200	1,200	1,200	-	0.0%
<b>Total</b>	<b>24,300</b>	<b>12,700</b>	<b>13,900</b>	<b>1,200</b>	<b>9.4%</b>

**OTHER ADMINISTRATIVE COSTS: (LINE 23) \$228K – INCREASE \$63K COMPARED TO FY25 FORECAST**

Include costs of Promotional Advertising, Seminar/Training and Business Travel, Dues and Subscriptions, Software Maintenance and License, Legal Services and Office Supplies and Printing.

- The increase in projection for FY26 over FY25 Forecast is mainly due to an additional \$40K in promotional advertising for the Next Generation Equity Program and increased seminar and business travel.
- FY25 Forecast is less than Adopted budget by \$75K mainly attributed to fewer business travel and legal services than anticipated.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Other Administrative Costs	240,465	165,107	227,911	62,804	38.0%

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>Scope Area</b>					
Promotional Advertising	50,000	50,000	90,000	40,000	80.0%
Seminar/Training & Business Travel	40,500	10,000	19,500	9,500	95.0%
Dues and Subscriptions	23,000	19,656	22,000	2,344	11.9%
Software Maintenance & License	38,000	34,486	36,935	2,449	7.1%
Legal Services	60,000	25,000	30,000	5,000	20.0%
Audit & Bank Fees	21,965	21,965	22,476	511	2.3%
Office Supplies and Printing	7,000	4,000	7,000	3,000	75.0%
<b>Total</b>	<b>240,465</b>	<b>165,107</b>	<b>227,911</b>	<b>62,804</b>	<b>38.0%</b>

**INTEREST EXPENSE ON OPERATING ADVANCES: (LINE 24) \$0M – DECREASE \$0.2M  
COMPARED TO FY25 FORECAST.**

This expense is the estimated interest incurred on the balance of \$6.0M from the Operating advances from both C/CAG and TA, based on the monthly interest rate from the Local Agency Investment Fund (LAIF) account.

For FY24, the flow of funds schedule shows \$7,271,597 in the portion of the Revenue Sharing Fund that can be allocated to the repayment of operating and bond loan. The FY26 Preliminary Budget shows a zero budget, as operating advances and interest expenses are expected to be fully repaid by July 1, 2025, with the Revenue Sharing Fund, contingent on the Board's approval. The FY25 Adopted Budget was based on a balance of \$6M at an interest rate of 5%. The FY25 Forecast reflects a decrease of \$87K from the Adopted Budget due to a reduction in the interest rate from an average of 5% to 3.95%.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
Interest Expense on Operating Advances*	320,587	233,502	-	(233,502)	-100.0%

**CREDIT FEE: (LINE 25) \$0.4M**

The Credit Fee is a cost associated with the \$100.0M bond issuance secured by the TA in 2020 to support capital, financing, and ongoing costs of the US 101 Express Lanes Project for the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA). This fee compensates the TA for assuming risk and managing the issuance and maintenance process.

- When the TA issued debt in 2020 on behalf of the SMCEL-JPA to finance construction of the US101 Express Lanes Project, the TA identified and qualified \$6.0M as capitalized interest for the first three years of the term of the bond. This capitalized interest allows the interest to be paid from the bond; however, after February 28, 2024, this set aside of capitalized interest was no longer available to reimburse the interest costs.
- On December 2, 2024, following communication with the Board, bond counsel and member agency partners, \$6.29M – consisting of unused capitalized interest, and capital project funds - was used to pay down a portion of the \$100M bond loan.

- The FY26 Preliminary Budget is based on a bond loan balance of \$93.7M at an annual rate of 0.40 percent.
- The FY25 Forecast is consistent with FY26 Preliminary Budget. The FY25 Adopted Budget was based on original \$100M at the rate of 0.40 percent.

USES OF FUNDS	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
Credit Fee*	400,000	374,840	374,840	-	0.0%

#### **SMCEL-JPA BOND RELATED DEBT FEES: (LINE 26) \$0.4M –DECREASE \$18K COMPARED TO FY25 FORECAST**

The FY26 Preliminary Budget projects a decrease of \$18K compared to the FY25 Forecast. The preliminary budget of \$414K includes Letter of Credit (LOC) fees of \$344K, Remarketing Fees of \$66K, Commission and Legal Fees of \$4.5K.

The FY25 Forecast of \$432K consists of \$354K for Letter of Credit (LOC) fees, \$67.5K for Remarketing Fees, and \$10.5K for Commission and Legal Fees. This is \$238K lower than Adopted Budget due to the reduction of a portion of bond loan being paid off in December 2024.

The FY25 Adopted Budget was derived from a budget of \$540K in LOC fees, \$100K in Trustee and Remarketing fees and \$30K in legal fees.

USES OF FUNDS	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
SMCEL-JPA Bond Related Debt Fees*	670,000	432,136	414,377	(17,759)	-4.1%

#### **SMCEL-JPA BOND INTEREST: (LINE 27) \$3.3M –DECREASE \$91.7K COMPARED TO FY25 FORECAST**

When the TA issued debt in 2020 on behalf of the SMCEL-JPA to finance construction of the express lanes, the TA identified and qualified \$6.0M as capitalized interest for the first three years of the term of the bond loan. This capitalized interest allows the interest to be paid from the bond loan; however, after March 2, 2024, the capitalized interest, which was set aside, would no longer be available to reimburse the interest costs.

- The FY26 Preliminary Budget at \$3.3M reflects a decrease of \$91.7K derives from estimated bond loan balance of \$93.71M at a 3.5% interest rate. The next scheduled bond loan payment will be in December 2027.
- The FY25 Forecast of \$3.4M represents a drop of \$0.1M from the FY25 Adopted Budget. The forecast is based on 5 months of bond loan balance of \$100.0M at a 3.5% interest rate and 7 months of forecast with a \$93.71M bond loan balance at the same 3.5% interest rate. The Adopted Budget accounts for interest expense on an outstanding bond loan balance of \$100.0M, with an interest rate of 3.5%.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>USES OF FUNDS</b>					
SMCEL-JPA Bond Interest*	3,500,000	3,371,579	3,279,850	(91,729)	-2.7%

#### **TOTALS USES OF FUNDS: (LINE 28)**

The FY26 Preliminary Budget is anticipated to be \$22.7M, showing an increase of \$2.6M over the FY25 Forecast. The FY25 Forecast is projected at \$20.1M, reflecting a decrease of \$2.1M when compared to the FY25 Adopted Budget.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE
<b>TOTAL USES OF FUNDS</b>	22,258,749	20,127,060	22,679,077	2,552,018	12.7%

#### **CAPITAL RESERVE: (LINE 32) \$0M**

The terms of the loan agreement have two capital reserve accounts (Repair & Rehabilitation Fund and Equipment Replacement Reserve Fund) that are filled when their respective capital expenditures are budgeted in a fiscal year. Due to the relatively young age of the facility, no capital expenditure has been budgeted to date. However, it is necessary to develop a capital reserve to ensure sufficient funding is available for future repairs and replacement needs. This can be done by budgeting for a capital reserve account as part of the annual budget, or by revising the terms of the loan agreement to set capital reserve contributions independently from capital needs in a given fiscal year. Based on the flow of funds, it is expected that up to \$15.8M could be budgeted in FY26 for this use.

Based on Board discussion and approval of the flow of funds, the Capital Reserve will be updated for adoption in June 2025.

#### **FLOW OF FUNDS FY25 (PREPAYMENT OF OPERATING LOANS WITH NET REVENUE)**

The San Mateo County Transportation Authority (SMCTA) and the City/County Association of Government of San Mateo County (C/CAG) are member agencies of SMCEL-JPA, both of which advanced funds to cover the operations of the SMCEL-JPA since the agency's formation in FY20. These advances were intended to support operations until SMCEL-JPA began receiving toll revenue sufficient to cover its operating and maintenance costs. The operating loan agreements are to be repaid with interest, based on the net earning rate on the San Mateo County Investment Pool Fund.

Since FY23, the SMCEL-JPA has collected enough toll revenue to fully cover its operations and maintenance costs and has generated a net surplus. With the surpluses from FY23 and FY24, the agency has sufficient reserves to consider repayment of the outstanding operating loan balance to both SMCTA and C/CAG. As of March 31, 2025 the total outstanding balance for the two loans is \$5,886,135:

- SMCTA - \$3,182,176
- C/CAG - \$2,703,959

**PROJECTED RESOURCES OVER USES: (LINE 30)**

The FY25 Forecast projects a surplus of \$17.6M and the FY26 Preliminary Budget anticipates a surplus of \$18.5M. Upon completion of the year-end audit, staff will allocate the surpluses in accordance with the flow of funds outlined in the loan agreement. Subject to funding availability, future distributions may also support reserves contributions and principal debt payment.

**ATTACHMENTS:**

1. Attachment A: Preliminary FY26 SMCEL-JPA Budget
2. Preliminary FY26 Budget Presentation

SAN MATEO COUNTY EXPRESS LANES JPA  
FY2026 PRELIMINARY BUDGET

		FY2025 ADOPTED	FY2025 FORECAST	FY2026 PRELIMINARY	FY25 FORECAST vs FY26 PRELIMINARY	PERCENTAGE CHANGE	
1	<b>SOURCES OF FUNDS</b>						1
2	Toll Revenues	27,988,000	31,107,297	34,293,879	3,186,582	10.2%	2
3	Toll Violation, Fees and Penalties	2,253,000	4,023,377	4,453,858	430,481	10.7%	3
4	Allocated Bond Funds - Equity Program	-	267,983	-	(267,983)	-100.0%	4
5	SMCTA Measure A (ACR TDM) - Equity Program	354,100	400,000	-	(400,000)	-100.0%	5
6	Set Aside Prior Years Balance - Equity Program	-	616,017	1,014,594	398,577	64.7%	6
7	Revenue Sharing Funds - Equity Program*	-	-	-	-	0.0%	7
8	Miscellaneous Revenue (Interest Income)	442,900	1,324,055	1,404,353	80,298	6.1%	8
9	<b>TOTAL SOURCES OF FUNDS</b>	<b>31,038,000</b>	<b>37,738,728</b>	<b>41,166,683</b>	<b>3,427,955</b>	<b>9.1%</b>	9
10							10
11	<b>USES OF FUNDS</b>						11
12	Toll Operations and Maintenance (BAIFA)	6,950,000	6,982,000	6,681,000	(301,000)	-4.3%	12
13	FasTrak Customer Service (BATA)	3,647,500	3,561,000	3,670,000	109,000	3.1%	13
14	Express Lane Maintenance	847,000	40,000	847,000	807,000	2017.5%	14
15	Express Lane Enhanced Enforcement (CHP)	616,000	430,509	422,000	(8,509)	-2.0%	15
16	Consultant	1,645,000	1,360,000	1,420,000	60,000	4.4%	16
17	Insurance	619,500	597,492	650,000	52,508	8.8%	17
18	Claims Reserve and Payment	50,000	25,000	50,000	25,000	100.0%	18
19	Utilities	60,000	133,000	144,000	11,000	8.3%	19
20	Equity Program Administration and Costs*	1,471,039	1,284,000	2,782,000	1,498,000	116.7%	20
21	Staff Support & Admin Overhead	1,197,358	1,124,195	1,702,200	578,005	51.4%	21
22	Board of Directors and Related Costs	24,300	12,700	13,900	1,200	9.4%	22
23	Other Administrative Costs	240,465	165,107	227,911	62,804	38.0%	23
24	Interest Expense on Operating Advances*	320,587	233,502	-	(233,502)	-100.0%	24
25	Credit Fee*	400,000	374,840	374,840	-	0.0%	25
26	SMCEL-JPA Bond Related Debt Fees*	670,000	432,136	414,377	(17,759)	-4.1%	26
27	SMCEL-JPA Bond Interest*	3,500,000	3,371,579	3,279,850	(91,729)	-2.7%	27
28	<b>TOTAL USES OF FUNDS</b>	<b>22,258,749</b>	<b>20,127,060</b>	<b>22,679,077</b>	<b>2,552,018</b>	<b>12.7%</b>	28
29							29
30	<b>PROJECTED SOURCES OVER USES</b>	<b>8,779,251</b>	<b>17,611,668</b>	<b>18,487,606</b>	<b>875,938</b>	<b>5.0%</b>	30
31							31
32	Capital Reserve*	-	-	-	-	0.0%	32
33	<b>ADJUSTED NET SURPLUS (DEFICIT)</b>	<b>8,779,251</b>	<b>17,611,668</b>	<b>18,487,606</b>	<b>875,938</b>		33

\* For Board Discussion, as part of FY24 Flow of Funds allocation and FY26 Preliminary Budget.





# Fiscal Year 2026 Preliminary Budget

## Item #4.1



# Agenda

## 1. FY26 Preliminary Budget

- Sources
- Uses
- Equity Program
- Sources and Uses

## 2. Next Steps

# SOURCES (\$ Millions)

	FY2025 FORECAST	FY2026 PRELIMINARY	% CHANGE
Toll Revenues	\$ 31.11	\$ 34.29	10.2%
Toll Violations Fees and Penalties	4.02	4.45	10.7%
Allocated Bond Funds – Equity Program	0.27	-	-100.0%
SMCTA Measure A – Equity Program	0.40	-	-100.0%
Set Aside Prior Years Balance – Equity Program	0.62	1.01	64.7%
Revenue Sharing Funds **	-	-	0.0%
Miscellaneous Revenue (Interest Income)	1.32	1.40	6.1%
<b>TOTAL</b>	<b>\$ 37.74</b>	<b>\$ 41.17</b>	<b>9.1%</b>

\*\* Subject to Board discussion as part of FY24 Flow of Funds allocation

# USES (\$ Millions)

	FY2025 FORECAST	FY2026 PRELIMINARY	% CHANGE
Toll Operations and Maintenance (BAIFA)	\$ 6.98	\$ 6.68	-4.3%
FasTrak Customer Service (BATA)	3.56	3.67	3.1%
Express Lane Maintenance (Caltrans) and CHP Enforcement Costs	0.47	1.27	169.7%
Equity Program Administration and Costs	1.28	2.78	116.7%
Administrative and Support Expenses	3.42	4.21	23.1%
Interest Expense on Operating Advances**	0.23	-	-100.0%
SMCEL-JPA Bond Related Fees**	4.18	4.07	-2.6%
<b>TOTAL</b>	<b>\$ 20.13</b>	<b>\$ 22.68</b>	<b>12.7%</b>

\*\* Subject to Board discussion as part of FY24 Flow of Funds allocation

# Equity Program Sources and Uses (\$ Millions)

Sources of Funds	FY2026 Preliminary	
Toll Revenue Set Aside	\$	0.60
Set Aside Prior Years Balance		1.01
Revenue Sharing Funds**		-
<b>Total Funding Sources</b>	<b>\$</b>	<b>1.61</b>
<b>Uses of Funds</b>		
Next Gen Debit Card		2.10
Administrative Costs		0.24
Next Gen Platform Implementation Costs		0.44
<b>Equity Program Administration and Costs</b>	<b>\$</b>	<b>2.78</b>
<b>Net Position</b>	<b>\$</b>	<b>(1.17)</b>

\*\* For Board Discussion as part of FY24 Flow of Funds allocation and FY26 Preliminary Budget

# Equity Program Key Changes

- Next Gen mobility debit card program launch anticipated late summer
- Increased access through online enrollment
- Expanded outreach and community partnerships
- Estimated 10,000 participants @\$200 per debit card

# NET POSITION: Sources Over Uses (\$ Millions)

	FY2025 FORECAST	FY2026 PRELIMINARY	% CHANGE
Total Sources of Funds	\$ 37.74	\$ 41.17	9.1%
Total Uses of Funds	20.13	22.68	12.7%
<b>Projected Sources over Uses</b>	<b>\$ 17.61</b>	<b>\$ 18.49</b>	<b>5.0%</b>
Capital Reserve **	-	-	0.0%
<b>Adjusted Net Surplus (Deficit)</b>	<b>\$ 17.61</b>	<b>\$ 18.49</b>	<b>5.0%</b>

\*\* Subject to Board discussion as part of FY24 Flow of Funds allocation

# Next Steps:

## 1. Impact of Flow of Funds Decisions

Funding Priority	Budget Impact
Pay Off Operating Loans	Reduce/eliminate interest expense on Operating Advances
Pay Down Capital Loan	Reduce bond loan related fees
Build Up Reserves	Budget for capital expenditures to meet reserve targets
Next Gen Equity Program	Eliminate funding shortfall to fully fund the program in FY2026

## 2. Staff to bring back the FY26 Proposed Budget for June Board adoption



# Questions?



# San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: May 2, 2025

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 2024 Flow of Funds and potential impact on future years.

(For further information, contact Jessica Manzi, Director, Project Delivery at [manzij@samtrans.com](mailto:manzij@samtrans.com))

## RECOMMENDATION

The Board will receive an update on the draft Fiscal Year 2024 (FY24) Flow of Funds and potential impact on future years.

## 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**



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. The model and its key assumptions were presented to the Board in April 2024 as follows as an informational item:

Key assumptions for the financial model include:

- Toll revenues and operating and maintenance expenses increase annually at 3%;
- Interest on the bond loan is 3.5%; and
- A preliminary asset inventory list was used by the Policy and Program Management Team to develop an annual need of \$6 million for the Equipment Replacement Reserve Fund

With FY24 audited financials, staff used the model to determine funding levels for reserves (Operating, Revenue Stabilization, Repair & Rehabilitation, Equipment Replacement) and the Revenue Sharing Fund (RSF), per the defined requirements in the provisions of the Loan Agreement. For FY24, approximately \$17.4 Million remained for reserves and RSF after operations and maintenance, the annual equity programs set-aside, interests on operating and bond loans, and the credit enhancement fee. The prescribed amounts for reserves from FY2024 are as follows:

<b>Reserve Category</b>	<b>Allocation from FY2024 Audited (in Millions)</b>
Operating ( <i>1/6 of the Operations &amp; Maintenance Cost for FY24</i> )	\$1.77
Revenue Stabilization ( <i>25% of Revenue &amp; Interests in FY24</i> )	\$7.68
Repair & Rehabilitation ( <i>100% of FY24 Capital Expenditure</i> )	\$0*
Equipment Replacement ( <i>100% of FY24 Equipment Replacement Expenditure</i> )	\$0**
<b>Total Reserve Allocation</b>	<b>\$9.45</b>

\* No capital expenditures were budgeted in FY24

\*\* No equipment replacement expenditures were budgeted in FY24

These allocations will bring the reserve balances to the following levels:

<b>Reserve Category</b>	<b>Fund Balance after FY2024 (in Millions)</b>
Operating	\$1.82
Revenue Stabilization	\$7.68
Repair & Rehabilitation	\$0
Equipment Replacement	\$0
<b>Total</b>	<b>\$9.5</b>

It is anticipated that the desired levels of capital reserves will be achieved by FY2028, contingent upon Board approval of staff's recommendation to allocate projected net revenues in future years toward the capital reserve. These 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.

For FY24, approximately \$7.97 Million remains for the RSF. RSF allocates 85% to the repayment of Operating Loans to C/CAG and the TA and the Bond Loan to the TA. The remaining 15% in the RSF may be used at the Boards discretion for any lawful purposes, including providing additional funding to SMCEL-JPA's Community Transportation Benefits Program (CTBP).

Revenue Sharing Fund (RSF)	Allocation from FY2024 Audited (in Millions)
85% Operating Loan or Bond Loan Principal Payment	\$6.77
15% Discretionary, including equity program	\$1.20
<b>Total RSF Allocation</b>	<b>\$7.97</b>

With the RSF balance, the Board has options on how it will allocate funds:

- *85% funds*
  - o Pay off the remaining balance of the Operating Loans, about \$6 Million; and apply the remaining funds towards a Bond Loan principal payment
  - o Pay none or a portion of the Operating Loans; and apply a higher amount towards the Bond Loan
- *15% funds*
  - o Allocate 100% of the \$1.2 Million to the budget for the Next Generation CTBP to meet the funding gap of \$1.17 Million.
  - o Allocate no additional funding or a portion of funds to Next Generation CTBP; and allocate higher amounts for reserves, Bond Loan principal payments, or Operating Loans if not paid off with funds from the 85% of RSF

Each of these funding options will have trade-offs that the Board should consider in providing direction to staff that is needed to finalize the FY 2026 Budget:

- **Operating Loan Payment:** If repaid, this would reduce expenses in FY 2026 by eliminating their associated interests costs.
- **Bond Loan Principal Payment:** Additional payment lowers the principal, thereby minimizing exposure to fluctuating future interest rates.
- **Equity Program:** Full funding in FY 2026 would allow the Community Transportation Benefits Program (CTBP) to meet anticipated participation levels of 10,000 low-income San Mateo County residents. At this scale, the program would provide \$2 million in direct benefits annually, excluding costs related to program administration, online enrollment portal and management. Absent additional funding, participation would remain limited to approximately 6,000 residents, consistent with current enrollment levels.
- **Reserves:** Build up reserves and potentially meet desired levels sooner than FY 2028.

The Board will receive a PowerPoint presentation on the draft flow of funds recommendation for Fiscal Year 2024, and forecasts for Fiscal Year 2026 and subsequent years. These projections used the financial model for illustration and are subject to change as market conditions fluctuate, as well as Board input on the allocations within its discretion.

Attachment:

1. FY24 Flow of Funds presentation and Impact on Future Years



# Flow of Funds for Fiscal Year 2024 and Related Budget Assumptions for Fiscal Year 2026

May 2025

Item 4.2



# AGENDA

1. Loan Agreement Background
2. Flow of Funds Overview
3. FY2024 Update
  - a. FY2024 Flow of Funds Reserves
  - b. FY2024 Revenue Sharing Proposal
4. Impact on FY2026 Budget Cycle
5. Considerations for FY2026 and Future Years
6. Staff Recommendations
7. Next Steps

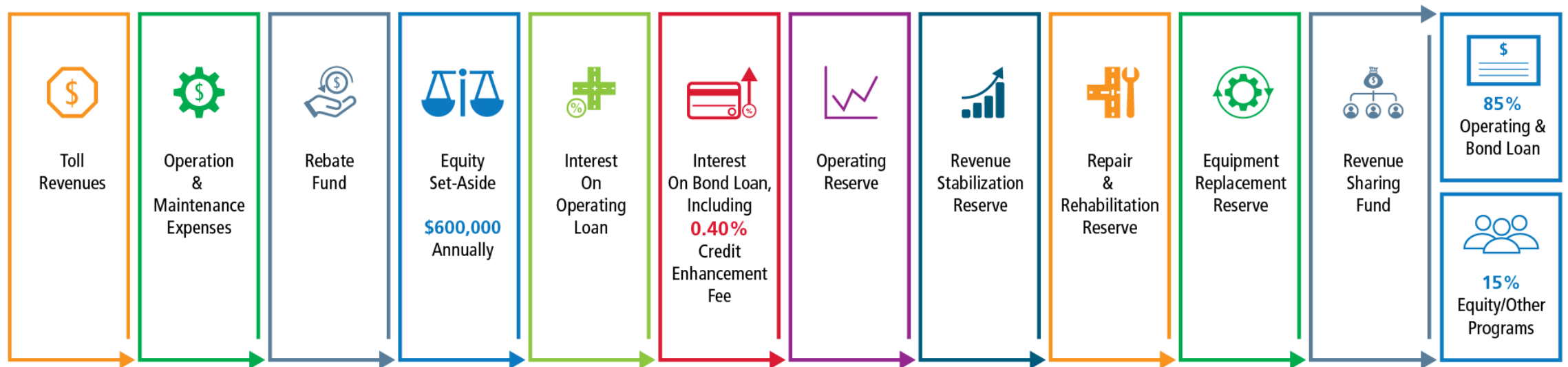


# Loan Agreement Background

- Loan agreement between SMCEL-JPA and TA for \$100M bonds
- Requires toll revenue go through flow of funds annually in May
- Most line items have defined funding levels and some funding requirements
- Developed financial model to comply with loan requirements and estimate budget for future years



# Flow of Funds Overview



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





# FY2024 Update





# FY24 Flow of Funds – Reserves & Revenue Sharing Fund (RSF)



# FY24 Flow of Funds

\$17.4 M Remaining after accounting for operating & maintenance expenses, equity set-aside, interest payments and credit enhancement fee

8	Operating Reserve	1.77	1/6 of O&M (line 2)
9	Revenue Stabilization Reserve	7.68	25% of Revenue (line 1)
10	Repair & Rehabilitation Fund	0.00	100% of Capital Expenses = \$0
10	Equipment Replacement Reserve Fund	0.00	100% of Equipment Repl. Expenses = \$0
12a-2 RSF: 85% to Operating & Bond Loan		6.77	
12b-2 RSF: 15% to Equity/Other Pgms		1.20	



# FY24 Revenue Sharing Fund Proposal

- 85% = \$6.8M
  - Pay off Operating Loans = ~\$6M
  - Remaining towards Bond Loan Principal = ~\$0.8M
- 15% = \$1.2M
  - Board discretion in allocating the remaining 15%  
*Fund some or all of Equity Program, allocate to reserves, make additional bond loan payments*
  - Fund Next Gen Equity Program in FY2026 to meet funding gap



# FY2026 and Future Years



# Impact on FY 2026 Budget Cycle

- Operating Loan balance and interest on advances (Budget lines 24, 26, and 27)
- Fund projected Next Gen Equity Program expenditures or limit program participation (Budget line 7)
- Allocate budget for capital expenditures to build up reserves (Budget line 32)

# Equity Programs Fund & FY26 Budget

*Estimated 10k benefits*

Total Equity Programs Fund Balance in FY26	\$3.8 M
Total Forecast Expended by End of FY25	\$2.2 M
Projected Remaining for FY26	<b>\$1.6 M</b>
FY26 Preliminary Budget for Next Gen CTBP	<b>\$2.8 M</b>
FY26 Preliminary Budget Deficit for CTBP*	<b>\$1.2 M</b>

\* Recommended funding from 15% Revenue Sharing Fund (FY24)



# FY2026 Reserve Targets and Projections

Reserve	FY24 Rec.	Projected Balance FY2026	Estimated Target FY2026	Delta (+/-)
Operating Reserve	\$1.8 M	\$2.6 M	\$2.6 M	\$0
Revenue Stabilization Reserve	\$7.7 M	\$20.5 M	\$20.5 M	\$0
Repair & Rehabilitation Reserve	\$0.0	\$16.0 M	\$16.0 M	\$0
Equipment Replacement Reserve	\$0.0	\$0	\$36.0 M	(\$36.0 M)
<b>Total Reserves</b>	<b>\$9.5 M</b>	<b>\$39.1 M</b>	<b>\$75.1 M</b>	<b>(\$36.0 M)</b>





## Trade-offs in funding priorities as revenues grow

Funding Priority	Key Considerations	Benefits	Challenges
<b>Fully Fund Next Gen Equity Program</b>	Appropriate level of program funding that balances all funding needs	Provide/expand equity benefits	Risk of underfunded reserves Debt risk from increased loan duration and interest rate increases
<b>Build Up Fund Reserves</b>	Deferring capital reserves will require significantly larger future contributions	Financial security Protect against unexpected events Plan for future replacement of facility/equipment	Debt risk from increased duration and interest rate increases May limit equity program benefits
<b>Pay Down Loans</b>	Volatility in future interest rates	Operating loans have higher interest rates than bond loan Reduces duration of debt and interest rate risk Eliminates transactional complexity Enhances creditworthiness	May limit equity program benefits Risk of underfunded reserves





# Staff Proposal

- FY24 Net Revenue
  - Pay off Operating Loans, ~\$6M
  - Make a Bond Loan principal pre-payment of \$0.8M
  - Allocate \$1.2M to Equity Program Fund to meet FY26 shortfall
- Budget ~ \$16M in FY26 for capital reserves



## Next Steps

- Incorporate Board input as part of FY26 Budget to be presented and adopted in June
- Implement recommendations for FY24 Net Revenues



# Questions?