

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

Meeting No. 63

Date: Friday, June 20, 2025	Join by Webinar: https://us02web.zoom.us/j/81452814725?pwd=bHOwB2i5G9TaW7edNZShPFGVN2Nw.wg.1
Time: 8:30 A.M.	Webinar ID: 814 5281 4725
Primary Location: San Mateo County Transit District Office 1250 San Carlos Ave, 2 nd Fl. Auditorium, San Carlos, CA	Password: 062025
Teleconference Location (Alternate Public Access): Bay Area Metro Center 375 Beale Street, 1 st Floor Claremont Conference Room (CR 112), San Francisco, CA 94105	Join by Phone: (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.

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. 62 dated May 2, 2025. ACTION p. 1
- 3.2 Acceptance of Statement of Revenues and Expenses for the Period Ending April 30, 2025. ACTION p. 5
- 3.3 Review and approval of Resolution SMCEL 25-05 authorizing the SMCEL-JPA Chair to execute the Agreement with the Office of County Counsel of San Mateo County for general legal services to SMCEL-JPA, covering the periods of FY 2025/26 through FY 2027/28, for an amount not to exceed \$60,000, annually. ACTION p. 8
- 3.4 Receive a quarterly update on the operations of the US 101 Express Lanes. INFORMATION p. 18
- 3.5 Approve the Organizational Assessment report for the Express Lane Program. ACTION p. 37

4.0 REGULAR AGENDA

- 4.1 Receive an update on the Fiscal Year 2024 (FY24) Revenue Sharing Fund Flow of Funds distribution and its projected impact on the Fiscal Year 2026 (FY26) Proposed Budget. INFORMATION p. 67
- 4.2 Public Hearing: Approval of SMCEL Resolution 25-06 on the adoption of the Fiscal Year 2026 (FY26) SMCEL-JPA Operating Budget. ACTION p. 77
- 4.3 Election of a Chairperson and a Vice Chairperson to serve a one-year term, effective July 1, 2025. ACTION p. 108

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

August 1, 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 by 10:00 a.m. prior to the meeting date.

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

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

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

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

***In-person participation:**

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

***Remote participation:**

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

If you have any questions about this agenda, please contact SMCEL-JPA staff:
Executive Director: Sean Charpentier (650) 599-1409
Clerk of the Board: Mima Crume (650) 599-1406

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

Meeting No. 62
May 2, 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 were 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

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.

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

Staff Present (In-Person):	Staff Present (Remote):
Sean Charpentier, Executive Council – C/CAG	Van Ocampo
April Chan, Executive Council – TA	
Mima Crume – Clerk of the Board	Members of the Public (In-Person):
Kaki Cheung – C/CAG	Emily Beach
Peter Skinner – TA	
Kate Steiner – TA	Members of the Public (Remote):
Samantha Soules – HNTB	Sadie Mae Palmatier
Ladi Millard-Olmeda – TA	Leslie Fong
Kate Steiner – TA	

2.0 PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Note: Public comments are 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. 61 dated March 7, 2025. APPROVED
- 3.2 Acceptance of Statement of Revenues and Expenses for the Period Ending February 28, 2025. APPROVED
- 3.3 Acceptance of Statement of Revenues and Expenses for the Period Ending March 31, 2025. APPROVED
- 3.4 Return a late claim under California Government Claims Act. APPROVED

Director Rak MOVED to approve the consent agenda items 3.1 to 3.4. Director Jimenez SECONDED. **MOTION CARRIED 5-0-0**

4.0 REGULAR AGENDA

- 4.1 Receive a presentation on the draft Fiscal Year 2026 SMCEL-JPA Operating Budget. INFORMATION

The Board received a presentation on the FY26 preliminary budget, covering projected sources and uses of funds, the equity program, net position, and next steps.

- Sources Overview: FY26 revenues are projected at \$41.2 million, an increase of \$3.4 million from FY25. The increase in revenues are expected to be 10% due to higher trip volumes. Violation fees and penalties are similarly forecasted to grow by 10%.
- Equity Program Funding: Funding for the equity program in FY26 includes \$600,000 from toll revenue and \$1 million in prior year carryover, with a projected funding gap of \$1.17 million to fully support expansion to 10,000 participants with \$200 debit cards.
- Uses Overview: Expenses are projected to increase by 12% from FY25. Major uses include toll operations and maintenance, customer service, Caltrans maintenance, CHP enforcement, equity program costs, administration, and debt service.
- Debt and Reserves: No interest expenses on operating loans are budgeted for FY26, as loans are anticipated to be paid off. The budget includes placeholders for new contributions to capital reserves.
- Equity Program Changes: The FY26 launch of the Next Generation Mobility Debit Card will replace the prior clipper and fast-track benefits, aiming for broader transportation access and higher participation.

- Financial Trade-Offs Presented: Options discussed included paying off \$6 million in operating loans, prepaying \$800,000 on the bond principal, allocating \$16 million toward capital reserves, and closing the \$1.2 million gap for the FY26 equity program.

Board Discussion Highlights:

- Clarification was sought on the funding gap for the equity program despite prior year carryover.
- Questions were raised regarding the assumptions behind toll revenue growth and the sustainability of expanding the equity program.
- Board members discussed enforcement efforts, budget presentation formatting differences, and ensuring financial prudence with reserve levels.
- Staff noted that toll volume growth remains strong and adjustments can be made midyear if trends shift.

Outcome:

- This was an informational item; no formal action was taken.
- Staff will refine the preliminary budget and bring the final proposed FY26 budget back for Board approval in June 2025.

No public comments were received.

- 4.2 Receive an update on the draft Fiscal Year 2024 Flow of Funds and potential impact on future years. NO ACTION

The Board received a presentation on the loan agreement, flow of funds process, and implications for the FY26 budget. It was explained that toll revenues are allocated annually based on loan agreement terms: 85% toward loan repayment and 15% available for the Equity Program or other Board-approved uses.

For FY24, after covering operating costs and reserve contributions, approximately \$8 million remains available. Staff recommended:

- Paying off \$6 million in operating loans (to C/CAG and TA)
- Applying the remaining \$800,000 toward reducing bond principal
- Allocating \$1.2 million from revenue sharing funds to address the FY26 Equity Program funding shortfall

Staff also proposed beginning to allocate funding toward building capital reserves to prepare for future equipment replacement needs.

Board Discussion:

- Directors raised concerns about setting a sustainable target for the Equity Program enrollment at 10,000 participants and discussed the potential financial impacts in future years.

- Board members agreed with the approach to prioritize paying off operating loans, fully funding the FY26 Equity Program, and building capital reserves.
- Comments emphasized the need to monitor reserve balances to ensure they are fiscally prudent without appearing excessive to the public.

Direction Given:

- There was general support for the staff recommendation: pay off operating loans, apply remaining funds to bond principal, allocate \$1.2M to the Equity Program, and begin capital reserve funding.
- No formal action was taken; the final adjustments will be reflected in the proposed FY26 budget for Board adoption in June.

No public comments were received.

5.0 **REPORTS**

- a) Chairperson Report – No report.
- b) Member Communication – No report.
- c) Executive Council Report - Executive Council Verbal Report – No report.
- d) Policy/Program Manager Report - No report.

6.0 **WRITTEN COMMUNICATIONS**

None.

7.0 **NEXT REGULAR MEETING**

June 6, 2025

8.0 **ADJOURNMENT** – 10:08 am

San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: June 20, 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 April 30, 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 April 30, 2025.

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

FISCAL IMPACT

Operating Revenues: As of April 30, 2025, total Operating Revenues are \$29.9 million, \$4.1 million (15.8 percent) favorable to budget. Total Revenues are comprised of the following:

- Toll Revenues, \$23.2 million (-\$0.1 million [0.4 percent] unfavorable to budget)
 - The unfavorable variance is primarily due to the reclassification of toll violation revenues to enhance transparency by distinguishing between standard toll collections and revenues generated from violations, fees, and penalties.
- Toll Violation Fees and Penalties, \$4.9 million (\$3.1 million [163.1 percent] favorable to budget)
 - The favorable variance is driven by \$1.5 million in toll violation revenue, originally booked under toll revenue, reclassified accurately to this account. Additionally, 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 use of prior-year bond funds as a source for the equity program. The prior year source is now exhausted. The FY25 adopted budget assumed that these funds would have been fully drawn in FY24.
- San Mateo County Transportation Authority Measure A (Alternative Congestion Relief Transportation Demand Management) – Equity Program, \$0.4 million (\$0.1 million [35.6 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) \$1.1 million, (\$0.8 million [204.8 percent] favorable to budget)
 - Favorable variance driven by higher interest earnings year-to-date, which is attributable to higher balances than assumed in budget and is expected to continue through year-end.

Operating Expenses: As of April 30, 2025, total Operating Expenses are \$11.9 million, \$6.7 million (35.9 percent) favorable to budget. Major Expenses are:

- Toll Operations and Maintenance (Bay Area Infrastructure Financing Authority), \$3.6 million (\$2.2 million [37.9 percent] favorable variance to budget)
 - Favorable variance due to lower program management costs with other timing-related savings, we expect this to partially resolve by year-end but remain favorable to plan.
- FasTrak Customer Service (Bay Area Transportation Authority), \$2.7 million (\$0.3 million [10.1

- percent] favorable variance to budget)
 - Favorable variance due largely to the timing of the expenses, which is expected to be resolved by year-end.
- Equity Program Administration and Costs, \$1.2 million (\$0.1 million [4.4 percent] favorable to budget)
 - Favorable variance due to the timing of the expenses, which we expect to align with budget by year-end.
- Consultant, \$1.1 million (\$0.3 million [18.6 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 April 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 (April 2025)



SAN MATEO COUNTY EXPRESS LANE JOINT POWERS AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
FISCAL YEAR
As of April 30, 2025

	YEAR-TO-DATE JULY - APRIL				ANNUAL
	BUDGET	ACTUAL	\$ VARIANCE	% VARIANCE	BUDGET
OPERATING REVENUES					
Toll Revenues	\$ 23,323,333	\$ 23,234,230	\$ (89,103)	(0.4%)	\$ 27,988,000
Toll Violation, Fees and Penalties	1,877,500	4,940,041	3,062,541	163.1%	2,253,000
Allocated Bond Funds - Equity Program	-	245,164	245,164	100.0%	-
SMCTA Measure A (ACR TDM) - Equity Program	295,083	400,000	104,917	35.6%	354,100
Miscellaneous Revenue (Investment Income)	369,083	1,124,918	755,835	204.8%	442,900
TOTAL REVENUES	\$ 25,865,000	\$ 29,944,353	\$ 4,079,353	15.8%	\$ 31,038,000
OPERATING EXPENSES					
Staff Support & Admin Overhead	\$ 997,798	\$ 533,422	\$ 464,376	46.5%	\$ 1,197,358
Seminar/Training & Business Travel	33,750	4,796	28,954	85.8%	40,500
Audit & Bank Fees	18,304	6,365	11,939	65.2%	21,965
Promotional Advertising	41,667	3,829	37,838	90.8%	50,000
Utilities	50,000	94,085	(44,085)	(88.2%)	60,000
Software Maintenance & License	31,667	20,405	11,262	35.6%	38,000
Legal Services	50,000	10,351	39,649	79.3%	60,000
Insurance	557,917	497,910	60,007	10.8%	669,500
SMCEL-JPA Bond Related Debt Fees	558,333	320,443	237,890	42.6%	670,000
Miscellaneous	45,250	27,298	17,952	39.7%	54,300
Consultant	1,370,833	1,115,401	255,432	18.6%	1,645,000
Express Lane Maintenance	705,833	39,696	666,137	94.4%	847,000
Toll Operations and Maintenance (BAIFA)	5,791,667	3,595,450	2,196,217	37.9%	6,950,000
FasTrak Customer Service (BATA)	3,039,583	2,733,129	306,454	10.1%	3,647,500
Express Lanes Enhanced Enforcement (CHP)	513,333	239,661	273,672	53.3%	616,000
Equity Program Administration and Costs	1,225,866	1,171,924	53,942	4.4%	1,471,039
Interest Expense on Operating Advances	267,156	96,078	171,078	64.0%	320,587
Credit Enhancement Fee	333,333	333,333	0	0.0%	400,000
SMCEL-JPA Bond Interest	2,916,667	1,041,025	1,875,642	64.3%	3,500,000
TOTAL EXPENSES	\$ 18,548,958	\$ 11,884,601	\$ 6,664,357	35.9%	\$ 22,258,749
SURPLUS/(DEFICIT)	\$ 7,316,042	\$ 18,059,752	\$ 10,743,710	146.9%	\$ 8,779,251
Additional Information:					
Operating loan and interest payable to the City/County Association of Governments of San Mateo County				\$ 2,678,374	
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: June 20, 2025

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

From: Executive Council

Subject: Review and approval of Resolution SMCEL 25-05 authorizing the SMCEL-JPA Chair to execute the Agreement with the Office of County Counsel of San Mateo County for general legal services to SMCEL-JPA, covering the periods of FY 2025/26 through FY 2027/28, for an amount not to exceed \$60,000, annually.

(For further information or questions, contact Van Dominic Ocampo at vocampo@smcgov.org)

RECOMMENDATION

Review and approve Resolution SMCEL 25-05 authorizing the SMCEL-JPA Chair to execute the Agreement with the Office of County Counsel of San Mateo County for general legal services to SMCEL-JPA, covering the periods of FY 2025/26 through FY 2027/28, for an amount not to exceed \$60,000, annually.

FISCAL IMPACT

Fiscal Impact for Fiscal Year 2025/26 is in an amount not to exceed \$60,000. The contract amount for Fiscal Years 2026/27 and 2027/28 shall also not exceed \$60,000 annually and subject to the adoption of the Operating Budget for the respective Fiscal Year. The total cost of Amendment No. 5 is \$180,000 for the entire three years.

SOURCE OF FUNDS

The funds are included in the proposed Fiscal Year 2025-2026 budget.

BACKGROUND

The Joint Exercise of Powers Agreement for the San Mateo County Express Lanes (JEPA) was approved by the Board of Directors from the City/County Association of Governments of San Mateo County (C/CAG) and the San Mateo County Transportation Authority (SMCTA) at their board meetings of April 11, 2019 and May 2, 2019, respectively.

The JEPA became effective on June 1, 2019 and it specifies that legal counsel services for the SMCEL-JPA would be contracted through the County of San Mateo Office of the County Counsel. The County Counsel provides general legal services not only to County offices, but also other local agencies.

On June 6, 2019, the SMCEL-JPA Board adopted Resolution 19-02, authorizing the Chair to execute the agreement with the Office of the County Counsel for the provision of general legal services to SMCEL-JPA for Fiscal Year 2019/2020. This Agreement has been extended through the Board's approval of the following amendments:

- 1) Amendment No. 1 was approved on June 12, 2020 through the adoption of Resolution 20-07 to extend the agreement through FY 2020/2021.
- 2) Amendment No. 2 was approved on June 11, 2021, through the adoption of Resolution 21-06 to extend the agreement through FY 2021/2022.
- 3) Amendment No. 3 was approved on June 10, 2022, through the adoption of Resolution 22-19 to extend the agreement through FY 2022/2023.
- 4) Amendment No. 4 was approved on June 9, 2023, through the adoption of Resolution 23-09 to extend the agreement through FY 2024/2025.

The attached Agreement will retain the Office of the County Counsel for the provision of general legal services to the SMCEL-JPA for a period of three years, beginning July 1, 2025 through June 30, 2028. The SMCEL-JPA shall pay the County Attorney for services rendered between July 1, 2025 – June 30, 2026 at an attorney hourly rate of \$265 and a paralegal hourly rate of \$145. These rates are subject to change once a year, usually on July 1. Additionally, the SMCEL-JPA shall pay the actual costs of any out-of-pocket expenses incurred by the County Attorney in connection with the provision of its legal services, e.g., filing fees, extraordinary mailing costs, deposition costs, transcript costs, outside counsel fees, etc. Legal services will be billed monthly with the total invoice amount per Fiscal Year not exceeding \$60,000. Subsequent Fiscal Year's budget shall be subject to the adoption of the Operating Budget for the corresponding year.

The County Counsel's Office also provides general legal services to C/CAG, a member of the SMCEL-JPA. Because C/CAG will be providing a variety of services to the SMCEL-JPA, the County Counsel's Office is requesting signature on a notice and waiver of potential conflicts, attached as Exhibit A to the Agreement. Although County Counsel is not aware of any actual conflicts or a significant risk that representation of either client will be materially limited by counsel's responsibility to or relationship with the other client at this time, the waiver allows County Counsel to represent the SMCEL-JPA and C/CAG despite potential conflicts that may arise in its representation of both entities, as described further in Exhibit A. County Counsel will request a similar waiver from C/CAG to permit the concurrent representation.

ATTACHMENTS

1. Resolution SMCEL 25-05
2. Agreement with the Office of County Counsel of San Mateo County for general legal services to SMCEL-JPA covering the periods of FY 2025/26, FY 2026/27 and 2027/28, for an amount not to exceed \$60,000, annually.

RESOLUTION SMCEL 25-05

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY (SMCEL-JPA) AUTHORIZING THE SMCEL-JPA CHAIR TO EXECUTE THE AGREEMENT BETWEEN THE OFFICE OF THE COUNTY COUNSEL OF SAN MATEO COUNTY AND THE SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY FOR THE PROVISION OF GENERAL LEGAL SERVICES FOR THE PERIOD OF JULY 1, 2025 THROUGH JUNE 30, 2028 AT AN AMOUNT NOT TO EXCEED \$60,000 PER FISCAL YEAR

BE IT RESOLVED by the Board of Directors of the San Mateo County Express Lanes Joint Powers Authority; that

WHEREAS, the Joint Exercise of Powers Agreement (JEPA) for the San Mateo County Express Lanes was approved by the C/CAG Board of Directors and the SMCTA Board of Directors at their respective board meetings on April 11, 2019 and May 2, 2019; and

WHEREAS, the SMCEL- JPA requires legal advice in the performance of its duties and functions, and the JEPA specifies that legal counsel services would be contracted through the Office of County Counsel at the County of San Mateo (“County Counsel”); and

WHEREAS, County Counsel provides general legal services, not only to county offices and entities, but also to other local agencies, and County Counsel is willing and able to provide such services to the SMCEL-JPA; and

WHEREAS, in order to procure services, the SMCEL-JPA and County Counsel must enter into an agreement outlining and explaining the rights and duties of each party to the Agreement, the scope of the relationship between the SMCEL-JPA and County Counsel as well as the parameters of representation including, but not limited to, the duration of the Agreement and the applicable hourly rates;

WHEREAS, on June 6, 2019, the SMCEL-JPA Board adopted Resolution SMCEL 19-02 authorizing the Express Lanes Joint Powers Authority Chair to execute the Agreement between the County Counsel of the County of San Mateo and the Express Lanes Joint Powers Authority for the provision of general legal services for the period of June 1, 2019 through June 30, 2020; and

WHEREAS, on June 12, 2020, the SMCEL-JPA Board adopted Resolution SMCEL 20-07 authorizing the Express Lanes Joint Powers Authority Chair to execute Amendment No.1, renewing the Agreement with the Office of the County Counsel of San Mateo County to cover the period beginning July 1, 2020 through June 30, 2021; and

WHEREAS, on June 11, 2021, the SMCEL-JPA Board adopted Resolution SMCEL 21-06 authorizing the Express Lanes Joint Powers Authority Chair to execute Amendment No. 2 renewing the Agreement with the Office of the County Counsel of San Mateo County to cover the period beginning July 1, 2021 through June 30, 2022; and

WHEREAS, on June 10, 2022, the SMCEL-JPA Board adopted Resolution SMCEL 22-19 authorizing the Express Lanes Joint Powers Authority Chair to execute Amendment No. 3 renewing the Agreement with the Office of the County Counsel of San Mateo County to cover the period beginning July 1, 2022 through June 30, 2023; and

WHEREAS, on June 9, 2023, the SMCEL-JPA Board adopted Resolution SMCEL 23-09 authorizing the Express Lanes Joint Powers Authority Chair to execute Amendment No. 4 renewing the Agreement with the Office of the County Counsel of San Mateo County to cover the period beginning July 1, 2023 through June 30, 2025; and

WHEREAS, it is the desire of the SMCEL-JPA to continue receiving general legal services from the Office of the County Counsel of San Mateo County; and to enter into an Agreement covering the period from July 1, 2025 through June 30, 2028, for a not to exceed amount of \$60,000 for each Fiscal Year.

NOW THEREFORE BE IT RESOLVED, by the Board of Directors of the SMCEL-JPA that the Chair is authorized to execute the Agreement on behalf of the SMCEL-JPA.

PASSED, APPROVED, AND ADOPTED, THIS 20TH DAY OF JUNE, 2025.

Rico E. Medina, Chair



COUNTY OF SAN MATEO

OFFICE OF THE COUNTY ATTORNEY

HALL OF JUSTICE AND RECORDS, 400 COUNTY CENTER, 6TH FLOOR • REDWOOD CITY, CA 94063-1662
TELEPHONE: (650) 363-4250 • FACSIMILE: (650) 363-4034
www.smcgov.org/countyatorney

COUNTY ATTORNEY

JOHN D. NIBBELIN

May 8, 2025

Via email to chana@samtrans.com

April Chan, Executive Council
San Mateo County Express Lanes JPA

Via email to scharpentier@smcgov.org

Sean Charpentier, Executive Council
San Mateo County Express Lanes JPA

Re: Engagement Agreement

Dear Ms. Chan and Mr. Charpentier:

Thank you for selecting the Office of the San Mateo County Attorney ("County Attorney") to represent the San Mateo County Express Lanes Joint Powers Authority ("Client"). This letter agreement sets forth our mutual understanding concerning the scope and terms of this engagement ("Agreement").

1. The County Attorney shall perform legal services and legal representation, including the handling of litigation, as may be requested by Client. Litigation services shall not include litigation for which Client has insurance coverage. The County Attorney shall also periodically update Client on legal issues and shall be available to provide training as is mutually agreed upon.
2. The parties understand that the County Attorney has been retained to represent the interests of the Client as a whole, and the County Attorney shall render such legal advice to Client as may be requested by Client and/or Client's designated representative(s). Attendance of the County Attorney at meetings of the JPA Board of Directors shall be upon request of Client. Client is retaining the office of the County Attorney, not any particular attorney, and the attorney services to be provided to the Client will not necessarily be performed by a particular attorney.
3. This Agreement is for a term commencing July 1, 2025 and extending through June 30, 2028. This Agreement may be terminated at any time by Client by providing a

- written notice of its intent to terminate, and that provides the date on which it wishes to cease receiving legal services. The County Attorney may withdraw from representing Client at any time as permitted under the Rules of Professional Conduct of the State Bar of California and/or applicable law by providing a written notice of its intent to terminate, and that it provides the date on which it wishes to cease providing legal services.
4. The Client shall pay the County Attorney for services rendered between July 1, 2025 – June 30, 2026 at an attorney hourly rate of \$265 and a paralegal hourly rate of \$145. These rates are subject to change once a year, usually on July 1. Additionally, the Client shall pay the actual costs of any out-of-pocket expenses incurred by the County Attorney in connection with the provision of its legal services, e.g., filing fees, extraordinary mailing costs, deposition costs, transcript costs, outside counsel fees, etc.
 5. Charges for services rendered pursuant to the terms and conditions of this Agreement shall be billed one month in arrears. Time will be billed in tenth-hour (0.1) increments, rounded off for each particular activity to the nearest tenth-hour. The minimum charged for any particular activity will be one tenth-hour (0.1). Payment shall be made by the Client within thirty (30) days of the invoice date.
 6. The Client understands that the County of San Mateo (“County”) is the County Attorney’s primary client. Should there be a conflict between the Client and the County in a matter, the Client hereby consents to the County Attorney’s withdrawal of representation of the Client in order for the County Attorney to represent the County in any such matters, unless such waiver is inconsistent with state law. Upon execution of this Agreement, the Client agrees to execute the Notice and Waiver of Conflict attached hereto as **Exhibit A**, incorporated herein by this reference, so that the County Attorney may continue to represent the County and the Client in the absence of actual conflict, as described more fully in Exhibit A.
 7. Upon the termination of this Agreement for any reason: (a) subject to any applicable protective order, non-disclosure agreement, statute or regulation, the County Attorney promptly shall, at the Client’s request, release to the Client all the Client’s materials and property, which includes correspondence, pleadings, deposition transcripts, experts’ reports and other writings, exhibits, and physical evidence, whether in tangible, electronic or other form, and other items reasonably necessary to the Client’s representation, whether the Client has paid for them or not; and (b) the

County Attorney promptly shall refund any part of a fee or expense paid in advance by the Client that the County Attorney has not earned or incurred—provided, however, this provision is not applicable to a true retainer fee paid solely for the purpose of ensuring the availability of the County Attorney for the matter.

Please review this document in its entirety. If you have any questions about its terms, please feel free to ask me or another attorney. If it meets with your approval, please sign below and return the original to me.

Very truly yours,

JOHN D. NIBBELIN, COUNTY ATTORNEY

By: 
John D. Nibbelin, County Attorney

Agreed and Accepted:

Dated: _____

EXPRESS LANES JOINT POWERS AUTHORITY

By: _____

Chair of the JPA Board

ATTEST:

Secretary of the JPA Board

EXHIBIT A

Notice and Waiver of Conflict

This Notice and Waiver of Conflict is provided to the San Mateo County Express Lanes Joint Powers Authority (“Client”) by the Office of the San Mateo County Attorney (the “County Attorney”) in connection with the matters that are subject to the engagement agreement for legal services between the County Attorney and Client (“Matters”).

In accordance with Rule 1.7 of the California Rules of Professional Conduct, this Notice and Waiver of Conflict informs Client of the implications of the County Attorney’s concurrent representation of both Client and the County of San Mateo (“County”) and to seek the Client’s consent to such joint representation. In the County Attorney’s opinion, Client and the County are not presently directly adverse to each other, and (1) the County Attorney reasonably believes it will be able to provide competent and diligent representation to each Client and the County; (2) the joint representation of Client and the County is not prohibited by law; and (3) the representation does not involve the assertion of a claim by Client or the County against the other in the same litigation or other proceeding before a tribunal. In addition, we believe the County Attorney can concurrently represent both Client and the County without significant risk that the representation of either will be materially limited by our responsibilities to, or relationships with, the other, a former client or third person, or by our own interests.

In connection with requesting Client’s informed written consent, however, we are obligated to inform you of “the relevant circumstances” and of “the material risks, including any actual and reasonably foreseeable adverse consequences” of the County Attorney’s representation of both Client and the County, which could, for example, include:

- Client’s and the County’s interests may diverge in connection with the Matters due, for example, to differing positions on legal issues or different concerns, expectations, and/or interests;
- A dispute could also arise over the application or interpretation of terms of an existing agreement or in negotiation of a future agreement between the Client and the County;
- As a result of new information, facts, law, rules, or any other circumstances, (1) the County Attorney no longer reasonably believes it would be able to provide competent and diligent representation to each Client and the County; (2) the joint representation of Client and the County becomes prohibited by law; and/or (3) the County Attorney no longer believes it can concurrently represent both Client and the County without significant risk that the representation of either will be materially limited by our responsibilities to, or relationships with, the other, a former client or third person, or by our own interests; and/or
- Either Client or the County could request that material information regarding the representation or Matters be kept confidential from the other.

To the last point above, because the County Attorney would be jointly representing Client and the County, we must inform both the County and Client of significant developments relating to the Matters and may not withhold information provided by one of you from the other. Moreover,

under California Evidence Code Section 962 and California case law, in cases of joint representation there is no attorney-client privilege between or among joint clients so that one of you may not claim your communications with the County Attorney are privileged or confidential as to the other with respect to the Matters.

At this time, we believe our office is able to jointly represent Client and the County and to fulfill our ethical obligations to each. However, if at any point during the joint representation we identify any material change in circumstances relevant to our ability to ethically represent both Client and the County, we will disclose those circumstances and, where applicable, obtain new informed written consent or advise you on the need for separate counsel as to any such issues. Client should consider any concern it has about the effect of such a limitation on the County Attorney's representation. Please note that, in accordance with Rule 1.16 of the California Rules of Professional Conduct, should it become necessary for the County Attorney to withdraw from representation of Client, we will not do so until we have taken reasonable steps to avoid reasonably foreseeable prejudice to the rights of the Client, such as giving Client sufficient notice to permit Client to retain other counsel and releasing to Client, at Client's request, all Client materials and property pursuant to Rule of 1.16(e). Client understands that the County of San Mateo is the County Attorney's primary Client. Should there be a conflict between Client and the County in a matter, Client hereby consents to the County Attorney's withdrawal of representation of Client in order for the County Attorney to continue to represent the County in any such matters, unless such waiver is inconsistent with state law.

Client should also consider the issue of whether our representation of the County could affect our zealous representation of Client or cause Client to question our loyalty or performance. When an attorney represents multiple parties, there is the theoretical possibility that the attorney may not vigorously represent each client, or may have their independence or judgment compromised in some way. An effective attorney-client relationship requires the client to have confidence in its counsel's loyalty and objectivity. As noted above, however, we do not see any significant potential for such adverse consequences at this time.

Finally, Client should also consider whether Client wishes to obtain the advice of an independent attorney concerning our ability to represent your interests adequately in view of our concurrent representation of the County.

By executing this Notice and Waiver of Conflict where indicated below, you confirm on behalf of Client that you have been fully informed as to the nature of the County Attorney's concurrent joint representation of Client and the County; that you have been provided a reasonable opportunity to seek the advice of independent counsel of your choice regarding the joint representation and waiver of any conflicts of interest; and that you understand that a conflict may arise in the future which may require an additional disclosure and waiver by Client, or, alternatively, the County Attorney's withdrawal from representation of Client.

Additionally, you confirm that you will take the opportunity to retain independent counsel in the event you have any reservations regarding the joint representation, the issues arising from that representation, and/or the waiver of any conflict(s) of interest. Assuming the foregoing accurately reflects your agreement, please sign and date where indicated below, and return the executed Waiver of Conflict to the County Attorney to the attention of Chief Deputy Dan Valim.

Waiver of Conflict

On behalf of Client, I hereby acknowledge that I have carefully read the foregoing Notice and Waiver of Conflict, informing me that Client's interests may potentially be in conflict with those of the County in connection with the County Attorney's concurrent joint representation of Client's and County's interests in connection with the Matters.

I expressly acknowledge that the concurrent joint representation by the County Attorney of Client's and the County's interests constitutes the representation of potentially conflicting interests, to the extent that Client's and the County's interests are potentially adverse.

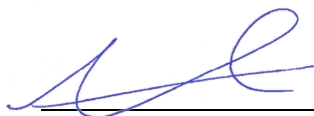
I nevertheless knowingly and voluntarily consent on behalf of the Client to such concurrent joint representation by the County Attorney. I further expressly acknowledge that Client has been advised that Client has the right to seek independent legal counsel in connection with the advisability of the joint concurrent representation and any associated conflicts, and that Client has had a reasonable opportunity to do so.

CLIENT:

By: April Chan, Executive Council Date
San Mateo County Express Lanes Joint Powers Authority

By: Sean Charpentier, Executive Council Date
San Mateo County Express Lanes Joint Powers Authority

ATTEST:



By: John D. Nibbelin, County Attorney May 8, 2025
Date

San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: June 20, 2025

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

From: Policy/Program Manager (PPM)

Subject: Receive a quarterly update on the operations of the US 101 Express Lanes.

(For further information please contact Lacy Vong, Policy/Program Manager, LVong@hntb.com)

RECOMMENDATION

Receive a quarterly update on the US 101 Express Lanes operations from Interstate 380 to the San Mateo/Santa Clara County line (SM 101 Express Lanes) for the third quarter (Q3) of Fiscal Year 2025 (FY25). No Board action is required.

FISCAL IMPACT

There is no fiscal impact related to this informational item.

SOURCE OF FUNDS

N/A

BACKGROUND

US 101 Express Lanes Operations

On March 3rd, 2023, the northern segment of the US 101 Express Lanes (between Interstate-380 and Whipple Avenue) opened, establishing the complete 22-mile San Mateo 101 Express Lanes corridor. There is now a seamless express lanes network along US 101 from Interstate 380 to the San Mateo and Santa Clara County line.

The following are the operational highlights for the 3rd quarter of fiscal year 2025 (January 1 – March 31, 2025).

Trips and Revenue

- About 3.64 million express lane trips were taken on the US-101 Express Lanes in San Mateo County over 63 tolling days, which is a decrease of 2.2% quarter over quarter and an increase of 3.2% from the prior fiscal year's 3rd quarter.
- An average of 57,735 daily express lane trips were taken in Q3, which is roughly a 2.2% decrease quarter over quarter and 4.9% increase compared to the prior fiscal year's 3rd quarter.

- The following table breaks down the distribution of different trip types taken on the express lanes:

Trip Type	Percent of Total Q3 Trips
Single-occupancy vehicle (SOV) trips utilizing a valid transponder	16.9%
Trips receiving a discounted toll (either HOV2 or CAV)	7.8%
Toll-free trips (HOV3+)	44.9%
Trips captured by license plate (image-based tolls)	23.8%
Violation Trips	6.6%

- Distribution of trip types in the express lanes remained consistent quarter over quarter.
 - Toll-free trips (HOV3+) have been steadily increasing, quarter over quarter, while SOV trips have been steadily decreasing, leading to an overall decline in tolled trips.
- Distribution of trip types in the express lanes has experienced changes from the prior fiscal year's Q3.
 - Toll-free trips (HOV3+) had increased by 4.3% from the same quarter of the prior fiscal year, while SOV and HOV2 under tolled trips have been steadily decreasing.
 - This trend highlights the need to review the accuracy of occupancy declaration and work on enforcement strategies.
- The SMCEL-JPA is expected to collect \$8.9 million in toll related revenue for Q3.
- The SMCEL-JPA has begun to make debt-related payments, including interest on the \$100 million bond loan and other fees, totaling approximately \$1.7 million in FY25.

Speeds

- For the northbound direction, vehicles traveling in the express lanes during the peak hours were on average 11 mph faster than vehicles in the general-purpose lane. Southbound express lane speeds were on average 12 mph faster than the general-purpose lanes during peak hours.
- During peak hours, the speed differential between the express lane and general-purpose lane in both directions remained consistent with Q3 of the previous fiscal year, averaging approximately 11 mph faster northbound and 12 mph faster southbound. In addition, slightly extended periods of reduced speeds were observed during PM peak hours on the northbound approach to SR 92 and the southbound segment between Broadway and 3rd Ave. Express Lane speeds continued to stay above the federal speed requirement of 45 mph most of the tolling day.

Tolls

- Northbound and southbound directions have two distinct peak periods during the AM and PM commutes. Average tolls by direction in Q3 were:

Direction	AM peak (6am-10am)	PM peak (3pm-7pm)
Southbound	\$6.36	\$4.39
Northbound	\$3.63	\$5.81

- Quarterly Comparison
 - The average tolls for southbound traffic increased by 1.9% in the AM peak compared to the prior quarter and there was an 19% decrease during the PM peak. The average tolls for northbound traffic decreased by 3.5% and 2% during the AM peak and PM peak, respectively.
- Prior Fiscal Year's Q3 Comparison
 - The average tolls for southbound traffic increased by 25.2% in the AM peak compared to the prior year's 3rd quarter and there was a 13.4% increase during the PM peak. The average tolls for northbound traffic increased by 9% and 18.3% during the AM peak and PM peak, respectively.

This rise in average tolls is mainly attributed to increased traffic volume.

- Average tolls by direction in Q3 across the entire tolling hours were:

Direction	Overall Average Assessed Toll
Southbound	\$4.07
Northbound	\$3.61

- The average assessed toll across all tolling hours in Q3 in the southbound direction for the quarter was \$4.07, which represents a 7.1% decrease quarter over quarter and a 17.6% increase compared to prior fiscal year's Q3, while in the northbound direction, it was \$3.61, representing a 3% decrease quarter over quarter and a 12.8% increase compared to prior fiscal year's Q3.
- Almost sixty percent (59.7%) of the tolled trips were less than \$3, and 8.4% of drivers paid a toll of \$12 or greater during Q3.

Enforcement

- CHP made 1,257 enforcement contacts in Q3, 47% which resulted in HOV occupancy citations.
- Enforcement costs were approximately \$169,002, resulting in an average cost per enforcement contact of approximately \$134.45.

Lane Users

- An estimated 567,000 unique vehicles made trips in the SM 101 Express Lanes.
 - 63% (358,000) of the vehicles did so with a FasTrak® toll tag in the vehicle.
 - 37% (209,000) of the vehicles traveled without a FasTrak® toll tag and were captured by license plates.
 - This figure differs slightly from the previously cited 23.8% Image Based Toll (IBT) and 6.6% Violation Trip figures. The IBT and Violation trips measure total trips while this statistic measures total unique vehicles.

Community Transportation Benefits Program

- In May 2024, the Board approved an increase in the benefit from \$100 to \$200 until the Next Gen Program was launched. In August 2024, the benefit increase for both FasTrak® toll tags and Clipper cards under the current program was implemented.
- As a result, in the eight-month period from August 2024 through the end of FY25 Q3, when comparing to the same eight-month period during the previous fiscal year, the program experienced a 170% jump in the number of benefits distributed (3,775).
- By the end of FY25 Q3, a total of 8,830 Community Transportation Benefit Program benefits were distributed since program inception:
 - 7,490 (85%) Clipper cards were issued.
 - 5,358 Clipper \$100 benefits
 - 2,132 Clipper \$200 benefits
 - This represents a 17% growth quarter over quarter.
 - 1,340 (15%) FasTrak® Flex toll tags were issued.
 - 836 FasTrak \$100 benefits
 - 504 FasTrak \$200 benefits
 - This represents a 18% growth quarter over quarter.

ATTACHMENT

1. US 101 Express Lanes Performance: 3rd Quarter FY 2025



San Mateo 101 Express Lanes Performance 3rd Quarter FY2025 (January – March 2025)

Rules of the Road

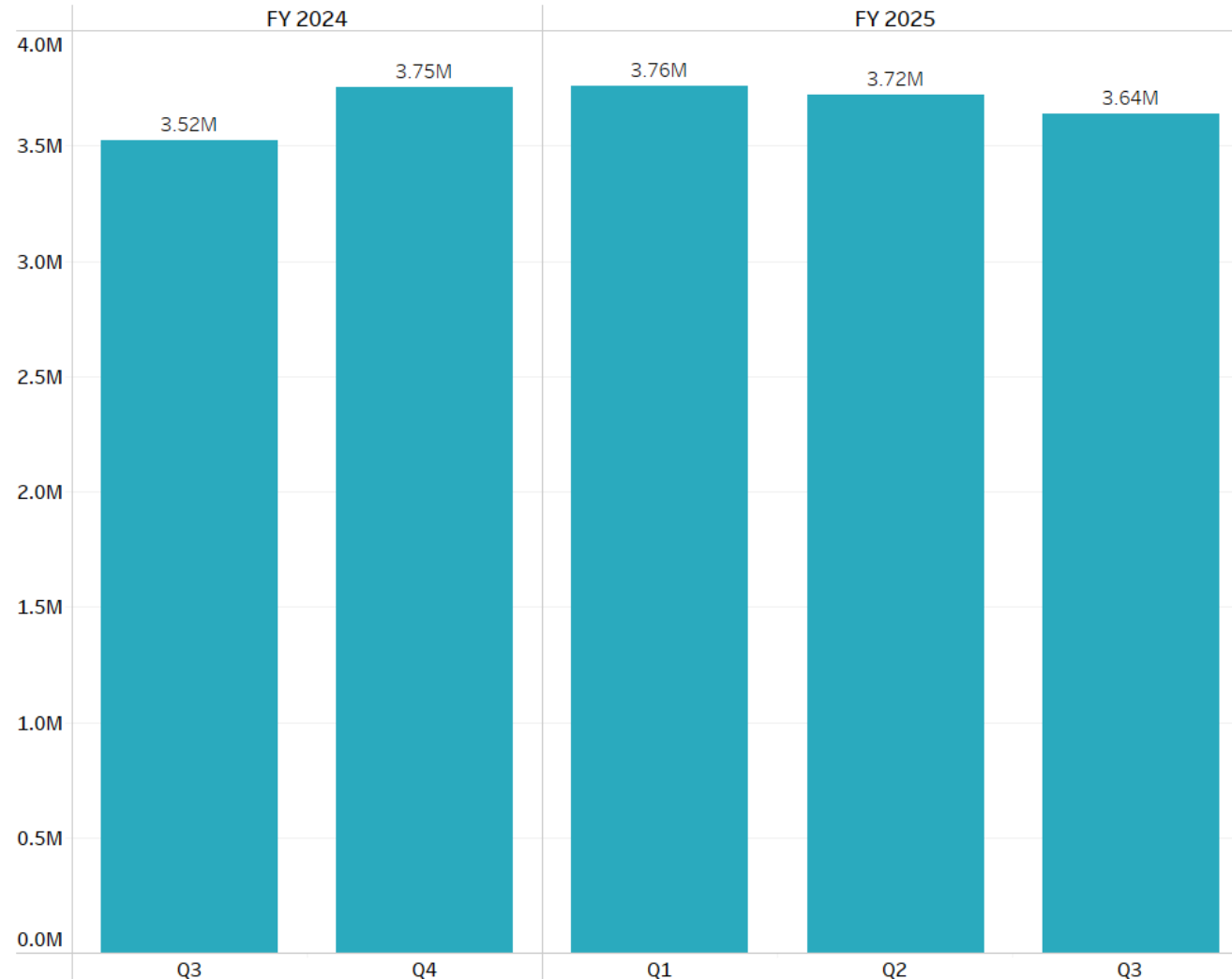
- Hours: 5 a.m. to 8 p.m. Monday – Friday
- FasTrak® required
- Carpools (HOV 3+), buses, and motorcycles travel toll-free with FasTrak® Flex toll tags
- Carpools (HOV 2) pay half-price tolls with FasTrak® Flex toll tags
- Solo drivers in eligible clean-air vehicles pay half-price toll with FasTrak® CAV toll tags



Key Performance Highlights

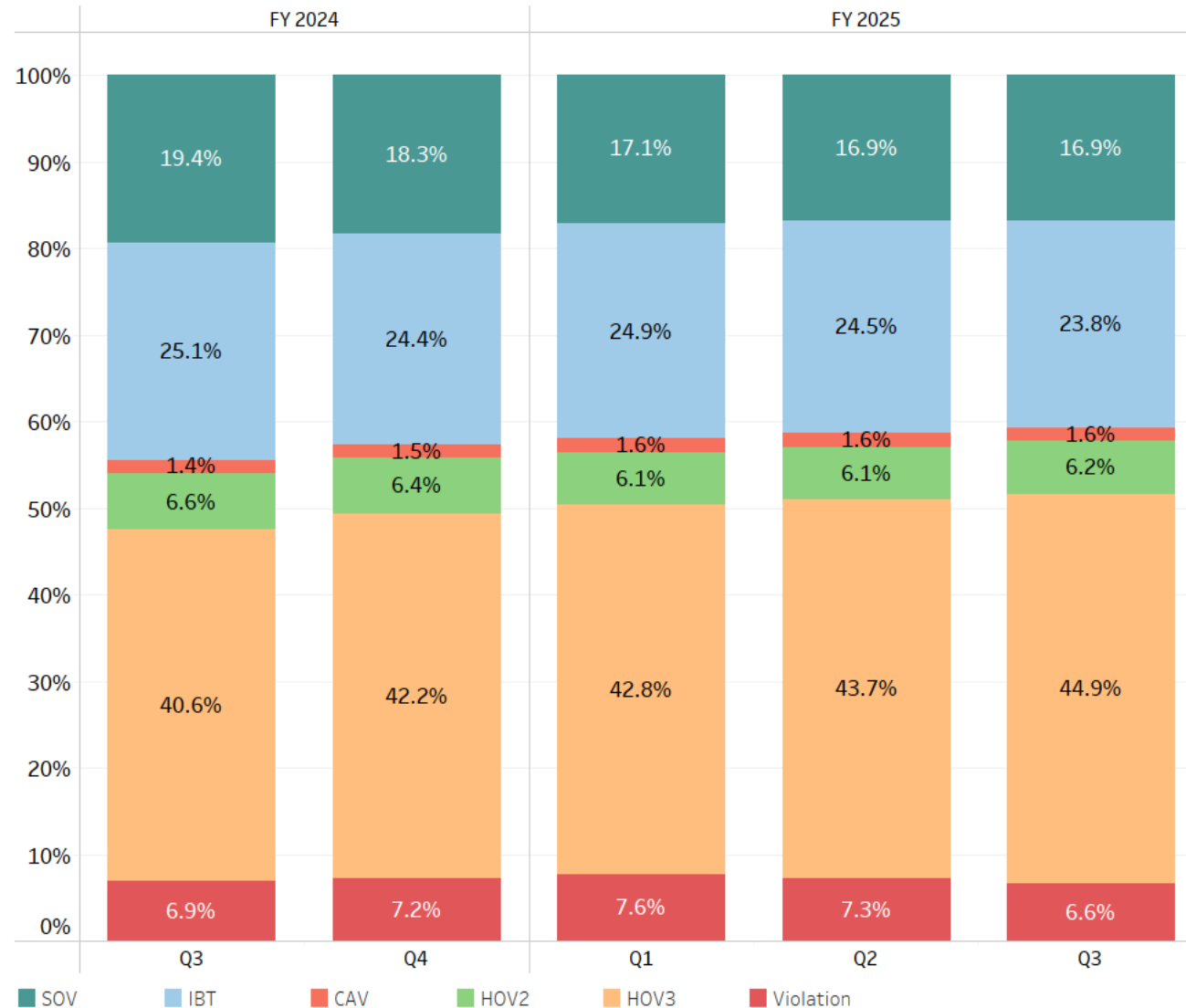
- **Express Lane Traffic Performance:** Average daily trips on the express lanes increased by 4.9% compared to the same quarter of the prior fiscal year. The express lanes continue to experience sustained year-over-year growth in trip volume.
- **Trip Occupancy Trends:** In FY25 Q3, Toll-free trips (HOV3+) rose by 4.3% compared to the same quarter of prior fiscal year. In contrast, SOV and HOV2 trips under paid trips continue to show a steady decline.
- **Express Lane Speed Performance:** The average express lane speeds saw a marginal decrease by less than 1 mph in both directions compared to the same quarter of the prior fiscal year, demonstrating consistent speed performances.
- **Change in Average Assessed Tolls Year over Year:** Average assessed tolls increased in both directions compared to the same quarter of prior fiscal year, primarily driven by the increase in traffic volume year over year.

Express Lane Trips



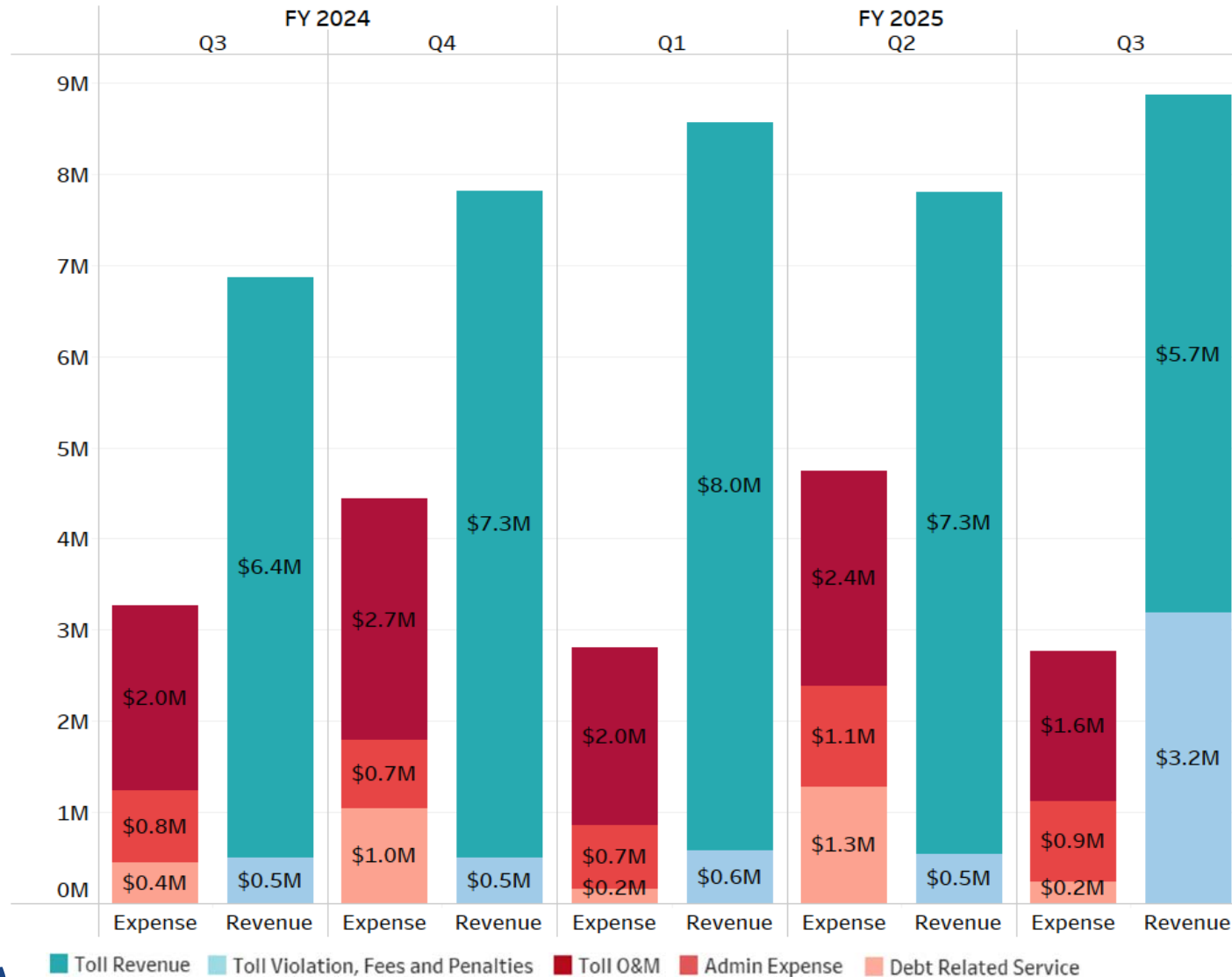
- FY25 Q3 consisted of 63 tolling days.
- In FY25 Q3, an average of 57,735 express lane trips have been made daily, which is a 2.2% decrease over FY25 Q2.
- 3.64M trips were made in the quarter.
- In FY25 Q3, there was a 4.9% increase in average daily trips compared to the prior fiscal year's Q3. This is approximately 2,700 more daily trips.

Express Lane Trip Types



- Toll-free trips: 44.9%
 - HOV 3+ and Non-Revenue
- Tolloed trips: 48.5%
 - 40.7% full toll (SOV + IBT)
 - 6.2% discounted toll (HOV 2)
 - 1.6% discounted toll (CAV)
- Violation trips: 6.6%
 - Image-based Toll (IBT) trips with No FasTrak account at the time of the trip
- Tolloed trips have decreased by 4% from Q3 of the prior fiscal year.
 - SOV trips had the largest change with a decrease of 2.5%.

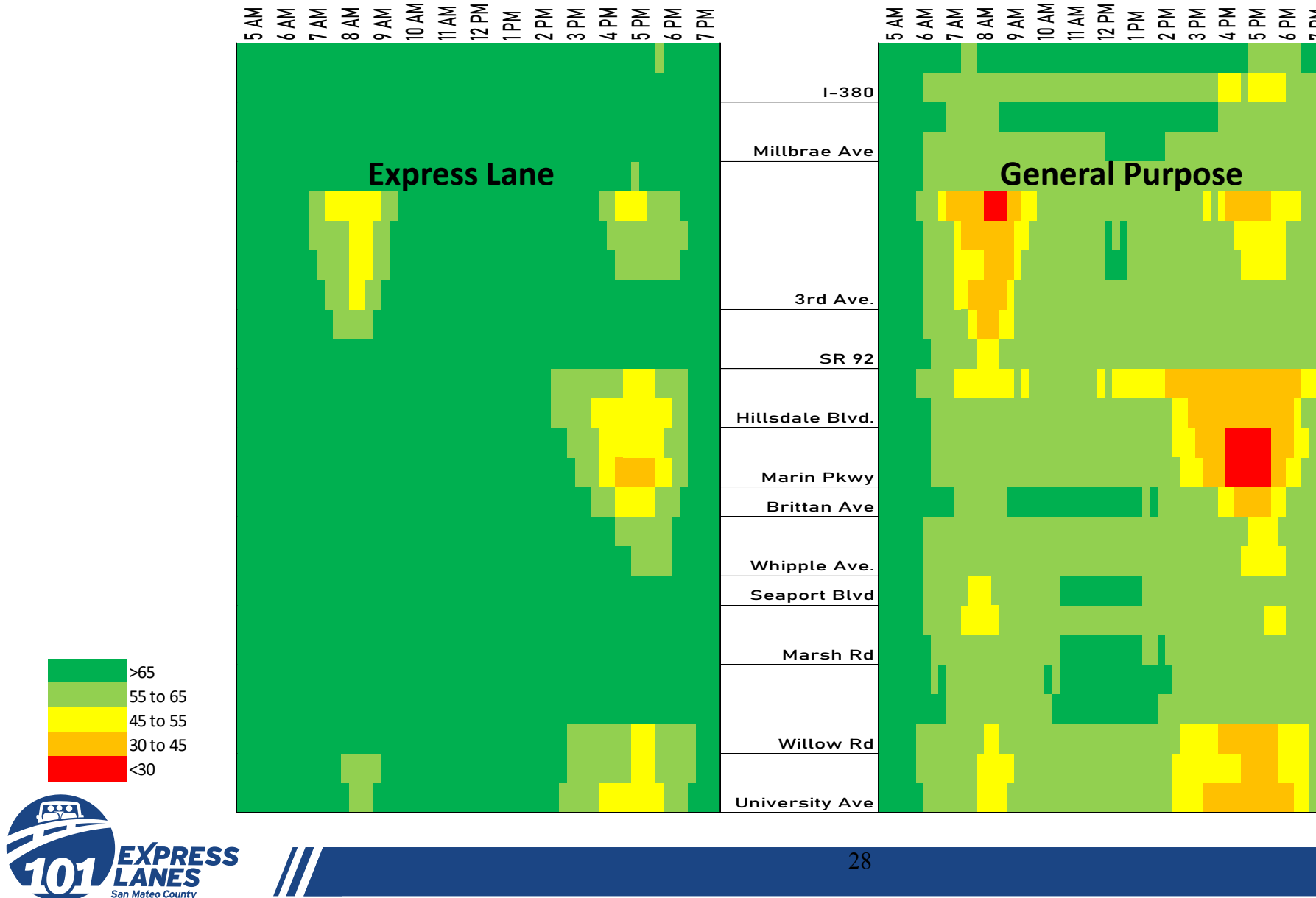
Express Lanes Toll Revenue and Expense



- In Q3, SMCEL-JPA has received \$8.9 million in toll related revenue.
- SMCEL-JPA has expended \$1.6 million in toll operations and maintenance (O&M) costs.
- SMCEL-JPA has disbursed approximately \$240K in debt related payments during Q3.

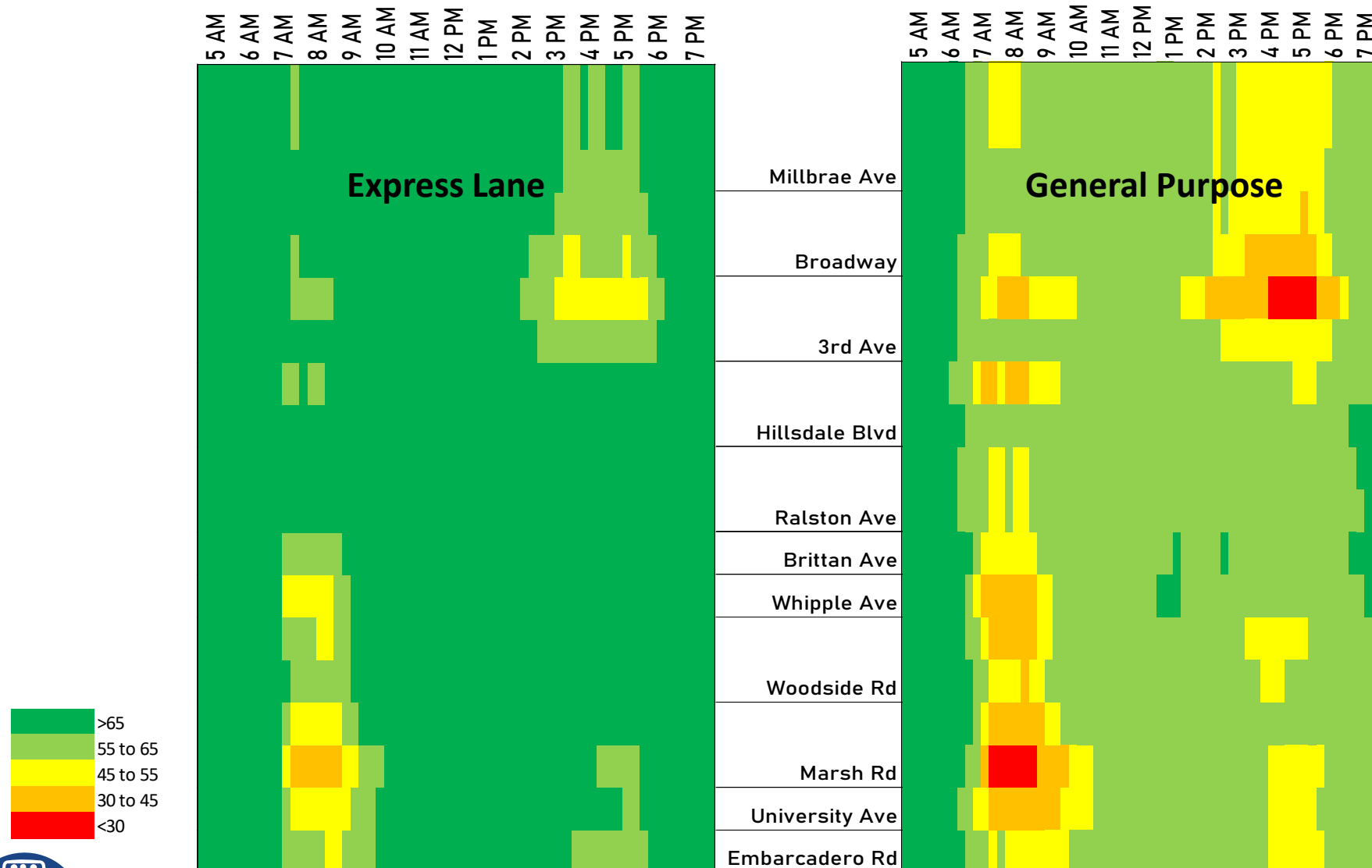
Note: The change in revenue distribution for Q3, FY2025 was due to reclassification of toll revenue collected as part of a toll violation from the Toll Revenue line to be combined with fees and penalties associated with violations as Toll Violations, Fees, and Penalties line item.

Northbound Speeds by Location & Time - FY25 Q3



- Average northbound Express Lane speeds were 11 mph or greater during tolling hours.
- Average northbound **general purpose lane** speeds were lowest in the approach to SR 92 in the PM.
- Slowest times are during PM peak period (3-7pm) approaching SR-92.

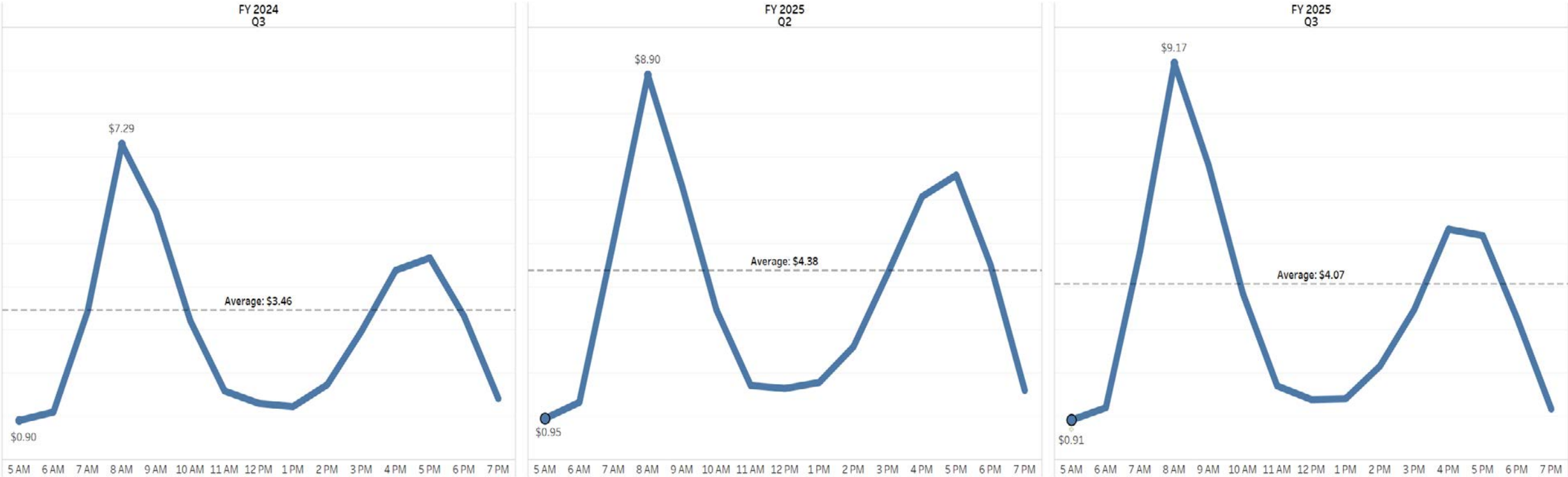
Southbound Speeds by Location & Time – FY25 Q3



- Average southbound Express Lane speeds were 12 mph or greater during tolling hours.
- Average southbound **general purpose** lane speeds were lowest between Broadway and 3rd Ave.
- Slowest times are during PM peak period (3-7pm) approaching 3rd Ave.

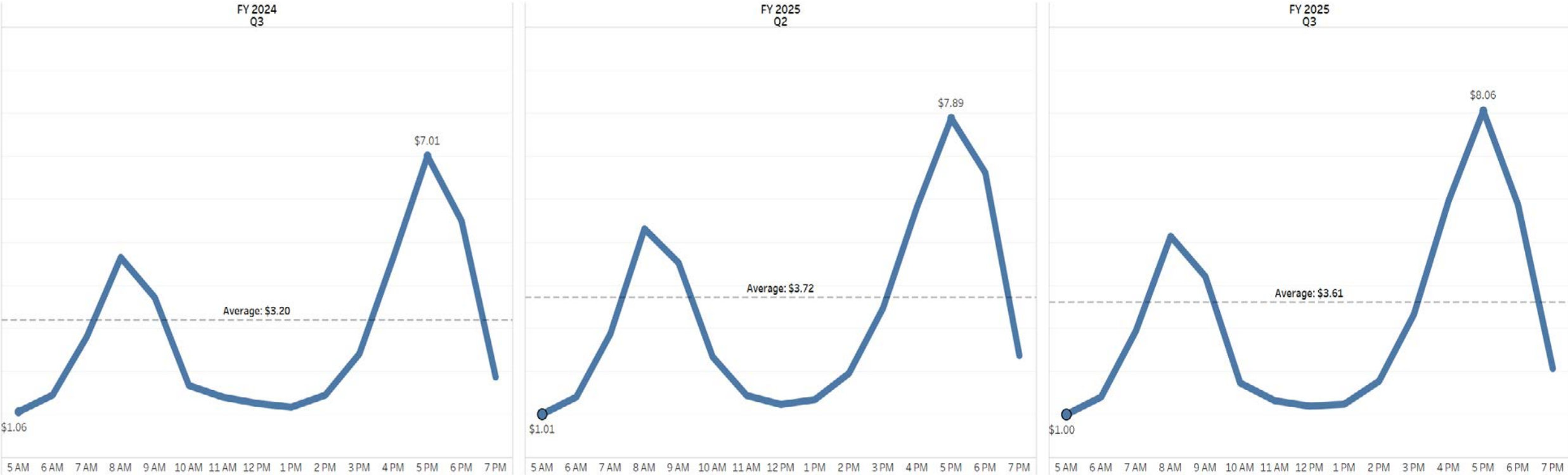
FY25 Southbound Average Assessed Tolls Comparison

The southbound average assessed toll in Q3 was \$4.07.

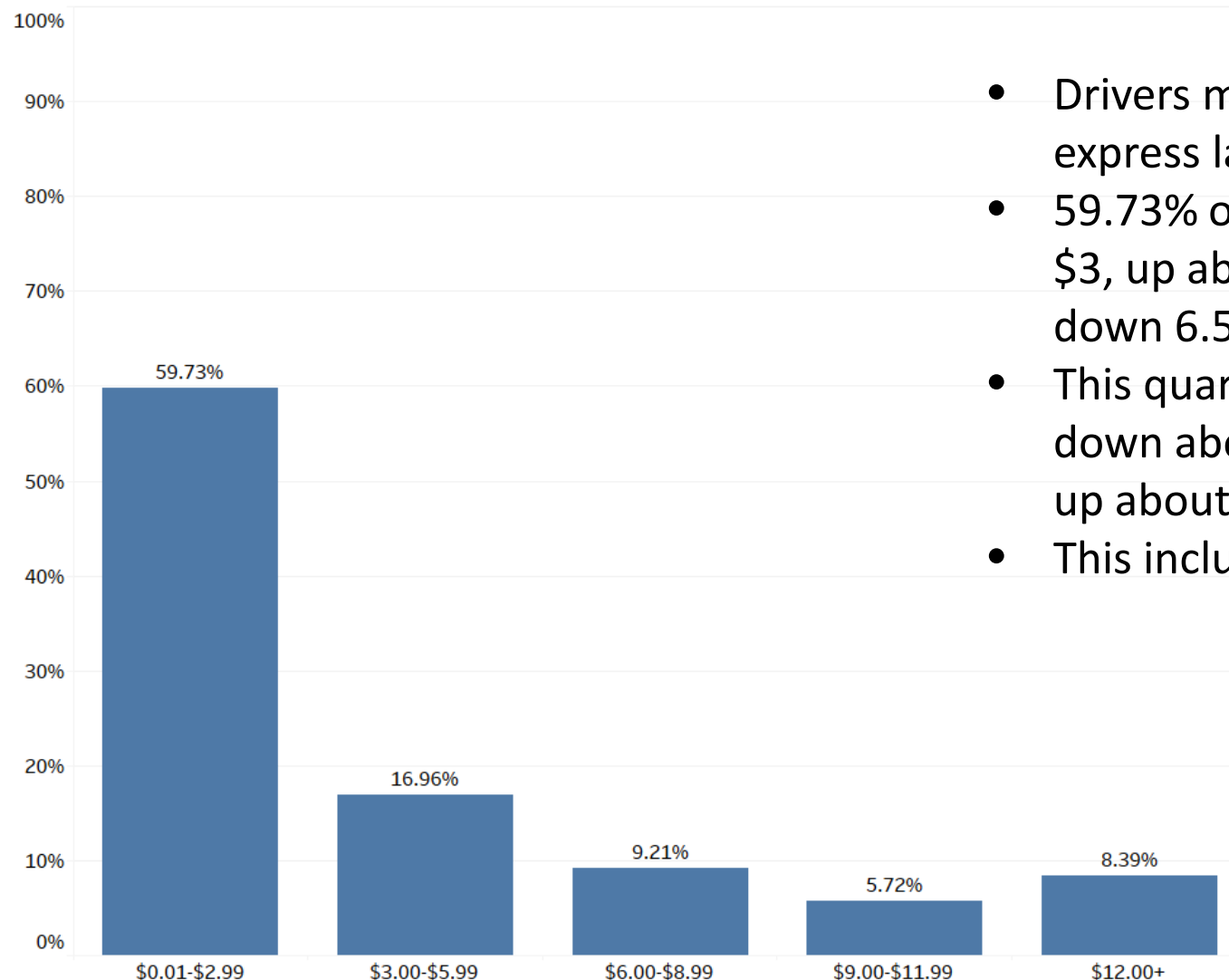


FY25 Northbound Average Assessed Tolls Comparison

The northbound average assessed toll in Q3 was \$3.61.

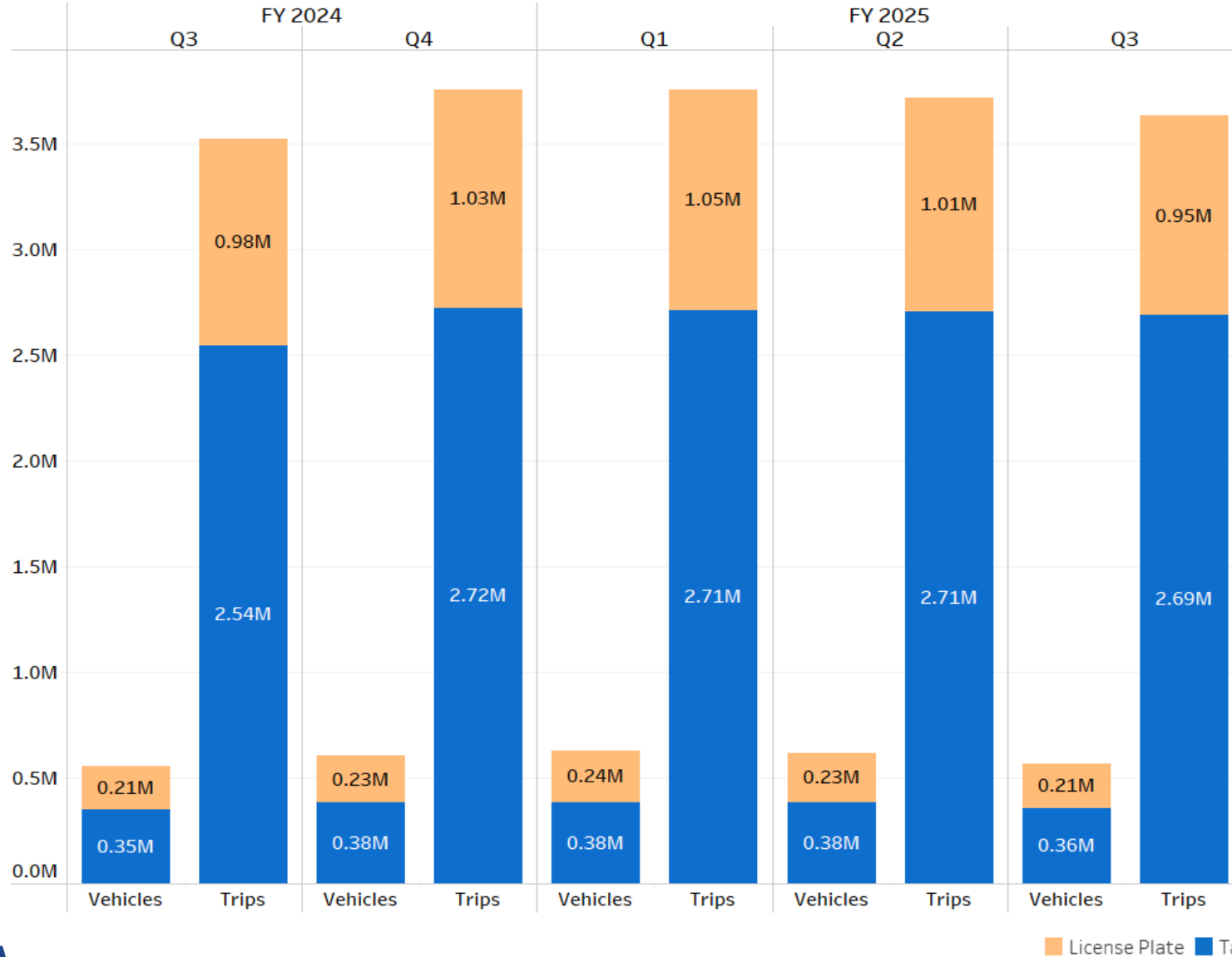


Distribution of Assessed Tolls – FY25 Q3



- Drivers made nearly 1.87 million tolled express lane trips in FY25 Q3.
- 59.73% of these trips incurred a toll less than \$3, up about 2.2% from the prior quarter and down 6.5% from prior fiscal year's Q3.
- This quarter, 8.4% of trips were \$12 and over, down about 0.6% from the prior quarter, but up about 1.8% prior fiscal year's Q3.
- This includes all tolled trip types and lengths.

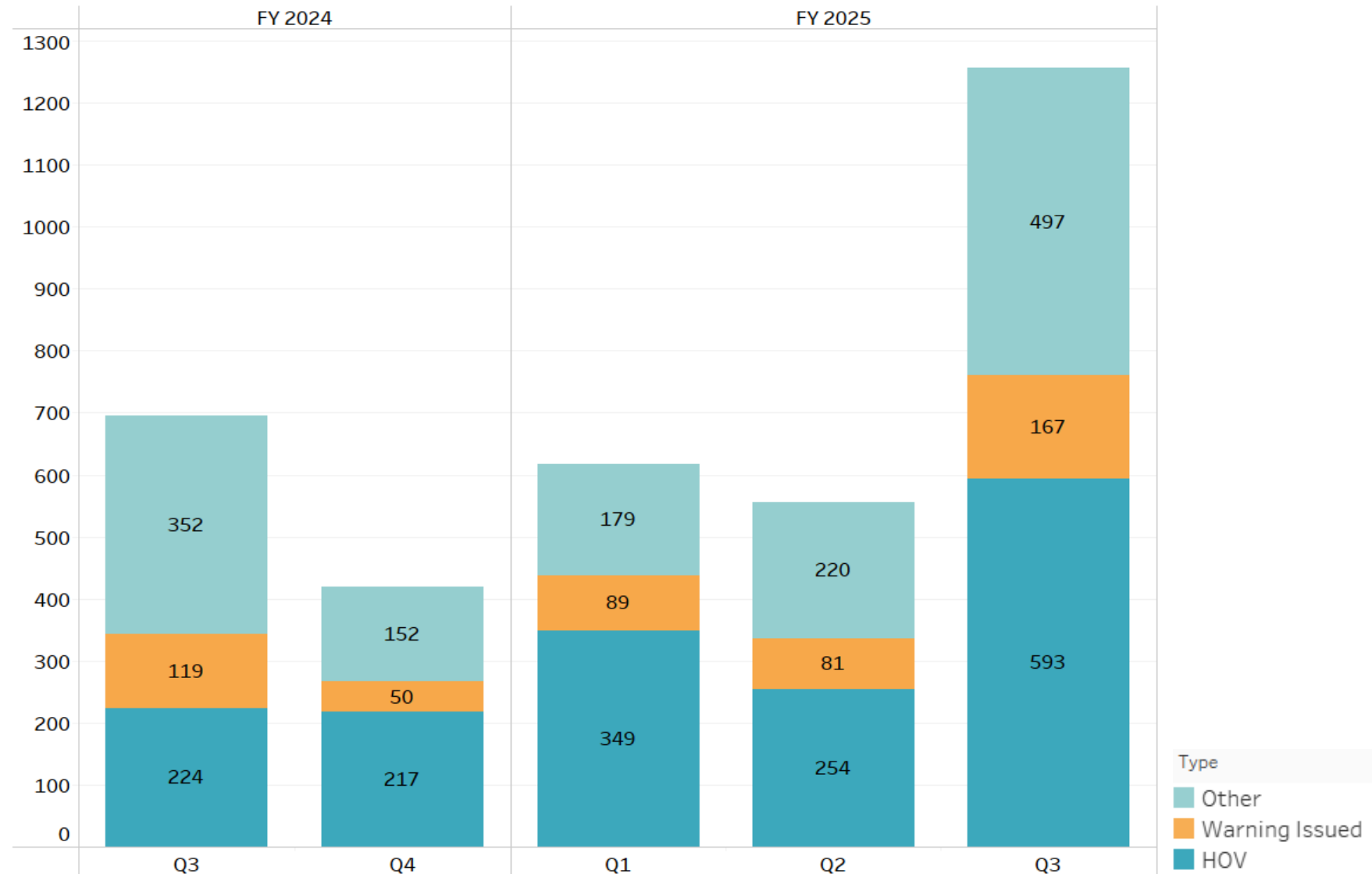
How Drivers Use the Lanes



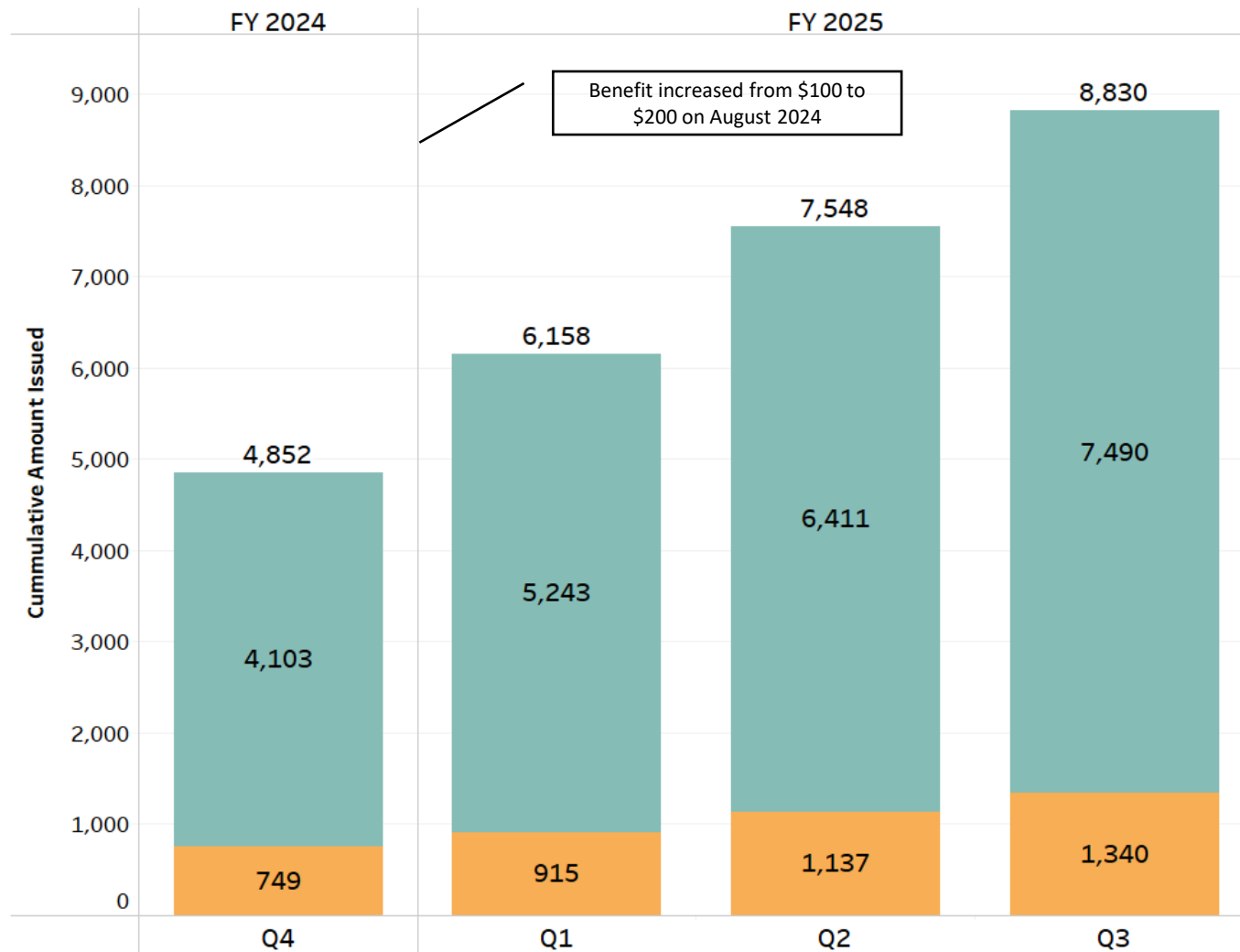
- In FY25 Q3, about 567,000 unique vehicles made about 3.64 million express lane trips.
- 63% of these vehicles utilized FasTrak® toll tags and made 74% of the total trips.
- The other 37% of these vehicles did not carry toll tags and instead were captured as image-based trips for the remaining 26% of the total trips.

CHP Enforcement

- CHP patrolled the express lanes for 1,104 hours in FY25 Q3.
- CHP made 1,257 enforcement contacts in FY25 Q3.
- 47% of the contacts resulted in HOV occupancy citations.
- FY25 Q3 enforcement costs were approximately \$169,002, resulting in an average cost per enforcement contact of approximately \$134.45.



Community Transportation Benefits Program – Cumulative Benefits Issued



For additional information, please visit: <https://101expresslanes.org>



San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: June 20, 2025

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

From: Executive Council

Subject: Approve the Organizational Assessment report for the Express Lane Program.

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

RECOMMENDATION

That the SMCEL-JPA Board of Directors approve the Organizational Assessment report for the Express Lane Program.

FISCAL IMPACT

The cost of the organizational assessment project is \$406,495.

SOURCE OF FUNDS

The adopted Fiscal Year 2025 Budget includes funding to cover the cost of the organizational assessment.

BACKGROUND

In alignment with the Joint Exercise of Powers Agreement (JEPA), the SMCEL-JPA initiated an organizational assessment to evaluate an appropriate staffing and organizational structure for managing the San Mateo US 101 Express Lanes. WSP USA, Inc. was retained to support this effort with the aim of establishing an operational model that aligns with the Express Lane's mission, vision, and goals while maximizing efficiency and effectiveness.

In prior meetings, the Board reviewed key elements, including:

- **April 2024 Board Meeting:** Preliminary organizational goals and selection criteria for potential models.
- **July 2024 Board Meeting:** Overview of five organizational models (Existing, Existing + Agency Program Manager (Focused Model), C/CAG Managed, TA Managed and a dedicated express lanes organization), accompanied by a summary of each model's attributes, challenges, and opportunities.
- **October 2024 Board Meeting:** A detailed cost analysis and qualitative assessment, including alignment with agency strengths, was presented.
- **December 2024 Board Meeting:** The Board voted to select the focused organizational model (described as "Existing + Agency Program Manager" in the October presentation). An agency

program manager enables the JPA to capitalize on the existing expertise of both C/CAG and the San Mateo Transportation Authority, thereby leveraging each agency's operational strengths in express lane management. Adding a dedicated program manager streamlines communication between agencies, ensures direct oversight of program milestones, budgets, and deliverables, and maintains continuity and consistency when coordinating with external consultants and stakeholders.

- **March 2025 Board Meeting:** The Board voted to select C/CAG as the hiring agency for recruitment of the Agency Program Manager. The Agency Program Manager (APM) would report to the hiring agency on only the administrative elements of their employment, such as requesting leave, timesheet and expense approval, and travel and training requests. For all matters relating to the express lanes program, the APM will be reporting to the Executive Council, including but not limited to, managing contracts and oversight of tolling consultant support and partners, supporting the Community Transportation Benefits program, and monitoring budgets and forecasts.

The consultant has prepared a final report to reflect the Board's discussion and decisions related to the Organizational Assessment. The consultant also supported the development of a draft working agreement intended to establish a collaborative framework for supporting the Express Lanes Program Manager and the SMCEL-JPA. The draft outlines proposed shared commitments, clarifies roles and responsibilities, and offers a potential structure for navigating assignments and resolving differences, subject to further review and possible execution.

The Program Manager position has been incorporated into the Fiscal Year 2026 budget. C/CAG will continue to work closely with the TA to recruit and onboard dedicated program staff. Staff anticipates that the new hire will begin in late summer or early fall, pending completion of the recruitment process.

ATTACHMENT:

The following attachment is available on the Express Lanes website (See "Document" for the relevant Board Meeting) at: <https://101expresslanes.org/about/bod/meetings>.

1. Organizational Assessment Report

San Mateo County Express Lanes-Joint Powers Authority (SMCEL-JPA)

Organizational Assessment Report

Final

May 2025

Submitted by:



On behalf of:



San Mateo County Express Lanes-
Joint Powers Authority

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LIST OF ACRONYMS

ACTC	Alameda County Transportation Commission
BAIFA	Bay Area Infrastructure Financing Authority
BATA	Bay Area Toll Authority
C/CAG	City/County Association of Governments of San Mateo County
Caltrans	California Department of Transportation
CFX	Central Florida Expressway
CHP	California Highway Patrol
CTBP	Community Transportation Benefits Program
CTOC	California Toll Operators Committee
DMV	Department of Motor Vehicles
ELPM	Express Lanes Program Manager
FBO	Financial Back Office
FSP	Bay Area Freeway Service Patrol
FTE	Full-Time Equivalent
HR	Human Resources
IT	Information Technology
JEPA	Joint Exercise of Powers Agreement
JPA	Joint Powers Authority
MTC	Metropolitan Transportation Commission
SMCEL	San Mateo County Express Lanes
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TA	San Mateo County Transportation Authority
VTA	Santa Clara Valley Transportation Authority

EXECUTIVE SUMMARY

The San Mateo County Express Lanes-Joint Powers Authority (SMCEL-JPA) commissioned an independent study to assess the SMCEL-JPA's current organizational and operational practices. The study did not include an evaluation of the JPA Board of Directors (Board) or contractual arrangements with local partners such as the Bay Area Toll Authority (BATA), the Metropolitan Transportation Commission (MTC), and the California Department of Transportation (Caltrans). The study began in January 2024 and concluded in June 2025; it covered the five tasks shown in **Figure 1** below.

Figure 1: Study Tasks



All tasks were closely coordinated with the deputy directors and executive directors from the city/county Association of Governments of San Mateo County (C/CAG) and the San Mateo County Transportation Authority (TA), the agencies forming the JPA.

Four alternative organizational models were developed and evaluated against the Existing model. The models ranged from the **existing model plus adding a program manager dedicated to the express lane**, to **each of C/CAG and TA solely managing the express lanes**, to a **new dedicated agency**.

The organizational goals developed by the Board (shown in **Figure 2**) captured factors such as cost, local needs, and the program focus. These were considered when assessing the alternative organizational models.

During the December 2024 board meeting, the Board voted to move forward with implementing the **Existing + Express Lanes Program Manager** model due to its ability to minimize duplication, promote program focus, advance cost-effectiveness, support local needs, and maintain the balance between C/CAG and TA.

Figure 2: SMCEL-JPA Organizational Goals

- ✓ Ensure **Fiscal Responsibility**
- ✓ Focus on **Investments in Equity**
- ✓ Promote **Mode Shift**
- ✓ Generate **Sufficient Revenue**
- ✓ Factor in Adequate **Maintenance and Improvements**
- ✓ Advance **Stakeholder Engagement**
- ✓ Further Robust **Partner Agency Relationships**
- ✓ Advance **Cost-effectiveness**
- ✓ Support **Local Needs**
- ✓ **Minimize Duplication**
- ✓ Encourage **Regional and National Connection** and adoption of **Innovative Policies and Technology**
- ✓ Deliver a **Systemic Management Approach**
- ✓ Ensure a **Cohesive Program Focus**

During the March 2025 board meeting, the Board directed C/CAG to act as the administrative employer agency for the Express Lanes Program Manager (ELPM) position. The JPA Executive Council will provide direction on all matters relating to the JPA, and C/CAG will administer the administrative elements of the ELPM's employment. The ELPM will coordinate staff from both agencies as they deliver tasks related to the JPA and may represent and advocate for the express lanes program locally and regionally.

C/CAG and TA have documented their agreements in partnership and collaboration with the ELPM in a working agreement that will be reviewed, updated if needed, and committed to annually. This working agreement is intended to support the deep commitment of the partner agencies to the ELPM and the JPA and to outline how to

navigate various assignments, responsibilities, and differences. As leadership changes, this document will provide a guide to continue C/CAG and TA's close engagement and understanding of the operating model.

Establishing the JPA's first dedicated position is a celebratory milestone, representing an investment in managing the express lanes' broader effectiveness and efficiency. Establishing an ELPM position will benefit the JPA, C/CAG, and TA by bringing focus and coordination specific to the work of the JPA.

Currently, several executives between C/CAG and TA manage, coordinate, and direct multiple important programs simultaneously. This study found that by employing a dedicated ELPM, efficiencies could be gained in both actual time/money to the JPA and in additional capacity to drive the priorities of their respective home agencies. Because the work of the JPA happens in small fractions totaling 4.32 full-time equivalents (FTE) spread across 27 identified resources of C/CAG and TA, an ELPM will also be better positioned to identify efficiencies and resolve challenges and needs as they focus solely on the interests of the JPA. With the establishment of the ELPM, some services currently provided by the consultant support contract are expected to transition to the ELPM, thereby saving additional expense.

This organizational assessment report provides further detail on the evaluation process, goals, and outcomes of each task in the study. Based on the JPA's evolving needs, it is recommended that the JPA continue to monitor and evaluate the organizational structure of the express lanes program in the future as necessary.

Current Operating Model (Existing)

The current operating model for the JPA relies on both TA and C/CAG resources to deliver the required activities, as outlined in the Joint Exercise of Powers Agreement (JEPA). The executive directors of C/CAG and TA comprise the executive council, which directs the activities of the respective agencies and contracted consultant support. The JPA has no dedicated staff or executives; all members share duties with their home agencies, and their time spent on JPA activities is charged to the JPA.

1 INTRODUCTION

1.1 ASSESSMENT PURPOSE AND METHODOLOGY

1.1.1 ORGANIZATIONAL ASSESSMENT PURPOSE

Now that the express lanes are beyond the start-up phase and fully operational, the San Mateo County Express Lanes-Joint Powers Authority (SMCEL-JPA) engaged WSP (the consultant team) to assess the JPA's current organizational and operational practices. This organizational assessment report captures the process and outcome of selecting the appropriate organizational model and required staff to successfully implement the JPA's vision, mission, and goals. In addition to evaluating the SMCEL's current practices, this assessment analyzes staff functions and identifies the appropriate party to perform such functions.

1.1.2 STUDY METHODOLOGY

The approach to this study consisted of the following five tasks:

Define Organizational Goals — This task developed organizational goals for the SMCEL-JPA to use as selection criteria for screening the organizational models. To develop these criteria, desktop research, peer agency interviews, and board member interviews were conducted. The Executive Council reviewed the themes identified from this work to develop and finalize the organizational goals (selection criteria), which were then presented to the JPA Board of Directors (Board) during the April 2024 board meeting. For a full list of the selection criteria, see Section 3.1 of this report.

Conduct an Existing Condition Review and Gap/Needs Assessment — This task identified the gaps/needs of the JPA, developed a range of organizational models, and identified each model's strengths, weaknesses, opportunities, and threats (SWOT). Staff were interviewed to identify the needs of the JPA, and a desktop review of JPA documents and materials was conducted. The potential models and SWOT analyses were reviewed and refined in a working session with the Executive Council. The gap/needs assessment served as the basis for several sections in this report. For interview summaries, see Appendix A-1.

Prepare a Preliminary Findings Report — The objective of this task was to continue to refine and evaluate the models using the selection criteria to identify any models that should not proceed to the Alternative Analysis phase. Findings and work completed to date are documented in the formal report. The Draft Preliminary Findings Report has been incorporated into this report.

Conduct an Alternative Analysis – This analysis measured the organizational models against specific considerations such as high-level staff profiles, cost/budget impacts, and political sensitivity. Data used to estimate cost impacts were gathered in coordination with the Executive Council and the TA Finance Team. Cost model estimates were created using information on classifications, salaries, fringe benefits, and projected FTEs. The project team presented a summary of the cost model and the preferred organizational structure to both the Executive Council and the Board to receive input and adjust before submitting the Draft Alternative Analysis.

Prepare an Organizational Assessment Report – This task produced this organizational assessment report, which includes the final recommendation with additional elements, such as a staffing plan, a labor cost estimate, and considerations for implementation.

1.2 BACKGROUND

1.2.1 EXPRESS LANES PROJECT OVERVIEW

The SMCEL is a dual-agency project constructed to reduce traffic congestion and promote car sharing and transit use on US Highway 101 (US 101) in San Mateo County. The project was initiated in 2018 between the city/county Association of Governments of San Mateo County (C/CAG) and the San Mateo County Transportation Authority (TA) through a Joint Ad Hoc Committee to make operational and ownership recommendations. Around the time of inception, the Bay Area Infrastructure Financing Authority (BAIFA) offered C/CAG and TA the ability to retain ownership rights of the express lanes by entering into an agreement with BAIFA, subject to approval from the California Transportation Commission.

In June 2019, C/CAG and TA approved a Joint Exercise of Powers Agreement (JEPA), allowing both entities equitable involvement in the SMCEL program. The agreement designated a JPA to manage the express lanes, which would be governed by a Board containing equal representation from each agency. Additionally, the JEPA established an Executive Council, which is formed by the Executive Directors of both agencies, and hired consultant support to develop and implement policies.

Since the JPA was established in 2019, two segments of the SMCEL have been constructed. The south segment opened in 2022, and the north segment opened in 2023. The JPA manages 22 miles of express lanes on US 101 from Interstate 380 in South San Francisco to the San Mateo County/Santa Clara County border.

1.2.2 BOARD OF DIRECTORS

The SMCEL-JPA is governed by a Board of directors representing C/CAG and TA. The six-member Board consists of three members each from the Boards of the San Mateo County Transportation Authority and the City/County Association of Governments of San Mateo County. Four JPA Board members must affirmatively vote to enact an action.

1.2.3 EXPRESS LANE PARTNERS

The SMCEL-JPA has established agreements with four local agency partners. BAIFA provides overall operations and maintenance of the express lanes. The Bay Area Toll Authority (BATA) provides FasTrak® services, which include the financial back office and customer service center. Both BAIFA and BATA operate under the Metropolitan Transportation Commission (MTC). The California Department of Transportation (Caltrans) provides civil roadway maintenance, and the California Highway Patrol (CHP) provides enforcement.

Section 2 provides an overview of the JPA organizational structure as it existed at the beginning of this study.

2 EXISTING STATE

2.1 EXPRESS LANES ORGANIZATION

2.1.1 FUNCTIONS OF AN EXPRESS LANES PROGRAM

A functions catalog was compiled to provide an overview and an understanding of the functions and elements required to deliver a service and operation specific to the SMCEL-JPA's express lanes program. For the detailed catalog, see Appendix A-2.

The functions are organized into the following six categories:

Policy Setting – This function governs the operation of the express lanes. Its purpose is to have a transparent process with public oversight.

Managing the Express Lanes Program Overall – This function is the programmatic element of managing an express lanes organization. It ensures the operational implementation of the Board's policy decisions.

Toll System Operations – This function ensures that the toll system collects funds while functioning properly and that all related infrastructure is safe and properly maintained.

Financial Back Office (FBO) Operations – This function manages traveler accounts and reconciles between participating agencies using the FBO.

Customer Service – This function interfaces directly with the traveler, including walk-in centers, online or phone service, issuing toll tags, and managing violations.

Agency Support Functions – These functions are common in delivering a program, and most entities must provide them. Typically, they are existing elements and can accommodate additional similar work.

2.1.2 CURRENT ORGANIZATION

Under the Existing model, the express lanes program's functions are split among C/CAG, TA, and the JPA's partners; however, there is an overlap in participation between C/CAG and TA. **Figure 3** displays each major function and the agency responsible for ensuring its delivery rather than who participates in each function. Appendix A-2, Functions Catalog, provides additional details on each function and example activities within them.

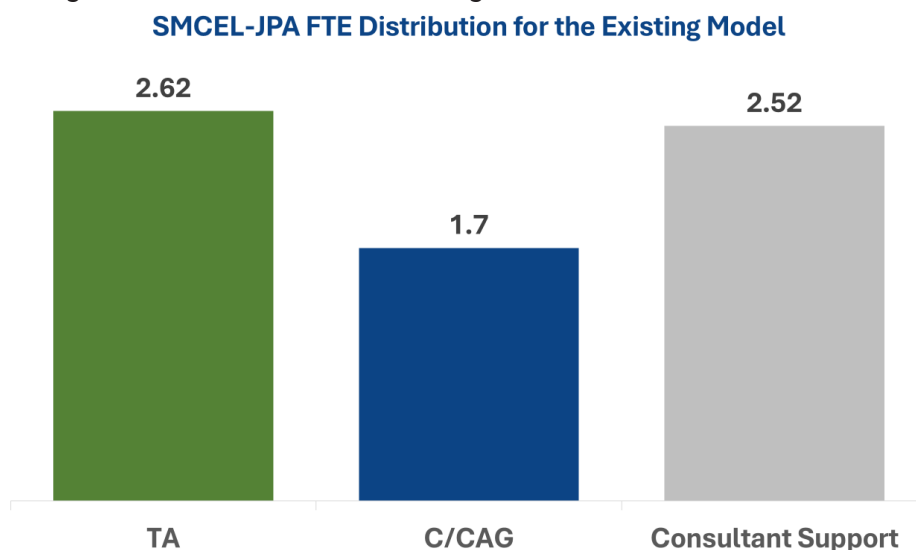
C/CAG Functions – C/CAG's main JPA functions include procurement and contract management. These functions include responsibilities such as conducting JPA-related procurement, contracting, and agreement services. Additionally, C/CAG is responsible for managing all JPA contracts and toll consultant contracts, approving and submitting invoices for payment, managing contracts with express lanes partners, and preparing and managing the Board's agenda.

Figure 3: Existing Model



Page 7

Figure 4: Budgeted FTE Distribution for the Existing Model



As illustrated by FTE being split between C/CAG and TA to deliver the main functions of the express lanes program, it is evident that many staff members from each agency are involved. For a detailed breakdown, see Alternative Analysis included in Appendix B-1.

2.1.4 REFLECTIONS OF THE CURRENT ORGANIZATION

When establishing the SMCEL-JPA, the current organizational structure was designed to ensure equitable representation of both C/CAG and TA. Not only is this partnership reflected in the decision-making of the SMCEL-JPA, with equal board membership as established in Section 1.2, but it is also reflected in the assignment of express lanes functions for delivery and the level of effort distributed between the agencies as discussed in Section 2.1.2. The Executive Council reports to the SMCEL-JPA Board. Each agency's staff maintains its home agency reporting lines for both its home agency and the express lanes activities.

In interviews with staff, board members, and peer agencies, several common themes related to the current structure were highlighted. Additional details on the common themes are included in Appendix A-1.

1. The express lanes are performing as expected.
2. Some staff from each JPA agency are overloaded with the dual responsibilities of their home agency and JPA responsibilities.
3. Staff do not always view express lanes as managed under a coordinated program.
4. Peer agencies emphasized the importance of having a designated individual to manage the express lanes program.
5. The current arrangement between C/CAG, TA, and the consultant support made sense at the time of the JPA's inception.
6. Fiscal responsibility is at the forefront due to the \$100 million TA loan.
7. The Community Transportation Benefits Program (CTBP) is important and could use further expertise in management and capacity to support it.
8. Board members questioned whether the Existing model should be revised at all.

Section 3 discusses the evaluation of four alternatives compared to the Existing model.

3 ORGANIZATIONAL MODELS EVALUATION

3.1 SELECTION CRITERIA (ORGANIZATIONAL GOALS)

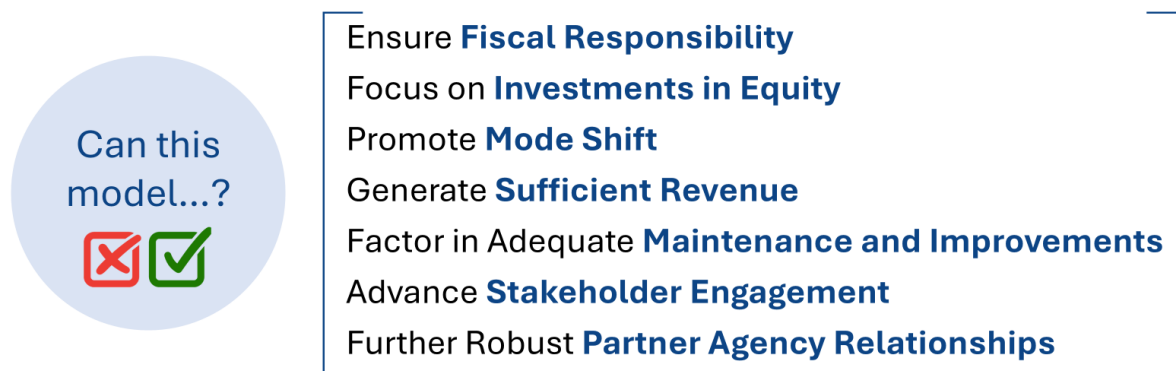
In close coordination with the Executive Council, the consultant team captured several selection criteria from industry research and interviews with peer agencies, partner agencies, and the Board. These selection criteria, also referred to as organizational goals, were meant to guide the work of the JPA. The discussions with peer and partner agencies and the Board focused on areas such as the future of the organization, key goals to lead the organization, and what a successful Organizational Assessment will capture.

The selection criteria defined below were developed to evaluate organizational model options for the organization's future state. The selection criteria are presented in two sets: one designed to filter out models and another to provide a ranking or comparison against the criteria.

3.1.1 CAN THIS MODEL...?

This first set of criteria is phrased to answer, “Can this model...?” in a pass-or-fail context, serving as a filter for any proposed organizational model. Each model considered must “pass” all the criteria listed to continue onto the subsequent set of criteria. **Figure 5** provides an overview of these criteria.

Figure 5: Selection Criteria that Answer, “Can This Model...?”



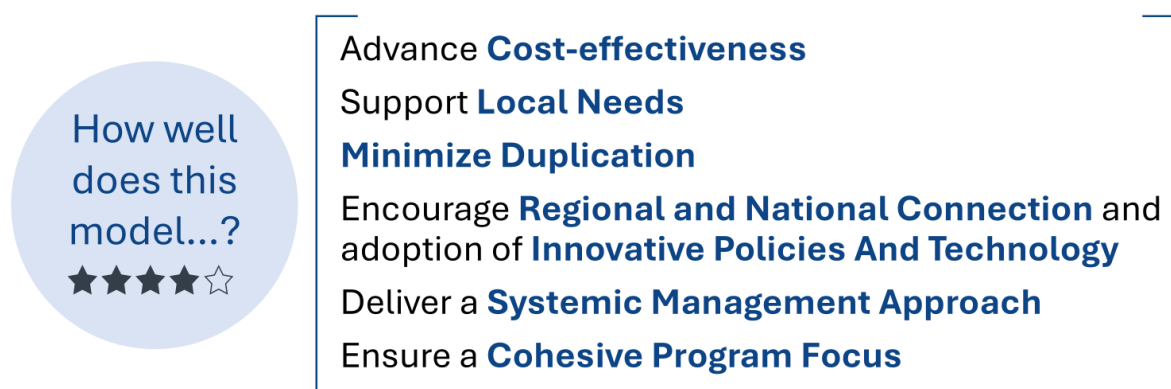
Each category from this set of criteria begins by asking, “Can this model...” and completes the question with a relevant phrase that screens the models:

1. **Fiscally Responsible** – Manage the organization in a financially responsible manner?
2. **Equity Investments** – Enhance and manage the CTBP?
3. **Reduce Single Occupancy Vehicle Use** – Promote mode shift/reduce vehicle miles traveled?
4. **Revenue Generation** – Maximize revenue generation to support the maintenance, operation, community investment, and improvement of the tolling infrastructure to ensure financial sustainability?
5. **Infrastructure maintenance and improvement** – Ensure the ongoing maintenance and improvement of tolling infrastructure to meet safety standards, extend asset life, and enhance the overall user experience?
6. **Stakeholder engagement** – Engage with key stakeholders, including government agencies, transportation authorities, community groups, and the public, to solicit feedback, address concerns, and foster collaboration in tolling policy and planning decisions?
7. **Robust Partner Agency Relationships** – Foster productive relationships with partner agencies (such as Caltrans, MTC, and CHP) to meet the express lane’s safety, regulatory compliance, traffic management, and customer service requirements?

3.1.2 HOW WELL DOES THIS MODEL...?

The second set of criteria is phrased to answer, “How well does this model...?” to compare the effectiveness of the models. **Figure 6** provides an overview of these criteria.

Figure 6: Selection Criteria that Answer, "How Well Does This Model...?"



These criteria are designed to evaluate each proposed model on a relative scale, with the lowest described as “this model does not perform this goal well” and the highest as “it reflects this goal well.” Each category from this set of criteria begins by asking, “How well does this model...” and completes the question using a relevant phrase that screens the models:

1. **Encourage cost-effectiveness** – Optimize operational costs and resource utilization to achieve cost-effectiveness in toll collection, maintenance, and administration while delivering high-quality services?
2. **Promote local values** – Focus the use of assets to achieve local goals and invest in community priorities?
3. **Minimize duplication** – Minimize duplication of responsibilities at the Executive level?
4. **Promote regional and national connection and encourage innovation** – Expose the SMCEL to national and regional tolling practices (operational and equity), and embrace innovative technologies and policies to advance the JPA’s traffic congestion, revenue generation, and equity goals?
5. **Encourage systemic decision-making** – Ensure decision-making and delivery rely on established processes?
6. **Ensure a cohesive program focus** – Enable integrated coordination and strategy across core functions and responsibilities?

3.2 OVERVIEW OF ORGANIZATIONAL MODELS CONSIDERED

To determine the most suitable organizational model for the SMCEL-JPA, four alternative models were developed for evaluation. **Figure 7** provides an overview of the range of options considered for this study, including the Existing model.

Figure 7: Overview of Considered Organizational Models

JPA Board remains the same				
Existing	Existing + Express Lanes Program Manager	C/CAG Managed Express Lanes Organization	TA Managed Express Lanes Organization	Dedicated Agency Express Lanes Organization
<ul style="list-style-type: none"> TA & C/CAG each perform identified functions of the express lanes 	<ul style="list-style-type: none"> Similar to the existing model Express Lanes Program Manager added, facilitating program focus & cohesiveness 	<ul style="list-style-type: none"> All functions performed by C/CAG Express Lanes Program Manager TA Exec. Director updated on Board matters 	<ul style="list-style-type: none"> All functions performed by TA Express Lanes Program Manager C/CAG Exec. Director updated on Board matters 	<ul style="list-style-type: none"> New agency established New Executive Director Express Lanes Program Manager

Consultant support or agency staff perform current consultant duties in any option and would be evaluated independently of the selected model.

In any option, either a consultant or agency staff could perform the JPA's current consultant support duties; therefore, the involvement of the JPA's consultant support team was evaluated independently of the selected model. The models do not consider any change to the current Board makeup; hence, all governance and decision-making remain unchanged.

The models vary in reporting channels, leadership structure, and resource allocation. Each model includes a description of how the models would operate and a summary of the challenges and opportunities identified for each model. Graphical representations of each model are included in Appendix A-3. The range of models considers a similar delivery style and function, but there are variations in resources for agency-assigned functions. In most of the models, adding an ELPM allows for a more streamlined reporting structure, centralized decision-making, and clarified roles and responsibilities.

For each of the following alternative organizational models, a SWOT analysis was conducted. For SWOT diagrams for each model, see Appendix A-4.

3.2.1 EXISTING + EXPRESS LANES PROGRAM MANAGER MODEL

Overview

The first model is the Existing model with the addition of an ELPM to manage the express lanes. The Executive Council oversees an express lanes ELPM exclusively dedicated to the program. The ELPM would be a C/CAG or TA employee and assume many coordination responsibilities currently performed by the C/CAG and TA Deputy Directors. This model's objective is to enhance staff coordination and provide a more cohesive program direction. Details on the selection of the administrative employer agency and staff enhancement are covered in Section 5.

Model Challenges and Opportunities

Opportunities of this model include more efficient coordination between C/CAG and TA in the delivery of the program. This model also enables the express lanes program to focus and coordinate intentionally with external partners. The primary challenge involves potential JPA conflicts between the Executive Council and the ELPM because the Executive Directors would continue to manage their own agency's resources and overall operations.

This model would reduce duplication of efforts at the Executive level by centralizing the management of daily functions to a single individual, thereby leading to more efficient communication channels and streamlined work processes. No other changes to the current delivery model of the express lanes functions are proposed.

3.2.2 C/CAG MANAGED MODEL

The C/CAG Managed model and the TA Managed model would both shift all agency functions to one agency.

Overview

Model two, placing agency operations completely with C/CAG, proposes a near-complete integration of the JPA to C/CAG. With this model, TA would be minimally involved as an advisor to the C/CAG Executive Director.

Model Challenges and Opportunities

This model would foster cohesion and ensure long-term accountability among various teams and roles by consolidating all roles within C/CAG. It would also present opportunities to increase decision-making efficiency, adjust resource levels, and promote JPA collaboration with towns and cities across the county. However, a major challenge with this model is C/CAG's need to establish or partner with resource financial services, including debt and revenue management, to responsibly and efficiently run the express lanes program. Another challenge is that C/CAG needs to instill more effort in ensuring the

TA board members are up-to-date and that interests are anticipated and represented. Consequently, adopting this model could reduce engagement with TA stakeholders.

3.2.3 TA MANAGED MODEL

Overview

Similar to the C/CAG Managed model, the TA Managed model would place delivery of the operation of the express lane entirely under TA. Involvement from C/CAG staff would primarily be through the Executive Director of C/CAG advising the Executive Director of TA.

Model Challenges and Opportunities

Like other models, this model would foster cohesion and ensure long-term accountability among various teams and roles by consolidating all roles within TA. It would also present opportunities to increase decision-making efficiency and adjust resource levels. The primary challenge associated with this model is TA's need to instill more effort to ensure that C/CAG board members are up-to-date and to guarantee that interests are anticipated and represented. Consequently, adopting this model could reduce engagement with C/CAG stakeholders.

3.2.4 DEDICATED AGENCY MODEL

Overview

Model four would establish an entirely new organization, the Dedicated Express Lanes Organization. This model would involve hiring all new administrative staff and a new JPA Executive Director. With this model, C/CAG and TA staff and Executive Directors would have little day-to-day responsibility in the express lanes program. Although the Board would continue to make decisions, recommendations and implementation responsibilities would come from the newly created organization overseeing the express lanes.

Model Challenges and Opportunities

The greatest opportunity for this model relies on having the entire organization focused on the efficient delivery and future growth of the express lanes. The primary challenges include retaining historic and institutional know-how from previous C/CAG and TA staff and maintaining support and engagement from the Board as the C/CAG and TA Executive Directors would be less engaged in express lanes topics.

This model would demand a significant financial investment to establish independent benefits for an independent agency. Additional analysis considering cost impact to the JPA (covered in Section 3.3) was conducted to confirm that a Dedicated Express Lanes Organization was not a viable alternative for additional detailed consideration.

3.3 COST MODEL CONSIDERATIONS

Because advancing cost-effectiveness is a key selection criterion for the express lanes, a cost model analysis was performed using four main inputs: C/CAG and TA classifications, salaries, fringe rates, and estimated 2025 FTEs. These factors together created the relative costs of implementing each organizational model. In collaboration with the Executive Council, C/CAG and TA classifications were mapped between both agencies based on similar position roles, responsibilities, and salaries, clearly identifying the respective classification if the position was moved to the other agency. Labor estimates for the first three proposed models were created by making changes to the Existing model discussed in Section 2.1.2. The labor estimate for the Dedicated Agency model was built to reflect the staffing needs for a fully independent express lanes organization. FTEs from the labor estimates were combined with salaries and fringe benefits to calculate the total cost of labor to the JPA under each organizational model. **Figure 8** and **Figure 9** below summarize the total FTE labor estimates input into the cost model and the total annual staffing costs from the cost model output, respectively.

Figure 8: Summary of FTE Model Input

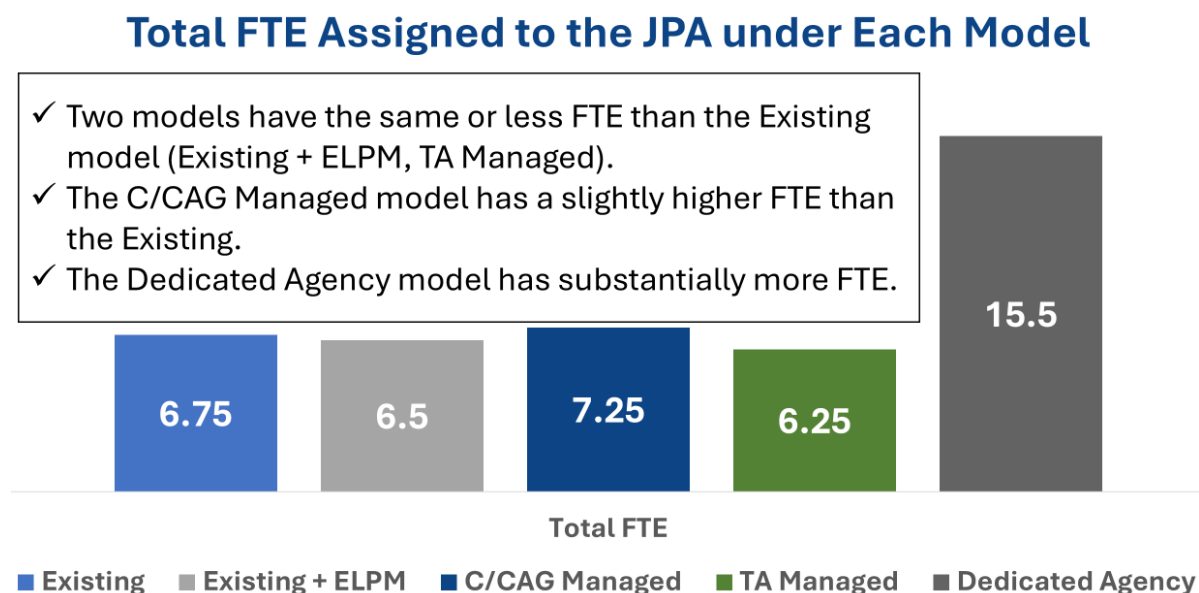
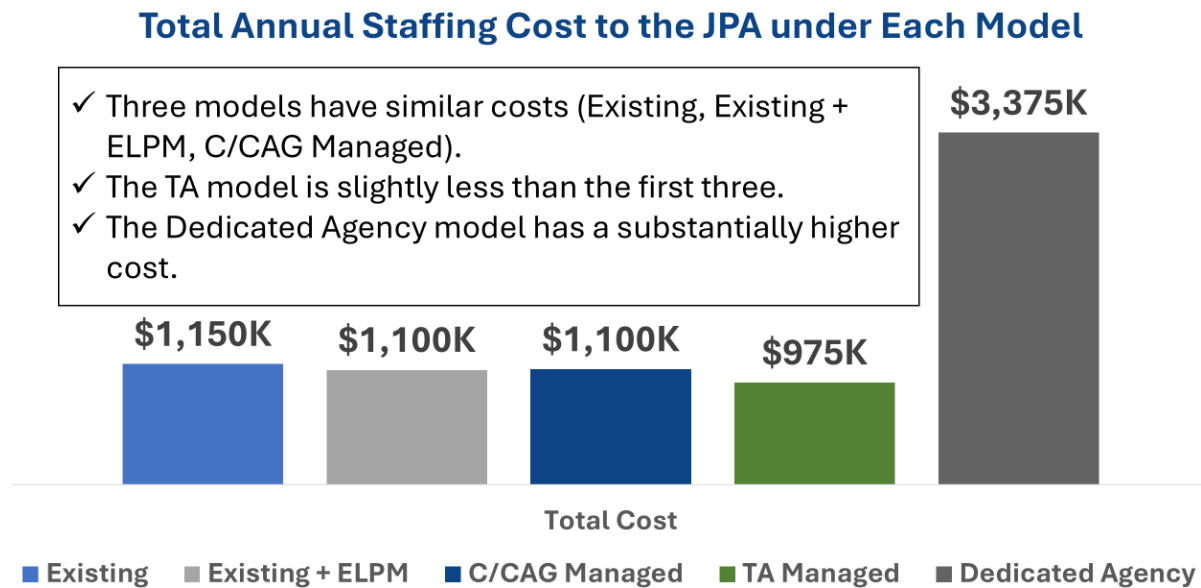


Figure 9: Cost Model Output Summary



The outputs from the cost model served as the primary method for judging the cost-effectiveness of each proposed organizational model. This cost factor was one of several considerations used to ultimately determine the recommended model.

Section 4 provides an overview of the assessment of the organizational models in which the selection criteria were applied to find the organizational model most suitable for the JPA's current needs.

4 ASSESSMENT OF ORGANIZATIONAL MODELS

4.1 ASSESSMENT AND RESULTS

The five organizational models under consideration were subject to an assessment using the selection criteria and the results of the cost model analysis discussed earlier in this report. This assessment aimed to determine the overall impact of implementing each organizational model and present the most plausible models to the Board for their vote.

Overall, clear efficiencies are identified in the models that introduce an ELPM to the JPA, including greater promotion of regional and national connection, more innovation in policy and technology, decreased duplication of efforts, and a more streamlined systemic management approach compared to the Existing model. With all except the Dedicated Agency model, maintaining the involvement of C/CAG and TA in the JPA ensures a focus on local needs and values. Regarding the goal of encouraging cost-effectiveness, there are four key takeaways from the cost model:

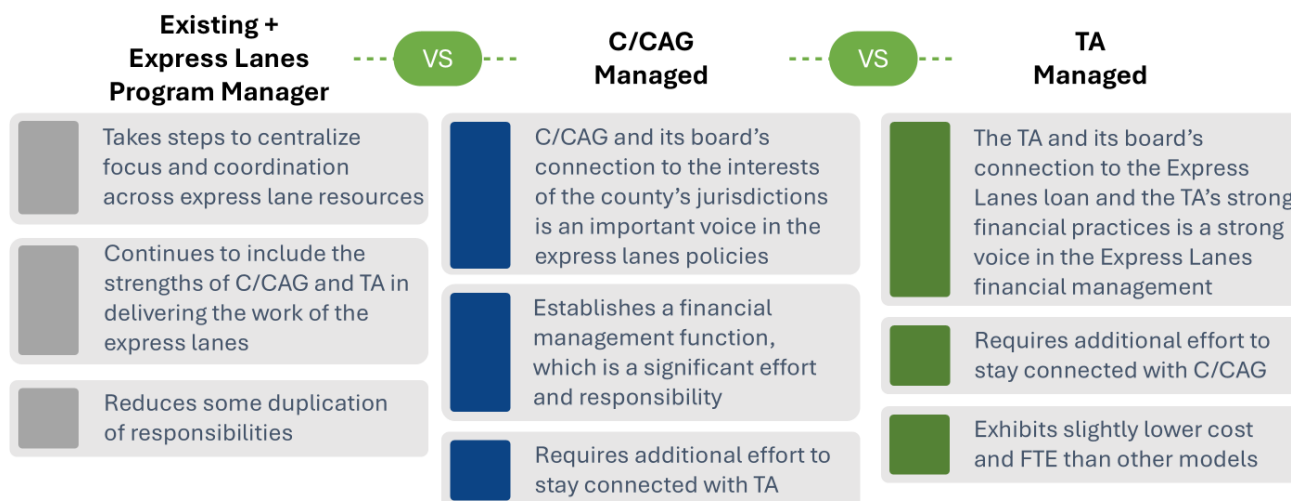
1. Adding an ELPM would increase efficiency and coordination across the express lanes program in all organizational models.
2. Adding a financial services function to C/CAG would require additional agency resources, which are charged to the SMCEL-JPA.
3. Independently running an agency under the Dedicated Agency model would be three times as costly as the other models due to the overhead required.
4. The TA Managed model would be only slightly cheaper than the JPA compared to the Existing + Express Lanes Program Manager model and the C/CAG Managed model, which would be similar in level of effort because they all would benefit from the efficiency of adding an ELPM.

By combining the observations from the selection criteria and the results from the cost model analysis, the consultant team recommended that the Existing model and the Dedicated Agency model could be excluded from consideration. The Existing model would lack the benefits of the others while having a similar cost, and the Dedicated Agency model would require a disproportionate amount of resources and cost for the JPA. The Existing + Express Lanes Program Manager, C/CAG Managed, and TA Managed models all offer increased efficiencies over the Existing model with similar costs; therefore, selection among these three models cannot be determined by quantitative means.

A detailed explanation of the model methodology and a cost breakdown are included in the cost model memo in Appendix C-1.

Figure 10 below summarizes the observations of the relative benefits and challenges of the three models under consideration.

Figure 10: Organizational Assessment Results



During the December 2024 board meeting, the Board voted to implement the Existing + Express Lanes Program Manager model due to its ability to reduce duplication while maintaining a balance between C/CAG and TA.

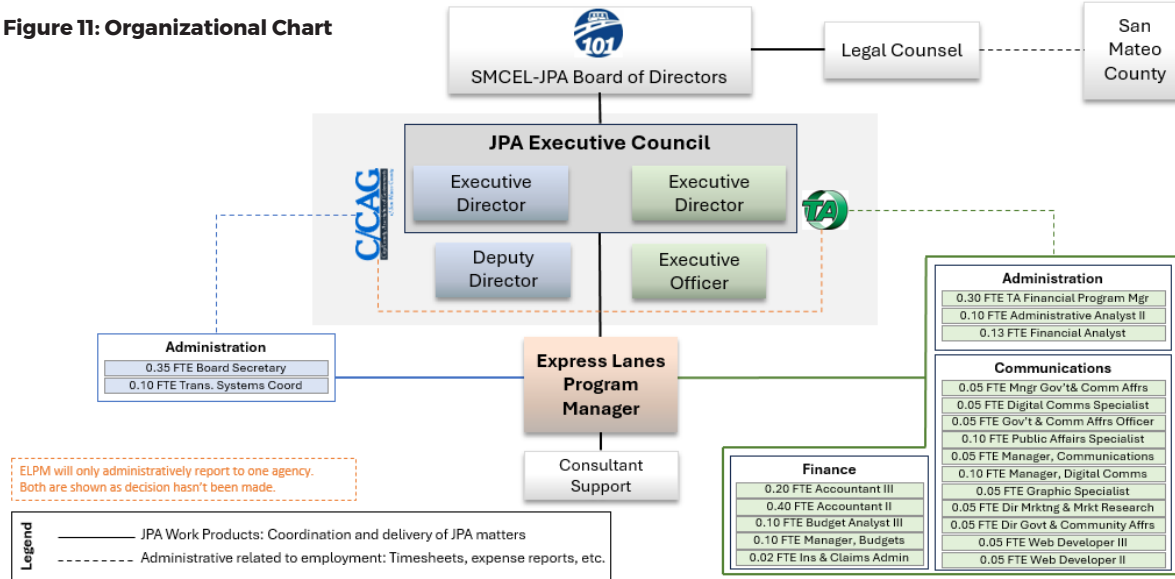
The benefits of the selected model include not disrupting daily operations by minimizing the transition of resources, taking a step towards more efficient coordination of the express lane resources, adding one position whose job it is to focus exclusively on the interests of the JPA, and continuing to leverage the strengths of each of C/CAG and TA. Challenges of the selected model include continued cross-agency collaboration and continued inefficiencies due to involvement from both agencies in the JPA Executive Council. To mitigate these potential challenges, the ELPM must work closely with the Executive Council to ensure continued support from both agencies' staff and to promote the authority of the ELPM position. For additional details on the December 2024 board meeting and other board meeting discussions, see Appendix A-5.

4.2 FUNCTIONS AND STAFF DISTRIBUTION UNDER THE NEW MODEL

Once the selected model was chosen, additional analysis was completed to review the staff distribution under the new model.

Figure 11 displays an organizational chart of the Existing + Express Lanes Program Manager model. This organizational chart focuses on how work gets done within and between the JPA-associated staff. Solid lines denote JPA working relationships, and dotted lines denote administrative management.

Figure 11: Organizational Chart



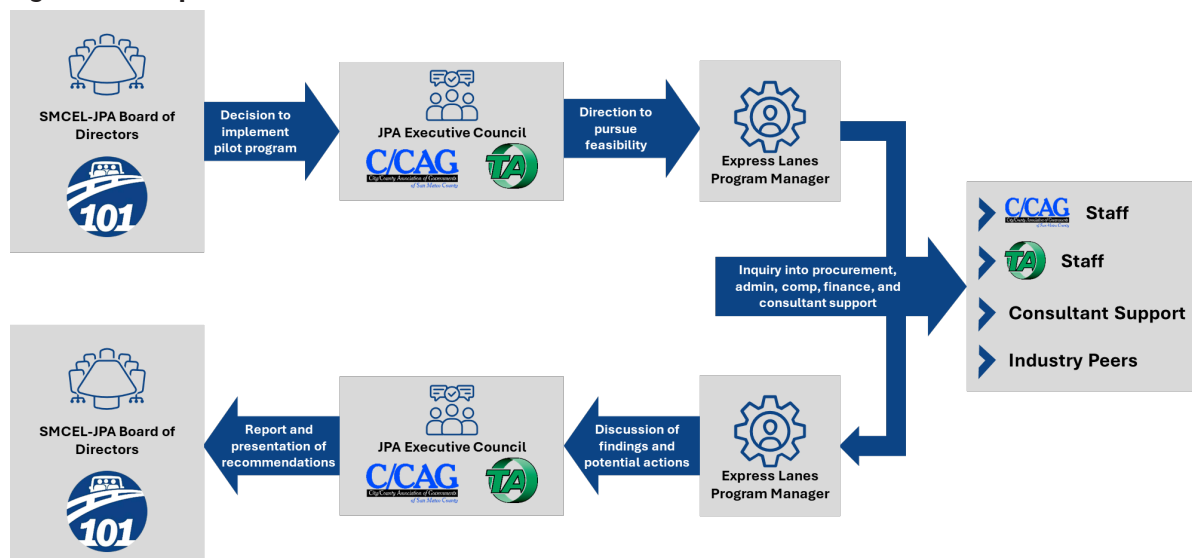
The ELPM oversees, manages, and is responsible for the operations and alignment of the JPA's mission and goals. The complete job description for the ELPM is included in Appendix A-6. The following two duties are important to highlight:

1. Coordinate staff from both agencies as they deliver tasks related to the JPA.
2. Represent and advocate for the express lanes program locally and regionally.

Throughout the assessment, it was evident that the Executive Council should stay engaged and maintain their engagement as they communicate directly with the Board and would provide guidance to the ELPM.

The following example (shown in **Figure 12** and described below) presents the working relationship among the Board, the Executive Council, and the ELPM.

Figure 12: Example Scenario



Scenario: The Board decides to investigate methods for reducing instances of road users who do not pay for the use of the system. They will direct the Executive Council to develop a solution to this issue.

The Executive Council provides direction to the ELPM to pursue the feasibility of the effort, examine national practices, explore potential pilot programs, and frame up options. The Executive Council will provide more detail than the Board, setting deadlines and creating expectations for updates. In conjunction with the ELPM, the Executive Council will discuss resources needed, potential barriers, risk mitigation strategies, and more. According to the agreed schedule, the ELPM will keep the Executive Council updated with progress and any new developments that arise.

The ELPM will work with the identified staff in both agencies, the consultant support team, if appropriate, and local and national industry peers. Next, the ELPM will report to the Executive Council with the results of the collective staff work, bringing key staff with them to the discussion. Following any further discussion and at the direction of the Executive Council, the topic will be presented back to the Board for review and approval or further direction.

Section 5 describes the process of hiring and administering the ELPM position and provides an overview of the different responsibilities of the Executive Council and the administrative employer agency regarding the ELPM.

5 ADMINISTRATIVE EMPLOYER AGENCY CONSIDERATIONS

5.1 SELECTING THE ADMINISTRATIVE EMPLOYER AGENCY

5.1.1 REPORTING STRUCTURE

When evaluating which agency should hire the ELPM, it was important to first review how the JPA reporting structure would work with the addition of the ELPM. As depicted in **Figure 13**, the administrative employer agency will administer the employment aspects of the ELPM, such as leave, timesheet and expense approval, and travel and training requests¹.

Figure 13: Overview of the ELPM Functions



The ELPM will report to and receive direction from the Executive Council on all items relating to the express lanes program, including but not limited to the CTBP Program, managing contracts, oversight of tolling consultant support and partners, monitoring budgets and forecasts, and drafting and enforcing Board-approved policies.

¹ Except for training opportunities that are included in the administrative employer agency's benefits package, JPA-related travel and training should be discussed with the Executive Council to ensure that any JPA funds used for this purpose benefit the JPA.

After reviewing the ELPM's reporting structure between the administrative employer agency and the Executive Council, several other topics were analyzed when discussing which agency should be responsible for hiring the ELPM. For factors discussed in the evaluation, see Appendix D-1.

5.1.2 ADMINISTRATIVE EMPLOYER AGENCY SELECTION

On March 7, 2025, the SMCEL-JPA Board voted to direct C/CAG to hire the ELPM. This vote culminated in collaboration and a robust discussion between C/CAG and TA, in which considerations of the benefits and potential drawbacks of either agency administratively employing the ELPM were deliberated. Ultimately, there was no conclusive evidence to support selecting one agency over the other since both agencies were well-positioned to be successful as the administrative employer agency. It is important to note that despite selecting only one administrative employer agency, the role of the ELPM is to serve the needs of the JPA and not the selected administrative employer agency.

Following the decision on the administrative employer agency, the C/CAG and TA documented how each agency will support the other in hiring and managing the ELPM. Documentation includes outlining the Executive Council's role in selecting the successful candidate and providing performance feedback, as well as agreements on the ELPM's work location and schedule (i.e., splitting the time between C/CAG and TA offices) and other logistics. Members from both agencies created a working agreement that outlines each agency's commitment to the JPA and provides a detailed explanation of expectations and policies regarding the hiring and management of the ELPM position.

This collaborative working agreement between C/CAG and TA can be found in Appendix D-2.

Both agencies must remain equally involved in the express lanes program outlined by the selected model and the JEPA. Maintaining a balance of effort and representation between C/CAG and TA will allow the JPA to serve the communities its member agencies represent best while gaining the efficiencies of this newly added position. If the recruitment of a qualified candidate fails or the ELPM position becomes vacant in the future, there will be an opportunity to reevaluate the administrative employer agency based on the experience and lessons learned from this first position and the changing needs of the JPA.

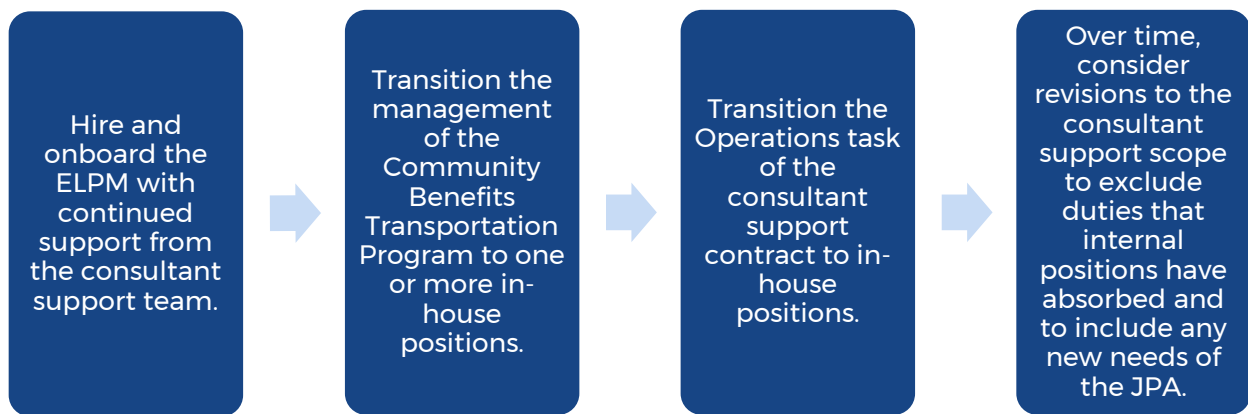
Section 6 discusses considerations for implementing the recommended new position.

6 CONSIDERATIONS FOR IMPLEMENTATION

6.1 SHORT-TERM TO MEDIUM-TERM ACTIONS

In the short and medium term, the JPA could consider several steps when establishing the ELPM position, shown in **Figure 14** below.

Figure 14: Short-Term to Medium-Term Actions



Once hired, the ELPM should begin working closely with the consultant support team.

Once the ELPM is up-to-speed and operating at full capacity, the next consideration hire a position or positions dedicated to managing the Community Benefits Transportation Program (CBTP). The CBTP is an essential and ongoing function of the JPA and could benefit from being managed in-house. For example, in staff interviews, it was suggested that a dedicated employee with ties to the community who can work closely with the Samaritan House and promote the Next Gen platform to increase utilization would ultimately greatly benefit the JPA.

Another consideration is to bring in-house staff dedicated to all Operations duties currently performed by the consultant support team. This task is the largest in the support contract, and bringing these duties in-house would likely result in cost savings. Dedicated staff could manage the recurring reporting and coordination, including the Operations Management Team meetings with BAIFA and quarterly express lanes performance reports.

Once the CBTP and Operations duties are fully transitioned in-house, the JPA should consider continuing with a purely on-call consultant contract as a resource and staff augmentation when needed, especially for additional studies or reports the JPA conducts intermittently or for special outreach events.

A potential timeline of the described phases and associated contract savings can be found below in **Figure 15**.

Figure 15: Timeline of Recommendations



A detailed overview of the Consultant Support Analysis is provided in Appendix A-7.

6.2 LONG-TERM CONSIDERATIONS

Potential actions that could cause a revisit to this assessment and lead to additional consolidation could include paying off the TA loan (dramatically reducing the primary concern and involvement of the TA), planning to construct another express lane (changing the operational needs), or hiring additional dedicated JPA staff. The Board may take up these JPA organizational models and consolidation opportunities at any time for review and assessment as needed.

San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: June 20, 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 Fiscal Year 2024 (FY24) Revenue Sharing Fund Flow of Funds distribution and its projected impact on the Fiscal Year 2026 (FY26) Proposed Budget.

(For further information, contact Lacy Vong, Policy Program Manager at lvong@hntb.com)

RECOMMENDATION

The SMCEL-JPA Board of Directors will receive an update on the Fiscal Year 2024 (FY24) Revenue Sharing Fund Flow of Funds distribution and its projected impact on the Fiscal Year 2026 (FY26) Proposed Budget.

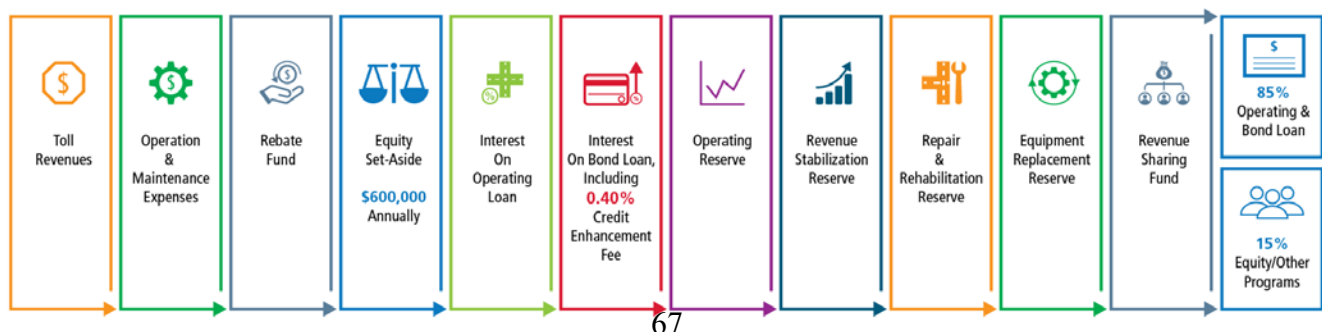
FISCAL IMPACT

This is an informational report only.

BACKGROUND

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

Figure 1: Flow of Funds



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

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

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

At the May 2025 Board meeting, staff presented an update on the proposed use of funds based on the FY24 audited financials, along with options for allocating funds in the Fiscal Year 2026 Preliminary Budget. The presentation included a request for Board direction on the distribution of Revenue Sharing Funds, which could be allocated to repayment of operating loans, bond loan principal payments, funding levels for equity program, appropriate reserve levels, or among other programs at the Board’s discretion.

Staff outlined the trade-offs associated with proposed funding options to support the Board’s decision making and to provide the necessary direction to finalize the FY26 Budget.

- **Operating Loan Payment:** If repaid, this would reduce expenses in FY26 by eliminating their associated interest costs.
- **Bond Loan Principal Payment:** Additional payment lowers the principal, thereby reducing interest costs and minimizing exposure to fluctuating future interest rates.
- **Equity Program:** Full funding in FY26 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 be limited to approximately 6,000 residents.
- **Reserves:** Build up reserves and potentially meet the desired levels faster.

The Board requested additional information on the Equity Program’s financial sustainability. In response, using the financial model staff projected the Equity Program budget and various reserves through Fiscal Year 2028 (FY28) for both 10,000 and 7,500 participant levels, as summarized in the table below. For both scenarios, it was assumed that a portion of the Revenue Sharing Fund would be allocated to the Equity Program. Note that although the 6,000-participant scenario was analyzed, it was excluded because the results were similar to the 7,500-participant level and because it did not allow for any growth in the equity program.

As shown in the comparison table below, lowering the CTBP participation assumption from 10,000 to 7,500 participants would allow for sufficient revenue to cover operating costs and fully fund CTBP through FY 2028, while also supporting repayment of the operating loan, reducing bond loan principal, and increasing capital reserves. In contrast, maintaining the 10,000 participants assumptions would require a greater share of the Revenue Sharing Funds be allocated to CTBP, thereby limiting contributions to reserves and extending the time needed to reach recommended reserve levels.

Table 1: Comparison of Projected Reserve and Bond Loan Account Balances Through FY 2028 at the 7,500 and 10,000 Equity Program Funding Levels*

	Balance After FY 2028	
	7,500	10,000
Equity Program Participants		
Operating Reserve	\$2.8 Million	\$2.8 M
Revenue Stabilization Reserve	\$20.5 M	\$20.5 M
Combined Capital Reserves**	\$45.5 M	\$12.1 M
Total Reserves	\$56.7 M	\$35.3 M
Bond Loan Payments	\$18.1 M	\$25.8 M
<i>Equity Program Status</i>	<i>Fully funded for 3 years</i>	<i>Deficits in FY27 and FY28 (~\$2 M annually)</i>
Bond Loan Balance	\$75.6 M	\$ 67.9 M

*The projections were generated by the Flow of Funds financial model and are subject to change as inputs change.

** Combined Capital Reserve includes both Repair & Rehabilitation Reserve and Equipment Replacement Reserve.

Based on this analysis, staff proposes updating the funding level for the Equity Program from an assumption of 10,000 participants to 7,500, which will allow the program to be fully funded through FY28. This requires funding from the annual \$600,000 set aside and approximately \$1 million from Revenue Sharing Funds each fiscal year. At this level, some funds, about \$700,000 in FY26 and \$400,000 in FY27, would be carried over to the next fiscal year to support the sustainability of the Equity Program through FY28.

By funding the Equity Program at the 7,500 participate level, the SMCEL-JPA will also be able to budget approximately \$9.1 million in FY26 for capital reserves, compared to no capital reserves at the 10,000-participation level. The scenario allows for some level of bond loan payment and higher levels of reserves, reducing the exposure to potential fluctuating interest rates as well as planning for future equipment and other capital infrastructure needs. The proposed allocations are reflected in the FY26 Proposed Budget and may be approved by the SMCEL-JPA Board of Directors through the adoption of the FY26 Proposed Budget.

As a result, for the Fiscal Year 2024 Revenue Sharing Funds distribution, staff proposes the following:

- Pay off the remaining balance of the Operating Loans, about \$6 million;
- Apply \$0.8 million towards a Bond Loan principal payment; and
- Allocate \$1.2 million to the FY26 Equity Program budget to meet the funding gap and allow any surplus to rollover to the next fiscal year for the program.

Attachment:

1. Flow of Funds Update Impact on Future Years



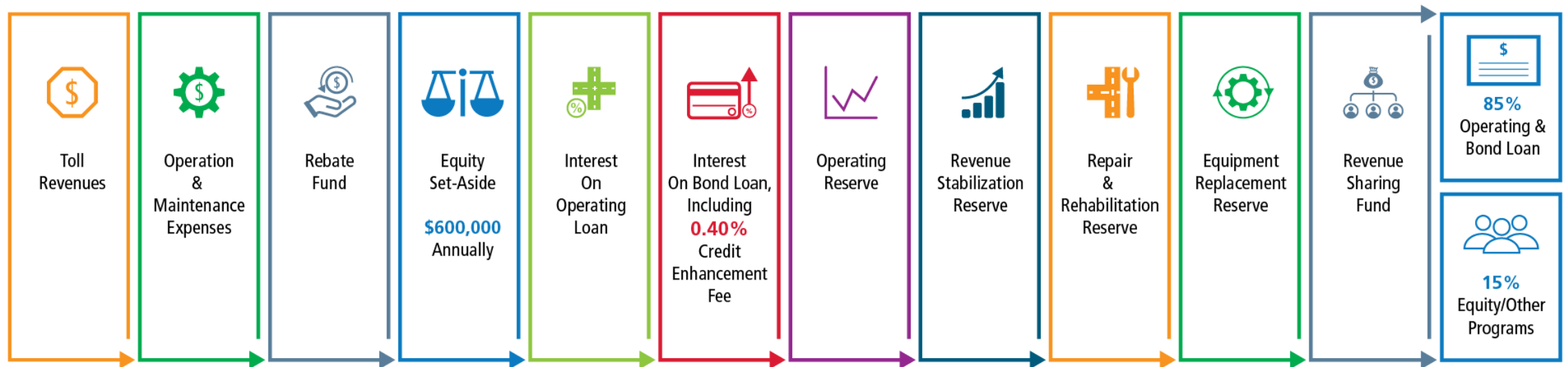
Flow of Funds Update Impact on Future Years

June 20, 2025

Item 4.1



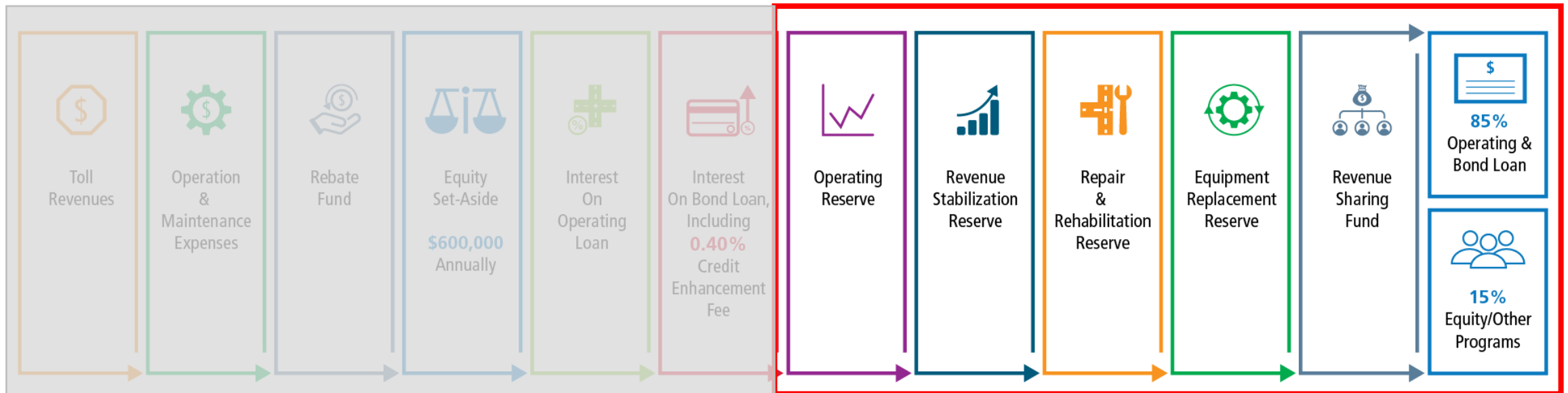
Flow of Funds Overview



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



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





Recap of May 2025 Staff Proposal & Board Request

- FY24 – Revenue Sharing Fund Allocation Proposal
 - 85%
 - Pay off Operating Loans, ~\$6M
 - Make a Bond Loan principal pre-payment of \$0.8M
 - 15% - \$1.2M to Equity Program Fund to meet FY26 shortfall
- Budget ~ \$16M in FY26 for capital reserves
- Board requested additional information on funding sustainability of the Equity Program

Impact on FY2026 Budget & Tradeoffs

Participation Levels	7,500	10,000
FY2026 Proposed Equity Program Budget	\$2.1 M	\$2.8 M
FY2026 Proposed Capital Reserve	\$9.1 M	\$0.0 M
Pros/Benefit	<ul style="list-style-type: none"> Allows equity program to be fully funded through FY2028 Accommodates some growth in participation (+1500) Allocates funding to capital reserves to protect against unexpected events and prepare for equipment replacement 	<ul style="list-style-type: none"> Provides most growth in equity program participation (+4000) Would allow more bond loan principal payment
Cons/Risks	<ul style="list-style-type: none"> May require limiting equity program participation Lower bond loan principal payment 	<ul style="list-style-type: none"> Projected annual deficit after FY2026 with potential need to seek additional funding sources for the equity program after FY2026 Deferred capital reserves with risk of underfunded reserves

Comparison of 7500 & 10000 Participants

	Balance After FY 2028	
Equity Program Participants	7,500	10,000
Operating Reserve	\$2.8 M	\$2.8 M
Revenue Stabilization Reserve	\$20.5 M	\$20.5 M
Combined Capital Reserves*	\$33.4 M	\$12.1 M
<i>Total Reserves</i>	<i>\$56.7 M</i>	<i>\$35.3 M</i>
Bond Loan Payments	\$18.1 M	\$25.8 M
Equity Program Status	Fully funded for 3 years	Deficits in FY27 and FY28
Bond Loan Balance	\$75.6 M	\$ 67.9 M

Note: The projections were generated by the Flow of Funds financial model and are subject to change as inputs into the model change.

Staff Recommendation

- Limit equity program participation to 7,500
- FY24 Revenue Sharing Fund Allocation
 - 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 and allow for excess funds to rollover to future years
- Budget ~ \$9.1M in FY26 for capital reserves

San Mateo County Express Lanes Joint Powers Authority Agenda Report

DATE: June 20, 2025

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

FROM: Kate Jordan Steiner
Chief Financial Officer

SUBJECT: **Public Hearing: Approval of SMCEL Resolution 25-06 on the adoption of the Fiscal Year 2026 (FY26) SMCEL-JPA Operating Budget.**

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

RECOMMENDATION

Staff recommends that the Board:

1. Conduct a public hearing on the approval of the FY2026 Budget, in accordance with Section 131266 of the California Public Utilities Code;
2. Adopt the FY2026 SMCEL-JPA Budget in the amount of \$37,080,077 as presented in Attachment A; and
3. Delegate investment authority to the Executive Council or designee, to act in the capacity of Treasurer, for the period of July 1, 2025, through June 30, 2026, pursuant to section 53607 of the California Government Code.

FISCAL IMPACT

Adoption of the FY26 Budget would provide the SMCEL-JPA budget authority for \$37,080,077 in anticipated expenditures in the upcoming fiscal year.

SOURCE OF FUNDS

Funding sources for the SMCEL-JPA mainly come from toll revenues, violations, fees and penalties and interest earnings along with Set Aside Prior Year Balances and Revenue Sharing Funds designated for the Equity Program. The Equity Program supports transportation access and toll discounts for low-income and underserved communities.

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 (the Board) 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 subject Express Lanes are on both the north and southbound lanes of the 101 in San Mateo County, beginning in the north in South San Francisco, extending 22 miles in length within San Mateo County, and linking to Santa Clara County's express lanes at the county line. 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 SMCEL-JPA Budget provides funding for (a) operations and maintenance of the lanes; (b) Equity Program administration and costs; (c) staff support & other Administration Costs; and (d) bond-loan-related fees.

INVESTMENT AUTHORITY DELEGATION

The authority to invest and manage holdings of the JPA rests with the Board. California Government Code (CGC) 53607 permits the Board to delegate the authority to invest and manage funds to one-year periods. This authority will be an annual board item to "approve" the investment policies that are in place. Although changes to the investment policy may occur occasionally, they are not made on an annual basis, and under Government Code Section 53646, board review is only required when such changes take place.

PUBLIC HEARING REQUIREMENTS & PROCESS

Section 131266 of the California Public Utilities Code requires the SMCEL-JPA to give notice of and hold a public hearing for the adoption of an annual budget. Notice of the time and place of the public hearing must be published at least once, 15 days prior to the hearing.

Notice of this public hearing appeared in the San Mateo Daily Journal on May 22, 2025. The notice is currently posted at the lobby of 1250 San Carlos Ave, San Carlos, the kiosk at the San Mateo County courtyard, where the SMCEL-JPA's agendas also are posted for public viewing. As of the date of publication of this staff report, no written comments have been received.

Staff recommends that the Board:

1. Conduct the public hearing;
2. Receive an oral staff report and presentation on the proposed budget;
3. Ask staff to answer any Board member questions;
4. Accept public comment;
5. Close the public hearing;
6. Hold Board discussion; and
7. Adopt the proposed budget.

CHANGES FROM MAY BOARD MEETING

Several updates have been made to the proposed budget following the May Board meeting. At the May Board meeting, the Board recommended the following actions as part of the FY24 Flow of Funds discussions:

1. Repay the approximately \$6M operating loan. The operating loans were issued by the member agencies – the San Mateo County Transportation Authority (SMCTA) and the City/County Association of Governments of San Mateo County (C/CAG) – to cover the operations of the SMCEL-JPA since its formation. These contributions served as operating advances and are intended to be repaid as program revenues become available.
2. Allocate monies from Revenue Sharing Fund (RSF). In accordance with the terms outlined in the SMCEL-JPA bond loan agreement with TA the 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) or Equity Program. With FY24 audited financials, staff used the flow of funds¹ model to calculate and allocate \$1.2M in RSF funds for the Equity Program, which provides transportation access and toll discounts for low-income and underserved communities. Based on the updated projection of 7,500 participants, the total cost of the FY26 Equity Program is projected at \$2.1M. As there is funding from the annual set aside of the FY26 toll revenues along with prior years' equity program set aside a balance of \$1.61M, only \$0.5M will be required to fund the program in FY26.
3. Fund a Capital Reserve. 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 assets, no capital repairs or replacement have been budgeted to date. However, it is necessary to develop a capital reserve to ensure sufficient funding is available for future repair and replacement needs. Based on the flow of funds discussion earlier on this agenda, the staff recommendation is to contribute \$9.1M to the Capital Reserve in FY26. Funding the reserve at \$9.1M leaves net revenues to flow to the equity program and bond loan payments.

Additionally, the following line-item estimates have been revised based on the most recent information:

4. Toll Revenues / Toll Violations, Fees, and Penalties
The FY25 forecast and FY26 budget estimates have been updated to reflect two key changes:
 - a. Revenue Reclassification: Toll violation revenues are now reported separately from toll revenues. This change improves transparency by distinguishing between standard toll collections and revenues derived from violations, fees, and penalties.

¹ The loan agreement outlines a flow of funds structure, 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.

- b. Revenue Recognition Methodology: The accounting approach has shifted from an accrual-based to a cash-based method. This transition aligns revenue recognition more closely with actual cash collections, enhancing the accuracy and reliability of financial reporting.

These projections have been revised using updated data covering the period from July 2024 through March 2025 rather than the previously used period of July 2024 through December 2024.

FY25 Forecast	May Board	June Board	Revenue Reclassification	Revenue Recognition	\$ Change
Toll Revenues	31,107,297	29,311,294	(1,044,256)	(751,747)	(1,796,003)
Toll Violations, Fess and Penalties	4,023,377	5,546,982	1,044,256	479,350	1,523,605
	35,130,674	34,858,276	-	(272,397)	(272,398)

FY26 Budget	May Board (Prelim)	June Board (Proposed)	Revenue Reclassification	Revenue Recognition	\$ Change
Toll Revenues	34,293,879	31,297,387	(1,133,992)	(1,862,500)	(2,996,492)
Toll Violations, Fess and Penalties	4,453,858	6,118,374	1,133,992	530,524	1,664,516
	38,747,737	37,415,761	-	(1,331,976)	(1,331,976)

5. Equity Program Administration and Costs – The projected cost has been reduced from \$2.8 million to \$2.1 million, based on a revised enrollment estimate of 7,500 participants, down from the original projection of 10,000. During the May Board meeting, staff presented the program’s flow of funds, and in response to the Board’s request, reevaluated the enrollment assumptions. The adjustment reflects the updated implementation timeline, with the program now expected to launch in late summer 2025. This reduced participant estimate not only aligns with the revised rollout schedule but also extends the program’s funding sustainability through FY28.

FY26 PROPOSED BUDGET

Please refer to Attachment A for a comparative schedule of the FY25 Adopted Budget, FY25 Forecast, and FY26 Proposed 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 \$40.3 million (M), an increase of \$2.9M (7.6%) compared to FY25 Forecast. The FY25 Forecast shows a total revenue of \$37.5M, an increase of \$6.4M from the FY25 Adopted Budget.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
SOURCES OF FUNDS					
TOTAL SOURCES OF FUNDS	31,038,000	37,466,331	40,323,114	2,856,784	7.6%

TOLL REVENUES (LINE 2) \$31.3M – INCREASE \$2.0M COMPARED TO FY25 FORECAST

This line item pertains to the collection of toll revenue for the San Mateo County’s express lanes, including tolls paid by FasTrak® account users.

The FY26 Proposed Budget is \$31.3 million, assuming steady traffic and a 6.8% year-over-year increase in trip volume, based on growth trends observed between FY24 and FY25 (July–March). Both the FY26 Proposed Budget and the FY25 Forecast reflect a shift to cash revenue recognition, effective March 2025, transitioning from accrual accounting to cash based to better align reported revenues with actual cash collections.

For FY25, total annual revenue is forecasted at \$29.3 million, informed by nine months of actual data (July 2024 – March 2025). Forecasts for the remaining months rely on average toll receipts from prior periods, adjusted to reflect year-over-year trip volume growth. By comparison, the FY25 Adopted Budget was \$28.0 million, based on the average monthly toll revenues from July to December 2023, with an applied 3% growth assumption.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
SOURCES OF FUNDS					
Toll Revenues	27,988,000	29,311,294	31,297,387	1,986,094	6.8%

TOLL VIOLATIONS, FEES AND PENALTIES (LINE 3) \$6.1M – INCREASE \$.6M COMPARED TO FY25 FORECAST

This line item includes revenue from toll violation notices on Express Lanes — including the toll amount, administrative fees, and penalties for non-payment or toll evasion.

The FY26 Proposed Budget is projected to be \$6.1M. This estimate is based on the average toll violation revenue, fees and penalties collected from July 2024 to March 2025. with

The FY25 Forecast of \$5.5.M is based on actuals from July to March 2025 and estimated similar growth for April to June 2025. The FY25 Forecast reflects an increase of \$3.3M over the FY25 Adopted Budget, primarily due to increased collections from the Department of Motor Vehicle and third-party 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 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
SOURCES OF FUNDS					
Toll Violations, Fees and Penalties	2,253,000	5,546,982	6,118,374	571,392	10.3%

Both the FY26 Proposed budget and FY25 Forecast are based on cash revenue recognition effective March 2025, a change from accrual basis to better align the reported revenues with actual cash collections.

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

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 \$100.0 million, \$1.0 million was earmarked for the Equity Program which provides transportation access and toll discounts for low-income and underserved communities.

The FY26 Proposed Budget includes no new allocation for the Equity Program, as the earmarked funds are expected to be fully expended in FY25. As of June 30, 2024, approximately \$732,000 has already been spent on the Equity Program, leaving a remaining balance of \$268,000 to be spent in FY25. The FY25 Adopted Budget assumed all funds would have been fully spent in FY24.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
SOURCES OF FUNDS					
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 Proposed 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 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
SOURCES OF FUNDS					
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 reflects toll revenue allocated for the administration of the San Mateo 101 Express Lanes Equity Program.

Beginning FY23, \$600K per year has been set aside to support the Equity Program. As of June 30, 2024, \$169K of these funds have been expended, resulting in a remaining balance of \$1.0M available for carryforward into FY25.

The FY25 Forecast includes funding of \$616K to support the Equity Program:

- the remaining \$268K in allocated bond funds
- \$400K from SMCTA Measure A (ACR TDM) funds.

The \$1.0M carryforward from prior years will also be applied toward the FY26 Equity Program, to fully fund the FY26 program at a total cost of \$2.1M.

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

REVENUE SHARING FUNDS – EQUITY PROGRAM (LINE 7) \$0.5M

The FY24 audited actuals and surpluses have been updated in the flow of funds schedule per the loan agreement. The FY24 actuals result in \$1.2M allocation of the Revenue Sharing Fund monies to the Equity Program. If approved by the Board in FY26, \$0.5M of the \$1.2M can be used to fully fund the Equity Program for up to 7,500 participants. The remaining balance may be carried forward to support the program in future years.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
SOURCES OF FUNDS					
Revenue Sharing Funds - Equity Program	-	-	488,406	488,406	100.0%

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

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

The FY26 Proposed Budget includes projected interest earnings of \$1.4M, based on an assumed average investment balance of \$42.6M at an interest rate of 3.3%. This represents a \$80.3K increase over the FY25 Forecast, which projected \$1.3M in interest earnings. The FY25 Forecast is based on seven months of actuals plus five months of estimates, assuming an investment balance of \$39.7M at the same 3.3% interest rate. For comparison, the FY25 Adopted Budget was based on a significantly lower investment balance of \$13.4M, also at a 3.3% interest rate.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
SOURCES OF FUNDS					
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 Proposed budget of \$6.7M covers:

- Program management
- Toll system operations and maintenance
- Regional Operations Center (ROC)/ 511 monitoring
- Civil costs not covered by Caltrans
- AT&T host and fiber costs
- 10% contingency

Key changes in FY26 include:

- \$400K increase in Program Management, reflecting the reallocation of Southwest Power Pool (SPP) data expenditures from the Backhaul line item.
- \$21K increase in ROC fixed costs
- \$144K increase in Other Civil Costs, primarily to expand Underground Service Alert (USA) coverage to the entire corridor.
- \$204K increase in Toll System, for end-of-life equipment updates.

These increases are offset by reductions in Toll System and AT&T host/fiber costs.

FY25 Forecast – \$7.0M

The FY25 forecast is based on year-to-date actuals. It includes:

- A year-over-year cost increase based on actuals from July to December 2023 and July to December 2024.
- \$1.0M in milestone payments for toll system end-of-life equipment upgrades, a cost not identified during the FY25 Adopted Budget development.

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

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 Proposed Budget is projected at \$3.7M

Cost Increase Basis: Based on year-over-year changes in expenses from:

- July 2023 – January 2024
- July 2024 – January 2025

Included Increases:

- Customer Service Center costs
- Credit card and bank fees
- 10% contingency for cost fluctuations

Comparison to FY25:

- FY26 vs FY25 Forecast: +\$0.1M (3.1% increase)
- FY25 Forecast: \$3.6M, a \$0.1M decrease from the FY25 Adopted Budget, which had factored in 3% growth using July–December 2023 average costs

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

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

The FY26 Proposed Budget is \$0.8 million, reflects the maximum value of the maintenance contract with Caltrans to provide budget authority should it be required.

- \$0.5M is allocated for direct maintenance: labor, equipment, and repair materials.
- \$0.3M supports Traffic Management Program (TIMP) operations, including real-time surveillance and incident response.

The FY25 Forecast is \$40,000, significantly lower, as it reflects only the projected expenditure for the year. The budget reflects the maximum value of the contract as standard practice to provide sufficient budget authority should the need arise.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
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 reflects the cost for enforcement services provided by the California Highway Patrol (CHP) to support express lane operations.

FY26 Proposed Budget is \$0.4 million, representing a decrease of \$8.5K compared to the FY25 Forecast. The FY25 Forecast was developed using actual expenditure for the first nine months of the fiscal year. The remaining three months were estimated using full-year historical data, plus a 10% contingency to account for potential cost variability.

Notably, the FY25 Forecast is already \$0.2 million lower than the FY25 Adopted Budget, reflecting one year of actuals. CHP enforcement activity on the Express Lanes has been lower than anticipated.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
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 Proposed Budget allocates \$1.4M, an increase of \$60K over the FY25 Forecast. This increase includes:
 - \$250K: Camera Detection Pilot to reduce toll revenue leakage
 - \$100K: Technical studies to support the implementation of a camera-based solution
 - (\$260K): Savings from the completion of the Organizational Study in FY25
 - (\$30K): Reduced scope of the new PPM contract

Note: Further PPM cost reductions are expected in future years as transition costs subside.
- The FY25 Forecast is \$1.4M, \$0.3M less than the FY25 Adopted Budget. The lower forecast reflects deferred technical studies and reduced advocacy/lobby services. The FY25 Forecast primarily covers HNTB's PPM contract and the ongoing organizational study and analysis.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
Consultant	1,645,000	1,360,000	1,420,000	60,000	4.4%
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%

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 Proposed Budget is \$0.7M, reflecting a \$53K increase over the FY25 Forecast. This increase is driven by higher premiums for General Liability, Public Officials Liability and Property Insurance.
- The FY25 Forecast is \$0.6M, a \$22K increase over the FY25 Adopted Budget per policy.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
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 Proposed Budget includes \$50K to cover claims payments for the full express lane corridor.
- The \$25K increase over the FY25 Forecast reflects a return to full funding needs.
- The FY25 Forecast was reduced by \$25K based on current policy and lower-than-expected claims activity.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
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 covers utility costs associated with Express Lanes operations, primarily from PG&E.

- The FY26 Proposed Budget allocates \$144K, reflecting an expected monthly utility expense of approximately \$12K.
- The FY25 Forecast is \$133K, based on a current trend of \$11K per month, significantly higher than the original FY25 Adopted Budget estimate of \$60K annually.

The increase in the FY26 budget reflects ongoing trends and a more accurate projection of monthly utility usage.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
Utilities	60,000	133,000	144,000	11,000	8.3%

**EQUITY PROGRAM ADMINISTRATION AND COSTS (LINE 20) \$2.1M – INCREASE \$0.8M
COMPARED TO FY25 FORECAST**

This line item includes costs associated with the benefits and administration of the existing Community Transportation Benefits Program (CTBP) for the 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 expenditure 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 7,500 mobility debit cards at \$200 each.

Included in FY26:

- Transition to Next Gen CTBP (Next Gen Debit Card system replacing Clipper Cards and FasTrak transponders)
- Program period: First 3 months – existing CTBP; final 9 months – Next Gen CTBP
- Key Expenditures:
 - 7,500 debit cards at \$200 each: \$1.5M
 - Card value loading/reloading: \$101K
 - Administrative fee (15%): \$221K
 - Implementation & maintenance (Beam Platform, etc.): \$152K
 - 10% contingency: ~\$190K

FY26 Funding Sources (\$2.1M):

1. \$600K – FY26 Toll Revenue
2. \$1.0M – Prior years' carryforward
3. \$500K – Revenue Sharing Funds

FY25 Forecast: \$1.3M

- Based on year-to-date FY25 actuals
- Included initial costs for Next Gen: \$85K (communications, early implementation)
- Clipper/FasTrak benefit value increased: from \$100 to \$200 per participant

FY25 Funding Sources:

1. \$268K – Bond Funds
2. \$400K – SMCTA Measure A ACR/TDM
3. \$616K – Carryforward from prior years

Key Differences FY25 vs. FY26:

Category	FY2025 Forecast	FY2026 Proposed
Total Budget	\$1.3M Forecast (\$1.5M Adopted)	\$2.1M
Main Program	Clipper/FasTrak	Clipper/FasTrak + Next Gen CTBP
Benefit Mechanism	Clipper/FasTrak Tags	Mobility Debit Cards
Administrative & Tech Contracts	Samaritan House	Samaritan House, Beam Platform
Debit Card Distribution	Approximately 5,000 cards @ \$200 = \$1.0M	7,500 cards @ \$200 = \$1.5M
Funding Composition	Bond Funds, SMCTA Measure A, Carryforward	Toll Revenue, Carryforward, Revenue Sharing

Equity program sources and uses of funds

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
SOURCES OF FUNDS					
Toll Revenue Set Aside	600,000	-	600,000	600,000	100.0%
Allocated Bond Funds	-	267,983	-	(267,983)	-100.0%
SMCTA Measure A (ACR TDM)	354,100	400,000	-	(400,000)	-100.0%
Set Aside Prior Years Balance	516,939	616,017	1,014,594	398,577	64.7%
Revenue Sharing Funds	-	-	488,406	488,406	100.0%
Total Funding Sources	1,471,039	1,284,000	2,103,000	819,000	63.8%
USES OF FUNDS					
Clipper Cards and FasTrak toll tag/transponders	1,396,039	1,020,000	26,000	(994,000)	-97.5%
Next Gen debit cards	-	-	1,513,000	1,513,000	100.0%
Annual administration cost (Samaritan House)	-	179,000	221,000	42,000	23.5%
Communication services, including translation of materials and marketing	75,000	45,000	-	(45,000)	-100.0%
Next Gen Implementation	-	40,000	27,000	(13,000)	-32.5%
Next Gen Maintenance	-	-	125,000	125,000	100.0%
Contingency (10%)	-	-	191,000	191,000	100.0%
Equity Program Administration and Costs	1,471,039	1,284,000	2,103,000	819,000	63.8%

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 Proposed Budget is projected at \$1.7M; \$0.6M more than the FY25 Forecast.

- Staffing: 6.82 full-time equivalents (FTEs) for C/CAG and San Mateo County Transit District (District)/TA staff time (includes a new Program Manager from C/CAG)
- District's Agency Indirect Administration (AIA) costs of \$152K.
- Main cost increases:
 - Higher staff time from District/TA
 - Addition of new program manager position
 - Increase in AIA cost is based on the FY26 draft Internal Cost Allocation Plan (ICAP).

The FY25 Forecast is projected at \$1.1M and based on year-to-date actuals, a decrease of \$73K from FY25 Adopted Budget due to less staff time charging than planned.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
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 includes compensation for the Board of Directors as well as associated expenses such as board meeting refreshments and Automated Data Processing (ADP) fees.

The FY26 Proposed Budget is \$14,000, reflecting a \$1,200 increase over the FY25 Forecast, primarily due to higher costs for recording and streaming board meetings. For context, the FY25 Adopted Budget was \$24,300, which assumed a greater number of board meetings and associated expenses.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
Board of Directors and Related Costs	24,300	12,700	13,900	1,200	9.4%
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%

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 less business travel and legal services than anticipated.

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

**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 the Operating loan advances from both C/CAG and TA, based on the monthly interest rate from the Local Agency Investment Fund (LAIF) account.

FY26 Proposed Budget:

- Zero Interest Expense: The proposed budget for FY26 shows zero interest expense because the operating advances (both C/CAG and TA) are expected to be fully repaid by July 1, 2025, using Revenue Sharing Funds.

Interest Rate Change:

- FY25 Adopted Budget: Interest rate was assumed to be 5%.
- FY25 Forecast Update: Interest rate decreased to an average of 3.95%, leading to a reduction in interest expense by \$87K.

FY25 Forecast: Interest expense was originally expected based on a \$6M operating advance with an interest rate of 5%. Due to a decrease in the interest rate from 5% to 3.95%, the interest expense was reduced by \$87K compared to the FY25 Adopted Budget.

In summary, the decrease in interest expense is largely driven by a reduction in the interest rate and the fact that the advances are expected to be fully repaid by mid-2025, which removes the need for any interest expense in FY26.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
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. Part of the bond covered the capitalized interest for the first three years. After March 2, 2024, capitalized interest was no longer available, but additional payments have been made to reduce the debt. As of FY26, the bond loan balance stands at \$93.7M, with an interest rate of 0.40%. The FY25 Forecast and FY26 Proposed Budgets align with these projections.

Key Elements of the Credit Fee & Bond Issuance:

1. Bond Issuance in 2020:

- A \$100.0M bond was issued by the Transportation Authority (TA) in 2020.
- The bond was secured to support capital financing and ongoing costs for the US 101 Express Lanes Project in collaboration with the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA).

2. Credit Fee:
 - A \$0.4M credit fee is charged as part of the bond issuance. This fee compensates the TA for assuming the risk and managing the bond issuance and its maintenance process.
3. Capitalized Interest:
 - The TA identified \$6.0M as capitalized interest for the first three years of the bond term, covering interest costs that were paid from the bond itself.
 - After March 2, 2024, capitalized interest was no longer available to cover interest expenses.
4. Repayment of Debt:
 - On December 2, 2024, a prepayment of \$6.29M was made to reduce the bond balance. This amount was made up of unused capitalized interest and capital project funds.
5. Bond Loan Balance:
 - The proposed FY26 Budget assumes the remaining bond loan balance is \$93.7M.
 - This balance will be subject to an annual interest rate of 0.40%.
6. Budget Consistency:
 - The FY25 Forecast is consistent with the FY26 Proposed Budget.
 - The FY25 Adopted Budget was based on the original \$100M bond and the 0.40% interest rate.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
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 Proposed Budget projects a decrease of \$18K compared to the FY25 Forecast. The Proposed 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 of \$670K due to the reduction of a portion of bond loan being paid off in December 2024.

	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
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 Proposed Budget at \$3.3M reflects a decrease of \$91.7K, based on a 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 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
USES OF FUNDS					
SMCEL-JPA Bond Interest	3,500,000	3,371,579	3,279,850	(91,729)	-2.7%

TOTALS OPERATING EXPENSES: (LINE 28)

The FY26 Proposed Budget is anticipated to be \$22.0M, showing an increase of \$1.9M over the FY25 Forecast. This is largely driven by:

- \$807K - Express Lanes Maintenance to reflect the full contract amount,
- \$819K - Equity Program increase is \$819K based on 7,500 participants
- \$308K - Staff Support mostly due to the addition of the new program manager

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 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE
TOTAL OPERATING EXPENSES	22,258,749	20,127,060	22,000,077	1,873,018	9.3%

TOTAL OPERATING SURPLUS/(DEFICIT): (LINE 29)

The FY25 Forecast projects a surplus of \$17.3M; and the FY26 Proposed Budget results in a surplus of \$18.3M. Upon completion of the FY25 year-end audit, staff will allocate the surplus 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.

OPERATING LOAN PAYOFF (LINE 31) \$6.0M

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, 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 repaying the outstanding operating loan balance to both SMCTA and C/CAG.

The estimated total outstanding balance by June 30, 2025, will be approximately \$6.0M which includes variable interest based on the county pool rate.

CAPITAL RESERVE: (LINE 32) \$9.1M

The loan agreement includes two capital reserve accounts (Repair & Rehabilitation Fund and Equipment Replacement Reserve Fund) which are funded when related expenses are budgeted. Since the facility is relatively new, no such expenses have been budgeted yet. However, building a capital reserve is important to cover future repair and replacement costs.

Based on the flow of funds, up to \$15.8M could be budgeted in FY26 for the two capital reserve accounts (Repair & Rehabilitation Fund and Equipment Replacement Reserve Fund). The Board discussion in May reflected a desire to have sustainable funding for the Equity Program, reasonable reserves, and regular payments to the bond loan. Based on Board discussion, staff recommends budgeting \$9.1M in Capital Reserves.

ATTACHMENTS:

1. SMCEL Resolution 25-06
2. Attachment A: Proposed FY26 SMCEL-JPA Budget
3. Proposed FY26 Budget Presentation

RESOLUTION SMCEL 25-06

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY (SMCEL-JPA) ADOPTING THE SMCEL-JPA BUDGET FOR FISCAL YEAR 2026 IN THE AMOUNT OF \$37,080,077.

BE IT RESOLVED by the Board of Directors of the Express Lanes Joint Powers Authority (SMCEL-JPA); that

WHEREAS, Section 131265(a) of the California Public Utilities Code requires the SMCEL-JPA Board of Directors to adopt an annual budget; and

WHEREAS, in accordance with Section 131266 of the California Public Utilities Code, the Authority conducted a public hearing concerning the annual budget at its meeting on June 20th, 2025; and

WHEREAS, the Board of Directors has been presented for its consideration and approval a proposed budget of \$37,080,077 for Fiscal Year 2026; and

WHEREAS, the Board delegates the investment authority to the Executive Council or designee, to act in the capacity of Treasurer, for the period of July 1, 2025, through June 30, 2026, pursuant to section 53607 of the California Government Code.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the SMCEL-JPA adopts the budget for Fiscal Year 2026, a copy of which is attached and incorporated herein as Attachment A.

NOW, THEREFORE, BE IT RESOLVED that the Board delegates investment authority to the Executive Council or designee, to act in the capacity of Treasurer, for the period of July 1, 2025, through June 30, 2026, pursuant to section 53607 of the California Government Code.

PASSED, APPROVED, AND ADOPTED, THIS 20th DAY OF JUNE 2025.

Rico E. Medina, Chair

**SAN MATEO COUNTY EXPRESS LANES JPA
FY2026 PROPOSED BUDGET**

		FY2024 ACTUALS	FY2025 ADOPTED	FY2025 FORECAST	FY2026 PROPOSED	FY25 FORECAST vs FY26 PROPOSED	PERCENTAGE CHANGE	
1	SOURCES OF FUNDS							1
2	Toll Revenues	28,651,713	27,988,000	29,311,294	31,297,387	1,986,094	6.8%	2
3	Toll Violations, Fees and Penalties	2,049,709	2,253,000	5,546,982	6,118,374	571,392	10.3%	3
4	Allocated Bond Funds - Equity Program	290,117	-	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	-	-	-	488,406	488,406	100.0%	7
8	Miscellaneous Revenue (Interest Income)	735,303	442,900	1,324,055	1,404,353	80,298	6.1%	8
9	TOTAL SOURCES OF FUNDS	31,726,842	31,038,000	37,466,331	40,323,114	2,856,784	7.6%	9
10								10
11	USES OF FUNDS							11
12	Toll Operations and Maintenance (BAIFA)	4,079,222	6,950,000	6,982,000	6,681,000	(301,000)	-4.3%	12
13	FasTrak Customer Service (BATA)	3,615,259	3,647,500	3,561,000	3,670,000	109,000	3.1%	13
14	Express Lane Maintenance	38,971	847,000	40,000	847,000	807,000	2017.5%	14
15	Express Lane Enhanced Enforcement (CHP)	373,147	616,000	430,509	422,000	(8,509)	-2.0%	15
16	Consultant	1,267,399	1,645,000	1,360,000	1,420,000	60,000	4.4%	16
17	Insurance	513,300	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	101,048	60,000	133,000	144,000	11,000	8.3%	19
20	Equity Program Administration and Costs	459,506	1,471,039	1,284,000	2,103,000	819,000	63.8%	20
21	Staff Support & Admin Overhead	794,885	1,197,358	1,124,195	1,702,200	578,005	51.4%	21
22	Board of Directors and Related Costs	15,698	24,300	12,700	13,900	1,200	9.4%	22
23	Other Administrative Costs	100,381	240,465	165,107	227,911	62,804	38.0%	23
24	Interest Expense on Operating Advances	221,758	320,587	233,502	-	(233,502)	-100.0%	24
25	Credit Fee	400,000	400,000	374,840	374,840	-	0.0%	25
26	SMCEL-JPA Bond Related Debt Fees	146,598	670,000	432,136	414,377	(17,759)	-4.1%	26
27	SMCEL-JPA Bond Interest	1,019,754	3,500,000	3,371,579	3,279,850	(91,729)	-2.7%	27
28	TOAL OPERATING EXPENSES	13,146,926	22,258,749	20,127,060	22,000,077	1,873,018	9.3%	28
29	TOTAL OPERATING SURPLUS/(DEFICIT)	18,579,916	8,779,251	17,339,271	18,323,037	983,766	5.7%	29
30								30
31	Operating Loan Payoff	-	-	-	6,000,000	6,000,000	100.0%	31
32	Capital Reserve	-	-	-	9,080,000	9,080,000	100.0%	32
33	TOTAL USES OF FUNDS	13,146,926	22,258,749	20,127,060	37,080,077	16,953,018	84.2%	33
34	ADJUSTED NET SURPLUS (DEFICIT)	18,579,916	8,779,251	17,339,271	3,243,037	(14,096,234)	-81.3%	34

**SAN MATEO COUNTY EXPRESS LANES JPA
FY2026 PROPOSED BUDGET**

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4	Allocated Bond Funds - Equity Program	290,117	-	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	-	-	-	488,406	488,406	100.0%	7
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25	Credit Fee	400,000	400,000	374,840	374,840	-	0.0%	25
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31	Operating Loan Payoff	-	-	-	6,000,000	6,000,000	100.0%	31
32	Capital Reserve	-	-	-	9,080,000	9,080,000	100.0%	32
33	TOTAL USES OF FUNDS	13,146,926	22,258,749	20,127,060	37,080,077	16,953,018	84.2%	33
34	ADJUSTED NET SURPLUS (DEFICIT)	18,579,916	8,779,251	17,339,271	3,243,037	(14,096,234)	-81.3%	34



Fiscal Year 2026 Proposed Budget

Item #4.2

Agenda

1. Sources of Funds
2. Changes to Toll Revenues / Violations, Fees and Penalties
3. Uses of Funds
4. Equity Program Scenarios
5. Net Position

1. SOURCES OF FUNDS, FY25 to FY26 (\$ Millions)

	FY25 FORECAST	FY26 PROPOSED	% <i>CHANGE</i>
Toll Revenues	\$ 29.31	\$ 31.30	6.8%
Toll Violations, Fees and Penalties	5.55	6.12	10.3%
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 *	-	0.49	100.0%
Miscellaneous Revenue (Interest Income)	1.32	1.40	6.1%
TOTAL	\$ 37.47	\$ 40.32	7.6%

2. Changes to Toll Revenues/Violations, Fees and Penalties

I. Revenue Reclassification

- Separate toll violation revenues from toll revenues
- Improve transparency

II. Revenue Recognition Methodology Change

- Accrual-based to cash-based accounting
- Aligns revenue recognition with cash collection

2. Changes to Toll Revenue/Violations, Fees and Penalties (\$ Millions)

FY25 Forecast	May Board	June Board	Revenue Reclassification	Revenue Recognition	\$ Change
Toll Revenues	31.11	29.31	(1.04)	(0.75)	(1.80)
Toll Violations, Fees/Penalties	4.02	5.55	1.04	0.48	1.52
Total	35.13	34.86	-	(0.27)	(0.27)
FY26 Proposed	May Board (Prelim)	June Board (Proposed)	Revenue Reclassification	Revenue Recognition	\$ Change
Toll Revenues	34.29	31.30	(1.13)	(1.86)	(3.00)
Toll Violations, Fees/Penalties	4.45	6.12	1.13	0.53	1.66
Total	38.75	37.42	-	(1.33)	(1.33)

3. USES OF FUNDS, FY25 to FY26 (\$ Millions)

	FY25 FORECAST	FY26 PROPOSED	% <i>CHANGE</i>
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)	0.04	0.85	2017.5%
Express Lane Enhanced Enforcement (CHP)	0.43	0.42	(2.0%)
Equity Program Administration and Costs (7.5K users)	1.28	2.10	63.8%
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%)
TOTAL	\$ 20.13	\$ 22.00	9.3%

4. Equity Program Scenarios (\$ Millions)

	7.5K Participants	10K Participants	\$ Change
Toll Revenue Set Aside	\$ 0.60	\$ 0.60	-
Set Aside Prior Years Balance	1.01	1.01	-
Revenue Sharing Funds *	0.00	0.00	-
Total Equity Sources	\$ 1.61	\$ 1.61	\$ -
Clipper/Next Gen Debit Card	1.54	2.10	(0.56)
Administrative Costs	0.22	0.24	(0.02)
Next Gen Platform Implementation Costs	0.34	0.44	(0.10)
Total Equity Program Uses	\$ 2.10	\$ 2.78	\$ (0.68)
NET POSITION (EQUITY PROGRAM)	\$ (0.49)	\$ (1.17)	\$ 0.68

4. Assume Staff Recommendation from Item 4a, including 7,500 Participants

Funding Priority	FY26 Fiscal Impact
Next Gen Equity Program - \$0.5M of Revenue Sharing Funds	Eliminate funding shortfall to fully fund Equity program up to 7,500 participants in FY26
Paying Off Operating Loans - \$6M	Reduce/eliminate interest expense on Operating Advances
Build Up Reserves - \$9.1M	Budget for capital expenditures to meet reserve target

5. NET POSITION, FY25 to FY26 (\$ Millions)

	FY25 FORECAST	FY26 PROPOSED	% <i>CHANGE</i>
Sources of Funds	\$ 37.47	\$ 40.32	7.6%
Uses of Funds	20.13	22.00	9.3%
Projected Sources over Uses	\$ 17.34	\$ 18.32	5.7%
Operating Loan Payoff	-	6.00	100.0%
Capital Reserve	-	9.08	100.0%
Total Uses of Funds	20.13	37.1	84.2%
Adjusted Net Surplus (Deficit)	\$ 17.34	\$ 3.24	-



Questions?

San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: June 20, 2025

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

From: Executive Council

Subject: Election of a Chairperson and a Vice Chairperson to serve a one-year term, effective July 1, 2025

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

RECOMMENDATION

That the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) Board of Directors elect a Chair and Vice-Chair to serve a one-year term, effective July 1, 2025.

FISCAL IMPACT

None

SOURCE OF FUNDS

N/A

BACKGROUND

The Joint Exercise of Powers Agreement (JEPA) for the San Mateo County Express Lanes, Article IV, Section 4.6 states that the Board will elect a Chair and Vice-Chair from its members. See Attachment 1 for the JEPA.

Chairperson and Vice Chairperson

The Chair and Vice-Chair will each serve a one-year term. They must be appointees from different member organizations, which include the City/County Association of Governments of San Mateo County (C/CAG) and the San Mateo County Transportation Authority (SMCTA). Further, the Chair and Vice-Chair positions must be held by appointees of alternating Members in alternating years (e.g., in Year 1, one of Member A's appointees will be the Chair and one of Member B's appointees will be the Vice-Chair; the opposite will be true in Year 2). This rotation and the term of office may be altered as designated in rules or bylaws established by the Board.

On June 14, 2024, the SMCEL-JPA appointed San Bruno City Councilmember Rico E. Medina (SMCTA) as the Chair, and City of San Bruno Councilmember Michael Salazar (C/CAG) as the Vice-Chair.

Staff recommends that the election of the Chairperson precedes the election of the Vice Chairperson.

The Chair will preside over all meetings of the board and will sign all contracts on behalf of the SMCEL-JPA, except contracts that the Board may authorize an officer or agent, or employee of the SMCEL-JPA to sign. The Chair will perform such other duties as may be imposed by the Board in accordance with law and the JEPa.

The Vice-Chair will act, sign contracts, and perform all of the Chair's duties in the absence of the Chair.

Voting

In accordance with the JEPa, voting on the Chair and Vice-Chair will require five (5) Board members to be present, and requires the affirmative vote of at least four (4) Board members.

ATTACHMENT

1. The JEPa is available online at: <https://ccag.ca.gov/wp-content/uploads/2018/07/First-Amended-and-Restated-JEPa-executed-agreement-CCAG.pdf>.