

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

Meeting No. 42

Date: Friday, November 18, 2022 Time: 9:00 A.M.	Join by Webinar: https://us02web.zoom.us/j/84302192513?pwd=b3UvREE2MUI5eTVzeVY3VmJoRmEyQT09 Webinar ID: 843 0219 2513 Password: 111822 Join by Phone: (669) 900-6833
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Board of Directors: Rico E. Medina (Chair), Alicia Aguirre (Vice Chair), Diane Papan, Emily Beach, Maryann Moise Derwin and Don Horsley

On September 16, 2021, the Governor signed AB 361, which amended certain provisions of the Ralph M. Brown Act in order to allow for local legislative bodies to conduct their meetings remotely via telephonically or by other electronic means under specified circumstances. Thus, pursuant to Government Code section 54953(e), the SMCEL-JPA Board meeting will be conducted via remote conferencing. Members of the public may observe or participate in the meeting remotely via one of the options above.

Persons who wish to address the SMCEL-JPA Board on an item to be considered at this meeting, or on items not on this agenda, are asked to submit written comments to mcrume@smcgov.org. Spoken public comments will also be accepted during the meeting through Zoom. Please see instructions for written and spoken public comments at the end of this agenda.

- 1.0 CALL TO ORDER/ ROLL CALL
- 2.0 BRIEF OVERVIEW OF TELECONFERENCE MEETING PROCEDURES
- 3.0 COVID-19 PANDEMIC STATE OF EMERGENCY
 - 3.1 Review and approval of Resolution SCMEL 22-26 finding that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in person would present imminent risks to the health or safety of attendees.

ACTION p. 1

4.0 PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Note: Public comment is limited to two minutes per speaker.

5.0 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.

- 5.1 Approval of the minutes of Board of Directors regular business meeting No. 41 dated October 14, 2022. ACTION p. 6

- 5.2 Acceptance of the Annual Financial Report for the Fiscal Year Ended June 30, 2022. ACTION p. 10

- 5.3 Accept the Sources and Uses of Funds for the FY22 Period Ending September 30, 2022. ACTION p. 30

6.0 REGULAR AGENDA

- 6.1 Receive information on Assembly Bill 2594 that requires Express Lanes to adopt payment plans. INFORMATION p. 32
- 6.2 Receive update on the US 101 Express Lanes operations. INFORMATION p. 35
- 6.3 Receive a verbal update on the opening of the 101 Express Lane northern segment. INFORMATION

7.0 REPORTS

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

8.0 WRITTEN COMMUNICATIONS

None.

9.0 NEXT REGULAR MEETING

December 9, 2022

10.0 ADJOURNMENT

PUBLIC NOTICING: All notices of San Mateo County Express Lanes Joint Powers Authority Regular Board meetings, standing committee meetings, and special meetings will be posted at the San Mateo County

Courtyard, 555 County Center, Redwood City, CA.

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 location of 555 County Center, 5th Floor, Redwood City, CA 94063, for the purpose of making public records available for inspection. Please note this location is temporarily closed to the public; please contact Mima Crume at mcrume@smcgov.org to arrange for inspection of public records.

PUBLIC PARTICIPATION: Please refer to the first page of this agenda for instructions on how to participate in the meeting. Persons with disabilities who require auxiliary aids or services in attending and participating in this meeting should contact Mima Crume at (650) 599-1406, five working days prior to the meeting date.

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. The length of the emailed comment should be commensurate with the two minutes customarily allowed for verbal comments, which is approximately 250-300 words.
5. If your emailed comment is received at least 2 hours prior to the meeting, it will be provided to the SMCELJPA Board members, made publicly available on the Express Lanes website along with the agenda. We cannot guarantee that emails received less than 2 hours before the meeting will be read during the meeting, but such emails will be included in the administrative record of the meeting.

Spoken comments will be accepted during the meeting through Zoom. Please read the following instructions carefully:

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" and if you joined the meeting by phone, dial *9 to raise your hand. The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called on to speak.
5. When called, please limit your remarks to the time allotted.

If you have any questions about this agenda, please contact:

Mima Crume, Clerk - (650) 599-1406

San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: November 18, 2022

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

From: Executive Council

Subject: Review and approval of Resolution SMCEL 22-26 finding that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in person would present imminent risks to the health or safety of attendees.

(For further information please contact Timothy Fox at tfox@smcgov.org)

RECOMMENDATION

Review and approval of Resolution SMCEL 22-26 finding that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in person would present imminent risks to the health or safety of attendees.

FISCAL IMPACT

There is no fiscal impact associated with this item.

SOURCE OF FUNDS

None.

BACKGROUND

On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which rescinded his prior Executive Order N-29-20 and set a date of October 1, 2021 for public agencies to transition back to public meetings held in full compliance with the Brown Act. The original Executive Order provided that all provisions of the Brown Act that required the physical presence of members or other personnel as a condition of participation or as a quorum for a public meeting were waived for public health reasons. If these waivers fully sunset on October 1, 2021, legislative bodies subject to the Brown Act would have to contend with a sudden return to full compliance with in-person meeting requirements as they existed prior to March 2020, including the requirement for full physical public access to all teleconference locations from which board members were participating.

On September 16, 2021, the Governor signed AB 361, a bill that formalizes and modifies the teleconference procedures implemented by California public agencies in response to the Governor's Executive Orders addressing Brown Act compliance during the COVID-19 emergency. AB 361 allows a

local agency legislative body to continue to use teleconferencing under the same basic rules as provided in the Executive Orders when certain circumstances occur or when certain findings have been made and adopted by the legislative body.

AB 361 provides that Brown Act legislative bodies must return to in-person meetings on October 1, 2021, unless they choose to continue with fully teleconferenced meetings because a specific declaration of a state or local health emergency is appropriately made. AB 361 allows legislative bodies to continue to conduct virtual meetings as long as there is a gubernatorially-proclaimed public emergency in combination with (1) local health official recommendations for social distancing or (2) adopted findings that meeting in person would present an imminent risk to health or safety. AB 361 is effective immediately as urgency legislation and will sunset on January 1, 2024.

AB 361 also requires that, if the state of emergency remains active for more than 30 days, the legislative body must make findings by majority vote every 30 days to continue using the bill's exemption to the Brown Act teleconferencing rules. Specifically, the legislative body must find that the need for teleconferencing persists due to risks posed by the ongoing state of emergency. Effectively, this means that local agencies must either agendaize a Brown Act meeting once every thirty days to make these findings, or, if a local agency has not made such findings within the prior 30 days, the local agency must re-adopt the initial findings if it wishes to conduct a remote meeting.

Public Agencies that want to continue with the option for remote meetings due to the COVID-19 emergency are preparing to bring findings to their elective bodies. The San Mateo County Board of Supervisors approved a similar resolution on consent at the September 28, 2021 meeting. On October 8, 2021, the SMCEL-JPA approved resolution 21-15 making the findings necessary for remote meetings; the Board has subsequently adopted similar resolutions making findings to continue remote meetings.

DISCUSSION

The County's high vaccination rate, successfully implemented local health measures (such as indoor masking), and best practices by the public (such as voluntary social distancing) have proven effective, in combination, at controlling the local spread of COVID-19.

However, reducing the circumstances under which people come into close contact remains a vital component of the County's COVID-19 response strategy. While local agency public meetings are an essential government function, the last 18 months have demonstrated that conducting such meetings virtually is feasible.

Public meetings pose high risks for COVID-19 spread for several reasons. These meetings bring together people from throughout a geographic region, increasing the opportunity for COVID-19 transmission. Further, the open nature of public meetings makes it difficult to enforce compliance with vaccination, physical distancing, masking, cough and sneeze etiquette, or other safety measures. Moreover, some of the safety measures used by private businesses to control these risks may be less effective for public agencies.

These factors combine to make in-person public meetings imminently risky to health and safety.

We recommend that the Board avail itself of the provisions of AB 361 allowing continuation of remote meetings by adopting findings to the effect that conducting in-person meetings would present an

imminent risk to the health and safety of attendees. A resolution to that effect, and directing staff to take such other necessary or appropriate actions to implement the intent and purposes of the resolution, is attached hereto.

ATTACHMENT

1. Resolution SMCEL 22-26

RESOLUTION SMCEL 22-26

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY (SMCEL-JPA) FINDING THAT, AS A RESULT OF THE CONTINUING COVID-19 PANDEMIC STATE OF EMERGENCY, MEETING IN PERSON FOR MEETINGS OF THE SMCEL-JPA BOARD OF DIRECTORS WOULD PRESENT IMMINENT RISKS TO THE HEALTH OR SAFETY OF ATTENDEES.

RESOLVED, by the Board of Directors of the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) that,

WHEREAS, on March 4, 2020, pursuant to California Government Code section 8550, *et seq.*, Governor Newsom proclaimed a state of emergency related to the COVID-19 novel coronavirus, and subsequently, the San Mateo County Board of Supervisors declared a local emergency related to COVID-19, and the proclamation by the Governor and declaration by the Board of Supervisors remain in effect; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended certain provisions in the California Open Meeting law, Government Code section 54950 *et seq.* (the “Brown Act”), related to teleconferencing by local agency legislative bodies, provided certain requirements were met and followed; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended provisions of Executive Order N-29-20 that waive otherwise-applicable Brown Act requirements related to remote/teleconference meetings by local agency legislative bodies through September 30, 2021; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361 into law, and AB 361 that provides that a local agency legislative body subject to the Brown Act may continue to meet without complying with the otherwise-applicable requirements in the Brown Act related to remote/teleconference meetings by local agency legislative bodies, provided that a state of emergency has been declared and the legislative body determines that meeting in person would present imminent risks to the health or safety of attendees, and provided that the legislative body makes such findings at least every thirty (30) days during the term of the declared emergency; and

WHEREAS, on January 5, 2022, the Governor issued Executive Order N-1-22, which suspended the original sunset date of AB 361 from January 31, 2022 to March 31, 2022, allowing local agencies to continue to conduct meetings via teleconference under modified rules of AB 361 as the pandemic continues; and

WHEREAS, the SMCEL-JPA Board of Directors concludes that there is a continuing threat of COVID-19 to the community, and that Board meetings have characteristics that give rise to risks to health and safety of meeting participants (such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to participate fully in public governmental meetings, and the challenges with fully ascertaining and ensuring

compliance with vaccination and other safety recommendations at such meetings); and

WHEREAS, the California Department of Public Health (“CDPH”) and the federal Centers for Disease Control and Prevention (“CDC”) caution that the Omicron variant of COVID-19, currently the dominant strain of COVID-19 in the country, is much more transmissible than prior variants of the virus and that even fully vaccinated individuals can spread the virus to others resulting in rapid and alarming rates of COVID-19 cases and hospitalizations; and

WHEREAS, the SMCEL-JPA Board of Directors has an important governmental interest in protecting the health and safety of those who participate in its meetings; and

WHEREAS, on October 8, 2021, the SMCEL-JPA Board of Directors approved Resolution 21-15 making the findings necessary to continue remote meetings and invoked the provisions of AB 361; and

WHEREAS, at subsequent meetings, the SMCEL-JPA Board of Directors has adopted subsequent resolutions making the findings necessary to continue remote meetings for SMCEL-JPA Board of Directors; and

WHEREAS, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, the SMCEL-JPA Board of Directors deems it necessary to find that meeting in person would present imminent risks to the health or safety of attendees, and thus intends to continue to invoke the provisions of AB 361 related to teleconferencing;

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that

1. The recitals set forth above are true and correct.
2. The SMCEL-JPA Board of Directors has reconsidered the circumstances of the state of emergency caused by the spread of COVID-19.
3. The SMCEL-JPA Board of Directors finds that holding meetings of the SMCEL-JPA Board of Directors would present imminent risks to the health or safety of attendees.
4. Staff is directed to take such other necessary or appropriate actions to implement the intent and purposes of this resolution.

PASSED, APPROVED, AND ADOPTED, THIS 18TH DAY OF NOVEMBER, 2022.

Rico E. Medina, Chair

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

Meeting No. 41
October 14, 2022

In compliance with Governor's Executive Order N-29-20, and pursuant to the Shelter-in-Place Order issued by the San Mateo County Health Officer, this meeting was conducted via remote conferencing.

Board of Directors: Rico E. Medina (Chair), Alicia Aguirre (Vice Chair), Diane Papan, Don Horsley, Emily Beach and Maryann Moise Derwin

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.

Members Present:

C/CAG Members: Maryann Moise Derwin, Diane Papan, Alicia Aguirre

SMCTA Members: Don Horsley, Emily Beach, Rico E. Medina

Members Absent:

None.

Staff Present:

Sean Charpentier – Executive Council

Mima Crume – Clerk

Tim Fox – Legal Counsel

Van Ocampo, Kaki Cheung – C/CAG staff supporting SMCEL-JPA

April Chan, Connie Mobley-Ritter, Grace Martinez – SMCTA staff supporting SMCEL-JPA

Matt Click, Lacy Vong, Christa Cassidy, Monique Fuhrman – HNTB

Other members of staff and the public were in attendance.

2.0 BRIEF OVERVIEW OF TELECONFERENCE MEETING PROCEDURES

Clerk Crume provided an overview of the teleconference meeting procedures.

3.0 PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Note: Public comment is limited to two minutes per speaker.

4.0 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.

4.1 Approval of the minutes of Board of Directors regular business meeting No. 40 dated September 16, 2022. APPROVED

4.2 Review and approval of Resolution SCMEL 22-25 finding that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in person would present imminent risks to the health or safety of attendees. APPROVED

4.3 Accept the Sources and Uses of Funds for the FY22 Period Ending June 30, 2022. APPROVED

4.4 Accept the Sources and Uses of Funds for the FY23 Period Ending August 31, 2022. APPROVED

Director Beach MOVED to approve items 4.1 through 4.4 of the consent agenda. Director Aguirre SECONDED. Roll call was taken. **MOTION CARRIED 5-0-0**

5.0 REGULAR AGENDA

5.1 Receive update on the US 101 Express Lanes operations. INFORMATION

The Board received an update on the US 101 Express Lanes operation. The express lanes continue to operate at a good level of service, as do the general-purpose lanes. The express lanes are still in a ramp-up phase and performing well.

Board of Director Papan had a follow-up question on equity and asked if the JPA has been able to expand our equity program registration to the south.

Mr. Click said there has been more enrollments in the southern part of the County, although the number of participants are still higher in the northern part of county. The Program Managers are still working on a marketing plan to specifically focus on the south county.

Public Member Drew commented on a follow up from last month. He inquired about whether there are any further breakdown on image-based transactions between FasTrak account holders and those that do not have a FasTrak account. Drew also asked if there is a maximum cost for driving in the express lanes. He was traveling southbound in the evening and noticed the sign said \$7 and wanted to know if it was a glitch in the system.

Mr. Click responded that the toll system is doing what it's supposed to do. There is an algorithm that increases and decreases the pricing. The goal is to maintain a

45 mile an hour traffic speed in the express lanes. The Program Manager reports on the average toll amount. Staff did not have a breakdown for violations between those with and without transponders. Staff will work with some peer agency and get back to him next month.

6.0 REPORTS

a) Chairperson Report.

Chair Medina has saved his report towards the executive council report.

b) Member Communication.

None.

c) Executive Council Report - Executive Council Verbal Report.

Sean Charpentier gave the Board an update on the construction schedule. Currently the most recent schedule shows that by the middle of November, the JPA will be able to open both the northbound and southbound lanes to HOV three usage. The signs are fabricated, and they will be installed on the overhead signs next week, therefore, motorists can expect to see truction activity in the lane. Once the signs are installed, crews will go back in and remove the temporary barriers. The testing of the toll equipment is continuing. Our current estimate for commencement of polling is next year. All schedule estimates are weather dependent, and we will start having a regular item on the agenda to report on lane opening schedule. There has been a great deal of interest in opening the lane early. In response to that, an FAQ's have been updated with current schedule information. The Q&A is available at smcexpresslanes.org.

In addition, the governor signed AB 2594 from Phil Ting into law. This new legislation requires toll bridges and express lanes in the state of California to have a payment plan related to equity. The deadline for creating such is program is July 1, 2023 for toll bridges. The deadline for Express Lanes to implement a plan is July 1, 2024. We are in conversation with both the Bay Area Toll Authority and the other express lane operators to work in a uniform fashion and have consistent implementation of this legislation. Right now, staff is targeting that change for the earlier deadline to be consistent with the bridges. Staff will be talking to the board over the next couple months about this change.

Chair Medina added that any emails that have been received are being replied to. There was one he personally replied to at about 10:20 p.m. to the person with the concerns. We are available, we are answering, and we are updating. He wanted to assure that the Board and the Community of that. In addition, the Chair congratulated April Chan, who has been announced as the General Manager/CEO of the San Mateo County Transit District. April will begin her new role in capacity and start her new chapter on November 1st.

April Chan thanked Chair Medina and the Board of Directors. She would like the

Board to know that they are going to be working on a ribbon cutting event as the JPA opens up the entire US 101 corridor. More details to come as we continue to report back to the board on the progress.

d) Policy/Program Manager Report.

None.

7.0 WRITTEN COMMUNICATIONS

None.

8.0 NEXT REGULAR MEETING

November 18, 2022

9.0 ADJOURNMENT – 9:20 a.m.

San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: November 18, 2022

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

From: Executive Council

Subject: Acceptance of the Annual Financial Report for the Fiscal Year Ended June 30, 2022

(For further information please contact Grace Martinez, Acting CFO, at 650-508-6274)

RECOMMENDATION

That the SMCEL-JPA Board accepts and enters into the record the the Annual Financial Report for the Fiscal Year Ended June 30, 2022.

BACKGROUND

Annually, staff is responsible for the preparation of an annual report on the financial position and financial results of the SMCEL-JPA. The SMCEL-JPA contracts with an independent auditor, Eide Bailly LLP to conduct yearly audits of the Financial Statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. The independent auditor has provided an unmodified, or “clean”, opinion on the Financial Statements.

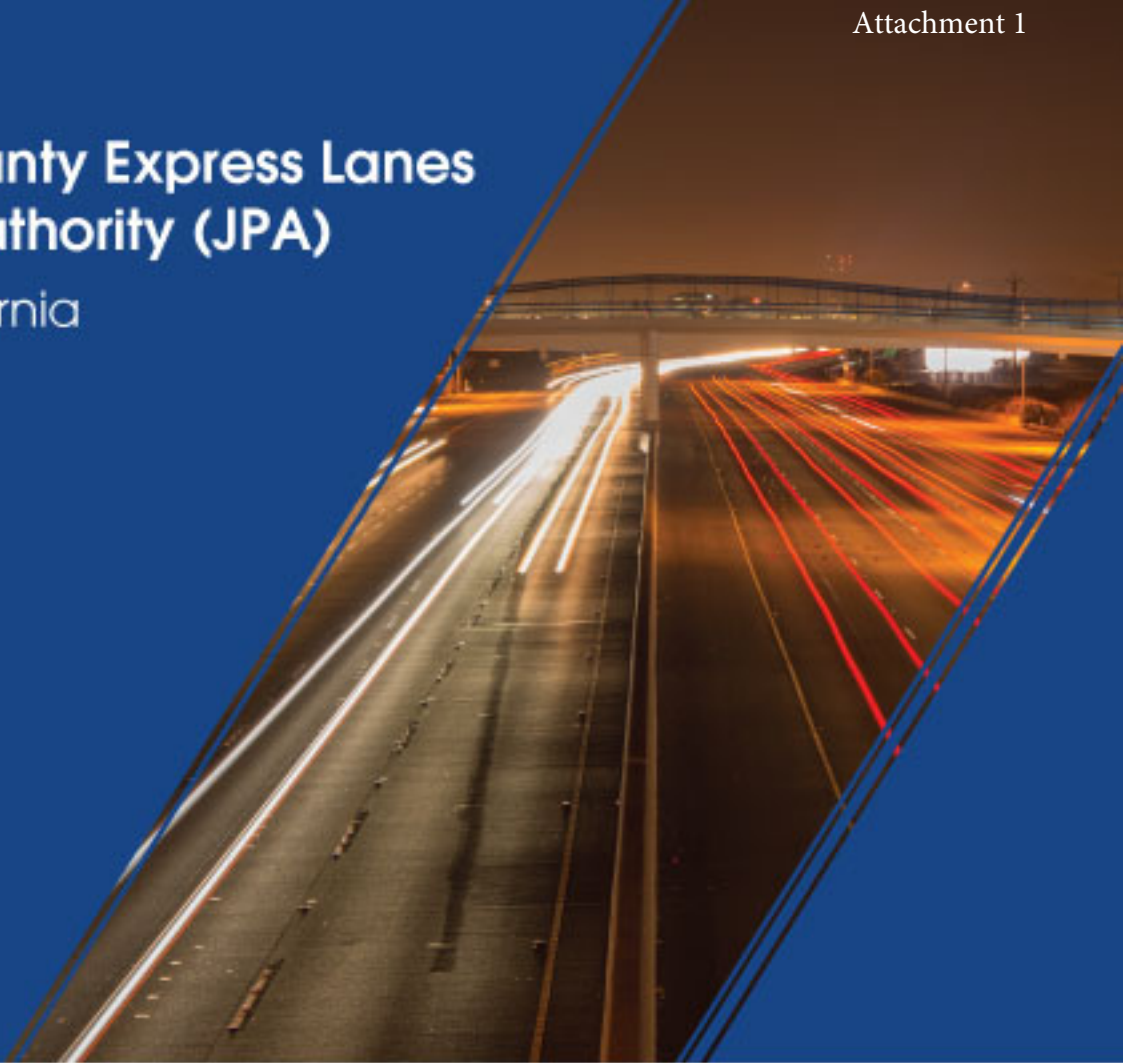
The SMCEL-JPA presents these audited financial statements, along with the auditor’s opinion thereupon, in a document called the Annual Financial Report (AFR). The AFR serves as the SMCEL-JPA’s primary source of disclosure to the public and to the financial community regarding the status of the SMCEL-JPA’s financial position.

ATTACHMENTS

1. Annual Financial Report for the Fiscal Year Ended June 30, 2022

San Mateo County Express Lanes Joint Powers Authority (JPA)

San Carlos, California



Annual Financial Report

For the Fiscal Years Ended
June 30, 2022 and 2021.



San Mateo County Express Lanes Joint Powers Authority

Annual Financial Report

Fiscal Years Ended June 30, 2022 and June 30, 2021

San Mateo County Express Lanes Joint Powers Authority

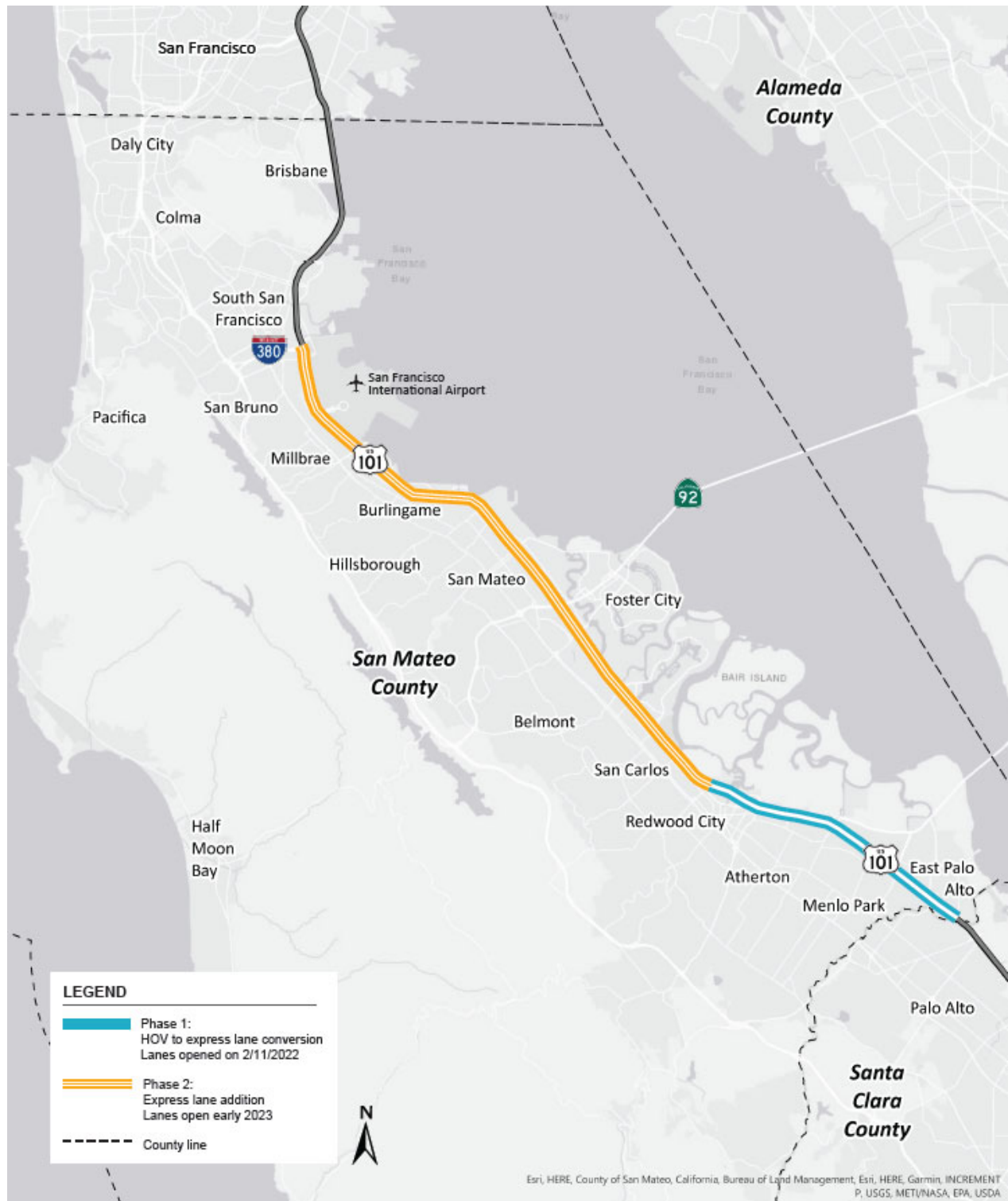
Table of Contents

June 30, 2022 and June 30, 2021

Map of Express Lanes.....	1
Independent Auditor’s Report.....	2
Basic Financial Statements	
Statements of Net Position	4
Statements of Revenues, Expenses, and Changes in Net Position	5
Statements of Cash Flows	6
Notes to Financial Statements	7

San Mateo County Express Lanes Joint Powers Authority

Map of Express Lanes





Independent Auditor's Report

Governing Board
San Mateo County Express Lanes Joint Powers Authority
San Carlos, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA) as of and for the years ended June 30, 2022 and June 30, 2021, and the related notes to the financial statements, which collectively comprise SMCELJPA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of SMCELJPA, as of June 30, 2022 and June 30, 2021, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SMCELJPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the SMCELJPA ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SMCELJPA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SMCELJPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by the missing information.

The signature is written in a cursive, handwritten style. It reads "Eide Bailly LLP". The "E" is large and loops around the "ide". "Bailly" is written in a fluid cursive, and "LLP" is in a slightly more formal, but still cursive, script.

Menlo Park, California
October 31, 2022

San Mateo County Express Lanes Joint Powers Authority

Statements of Net Position
June 30, 2022 and June 30, 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,040,853	\$ 475,627
Project loan proceeds held by the Transportation Authority	13,365,426	34,482,318
Accounts receivable	492,174	-
Prepaid items	88,218	124,432
Capital Assets, Net of Accumulated Depreciation	7,579,187	-
Total Assets	23,565,858	35,082,377
Liabilities		
Current Liabilities		
Accounts payable	542,000	113,633
Accrued liabilities	844,819	46,060
Due to SamTrans	13,943	10,939
Due to Transportation Authority	7,444	118,340
Total Current Liabilities	1,408,206	288,972
Noncurrent Liabilities		
Operating loan payable	5,525,821	3,168,375
Long term project loan payable	100,000,000	100,000,000
Total Noncurrent Liabilities	105,525,821	103,168,375
Total Liabilities	106,934,027	103,457,347
Net Position		
Investment in capital assets	7,579,187	-
Unrestricted	(90,947,356)	(68,374,970)
Total Net Position	\$ (83,368,169)	\$ (68,374,970)

San Mateo County Express Lanes Joint Powers Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and June 30 2021

	<u>2022</u>	<u>2021</u>
Operating revenues		
Toll revenue	\$ 1,759,533	\$ -
Total operating revenue	<u>1,759,533</u>	<u>-</u>
Operating expenses		
Operations and maintenance	3,169,871	1,859,690
Project loan disbursement	21,116,893	65,517,682
Depreciation expense	479,695	-
Total operating expenses	<u>24,766,459</u>	<u>67,377,372</u>
Operating loss	<u>(23,006,926)</u>	<u>(67,377,372)</u>
Nonoperating revenues		
Interest expense	(45,155)	(19,002)
Total nonoperating revenues	<u>(45,155)</u>	<u>(19,002)</u>
Net loss before capital contributions	<u>(23,052,081)</u>	<u>(67,396,374)</u>
Capital contributions	<u>8,058,882</u>	<u>-</u>
Change in net position	(14,993,199)	(67,396,374)
Net Position, beginning	<u>(68,374,970)</u>	<u>(978,596)</u>
Net Position, ending	<u>\$ (83,368,169)</u>	<u>\$ (68,374,970)</u>

San Mateo County Express Lanes Joint Powers Authority

Statements of Cash Flows

Years Ended June 30, 2022 and June 30 2021

	2022	2021
Cash flows from operating activities		
Cash receipts from customers	\$ 1,267,358	\$ -
Payments to suppliers for goods and services	(23,131,315)	(102,668,630)
Net cash used for operating activities	(21,863,957)	(102,668,630)
Cash flows from noncapital financing activities		
Interest paid	(45,155)	(19,002)
Loan advances	23,474,338	102,916,805
Net cash provided by noncapital financing activities	23,429,183	102,897,803
Net change in cash and cash equivalents	1,565,226	229,173
Cash and Investments - Beginning	475,627	246,454
Cash and Investments - Ending	\$ 2,040,853	\$ 475,627
Reconciliation of operating income		
to Net Cash Used by Operating Activities		
Operating loss	\$ (23,006,926)	\$ (67,377,372)
Adjustments to reconcile operating income to net		
cash provided by operating activities:		
Depreciation expense	479,695	-
Changes in assets and liabilities:		
(Increase) in receivables	(492,174)	(34,482,318)
Decrease (increase) in prepaid items	36,214	(113,665)
Increase (decrease) in liabilities	1,119,234	(695,275)
Net cash used by operating activities	\$ (21,863,957)	\$ (102,668,630)
Schedule of Noncash Capital Activities		
Contribution of capital assets	\$ 8,058,882	\$ -

San Mateo County Express Lanes Joint Powers Authority

Notes to Financial Statements
June 30, 2022 and June 30, 2021

Note 1 - Summary of Significant Accounting Policies

The financial statements of the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. SMCELJPA adheres to accounting and financial reporting principles issued by GASB. The SMCELJPA's significant accounting policies are described below.

Reporting Entity

The SMCELJPA is a joint powers authority, organized in May 2019 pursuant to a Joint Exercise of Powers Agreement (Agreement) between the City/County Association of Governments of San Mateo County (C/CAG) and the San Mateo County Transportation Authority (Transportation Authority). The Agreement was entered into pursuant to the Government Code of the State of California, commencing with Section 6500. The SMCELJPA is governed by a six member governing body. The governing body is composed of three members from each of the organizing entities. Both Transportation Authority and C/CAG have three members.

The SMCELJPA was formed to own, manage and operate the San Mateo County U.S. 101 Express Lanes Project ("Project"). The Project includes (i) the conversion of the existing High Occupancy Vehicle ("HOV") lanes into express lanes from the northern terminus of the Santa Clara County express lanes to the Whipple Road Interchange and (ii) the construction of new express lanes from Whipple Road to north of I-380 in San Mateo County. When completed, the Project will provide continuous express lanes in San Mateo County in both the northbound and southbound directions of U.S. 101. Resulting toll revenues will fund transportation and transit improvements in the corridor, as well as Project operations and maintenance. Members of the SMCELJPA's Board of Directors are elected officials representing San Mateo County. The Express Lanes are scheduled for a two-phase opening, south segment opened February 11, 2022, and the north segment is scheduled for late 2022.

Managing Agency

Under the Joint Exercise of Powers Agreement, the San Mateo County Transit District (as managing agency for the Transportation Authority) and C/CAG both provide staff support to the SMCELJPA. The San Mateo County Transit District's staff support the SMCELJPA's financial activities (e.g., budgeting, accounting, audits and treasury), marketing (including marketing use of the lanes and promoting the broader benefits of the lanes), and communications (including media and community relations, and the SMCELJPA's website). The C/CAG staff provide contracts, procurement and board clerk and support services. All of the SMCELJPA's operating costs are included in the Statement of Revenues, Expenses, and Changes in Net Position.

Basis of Presentation and Accounting

All activities of the SMCELJPA are reported using the economic resources measurement focus and the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental agencies. With this measurement focus, all assets and liabilities associated with operations are included on the Statement of Net Position. Revenues are reported when earned and expenses are reported when the related liabilities are incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the SMCELJPA's principal ongoing operations. The principal operating revenue of the SMCELJPA is the collection of toll revenue.

Net Position

Net position is reported in the following categories:

- Investment in capital assets – This category includes all capital assets offset by accumulated depreciation. The SMCELJPA has no capital related debt.
- Unrestricted – This category represents net position of the SMCELJPA that is not restricted for any project or other purpose.

Sometimes the SMCELJPA will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the SMCELJPA's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the SMCELJPA considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and related disclosures. Accordingly, actual results may differ from those estimates.

San Mateo County Express Lanes Joint Powers Authority

Notes to Financial Statements
June 30, 2022 and June 30, 2021

Capital Assets

Capital assets are stated at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation plus ancillary charges, if any. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Toll revenue equipment	3 to 20 years
------------------------	---------------

The cost of normal maintenance and repairs that do not add to the value of the asset, nor materially extend its life is not capitalized. The SMCELJPA's policy is to capitalize all capital assets with a cost greater than \$5,000 and a useful life of more than one year.

Operating revenues and expenses

Operating revenues and expense are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. The principal operating revenues of SMCELJPA are toll revenues to customers. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Project Construction

The SMCELJPA does not retain ownership of the assets improved when the original assets are owned by other entities.

Repayment of Operating Loans

The SMCELJPA has agreed to repay all loans to the Transportation Authority and C/CAG in accordance with the loan agreements, once the project begins operations. Interest on amounts advanced to SMCELJPA will be compounded monthly on the first business day of every month based on the net earnings rate of the San Mateo County Investment Pool Fund ("Monthly Earnings Rate"), as published by the San Mateo County Treasurer's Office for the applicable month. Amounts due to the Transportation Authority and/or C/CAG as the result of ongoing operations will be presented separately as they are not subject to the same terms.

San Mateo County Express Lanes Joint Powers Authority

Notes to Financial Statements
June 30, 2022 and June 30, 2021

Note 2 - Cash and Cash Equivalents

SMCELJPA had \$2,040,853 and \$475,627 on June 30, 2022 and 2021 cash in the bank. Cash held in banks is collateralized by the bank holding the deposit. California laws requires banks and savings and loan institutions to pledge government securities with a market value of 110 percent of the deposit or first trust deed mortgage notes with a value of 150 percent of the deposit as collateral for all municipal deposits (pool). This collateral remains with the institution but is considered to be held in the pool's name and places SMCELJPA, which is a participant in the pool, ahead of general creditors of the institution.

Custodial credit risk is the risk that in the event a financial institution or counterparty fails, SMCELJPA would not be able to recover the value of its deposits and investments. On June 30, 2022 and June 30, 2021, the Federal Depository Insurance Corporation insured SMCELJPA's cash deposits up to \$250,000 and the financial institution's trust department collateralized the remainder in SMCELJPA's name.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the SMCELJPA would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. SMCELJPA's investments are not exposed to custodial credit risk.

Note 3 - Accounts Receivable

Accounts receivables at June 30 consist of amounts owed by other governmental agencies and miscellaneous receivables as follows:

	<u>2022</u>	<u>2021</u>
Metropolitan Transportation Commission	\$ 485,128	\$ -
Others	<u>7,046</u>	<u>-</u>
Total accounts receivable	<u>\$ 492,174</u>	<u>\$ -</u>

Note 4 - Capital Assets

Capital asset balance as of June 30, 2022, and activity for the years then ended are as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Toll revenue equipment	\$ -	\$ 8,058,882	\$ -	\$ 8,058,882
Accumulated depreciation	-	(479,695)	-	(479,695)
Net book value	<u>\$ -</u>	<u>\$ 7,579,187</u>	<u>\$ -</u>	<u>\$ 7,579,187</u>

SMCELJPA had no capital assets as of June 30, 2021.

San Mateo County Express Lanes Joint Powers Authority

Notes to Financial Statements
June 30, 2022 and June 30, 2021

Note 5 - Loans Payable

Loan payables represent loan advance payments received since the formation of SMCELJPA from the Transportation Authority and the C/CAG. Loan advances will be repaid in accordance with the loan agreements after the San Mateo County U.S. 101 Express Lanes Project begins operations and receives toll revenues. As of June 30, 2022 and 2021, the loans payable consists of \$2,337,997 and \$1,393,648 operating loans payable to the C/CAG, and as of June 30, 2022 and 2021 \$3,188,424 and \$1,774,727 operating loans payable to the Transportation Authority, respectively. Additionally, as of June 30, 2022 and 2021 SMCELJPA's project loan payable to the Transportation Authority was \$100,000,000.

	Balance at July 1, 2021	Additions	Balance at June 30, 2022
Loans Payable			
Operating loan payable to C/CAG	\$ 1,393,648	\$ 943,749	\$ 2,337,397
Operating loan payable to Transportation Authority	1,774,727	1,413,697	3,188,424
Long term project Loan payable to Transportation Authority	100,000,000	-	100,000,000
Total loans payable	\$ 103,168,375	\$ 2,357,446	\$ 105,525,821
	Balance at July 1, 2020	Additions	Balance at June 30, 2021
Loans Payable			
Operating loan payable to C/CAG	\$ 125,785	\$ 1,267,863	\$ 1,393,648
Operating loan payable to Transportation Authority	125,785	1,648,942	1,774,727
Long term project Loan payable to Transportation Authority	-	100,000,000	100,000,000
Total loans payable	\$ 251,570	\$ 102,916,805	\$ 103,168,375

Accrued interest as of June 30, 2022 and June 30, 2021 was \$45,155 and \$19,002, respectively.

SMCELJPA shall repay the Transportation Authority and the C/CAG the loan amounts plus accrued interest with toll revenues from the project. The loan payments and accrued interest will be repaid on a monthly basis no later than five years after the project begins operations and receives toll revenue unless otherwise agreed by the parties.

San Mateo County Express Lanes Joint Powers Authority

Notes to Financial Statements
June 30, 2022 and June 30, 2021

On September 1, 2020, the SMCELJPA entered a non-revolving loan agreement with the Transportation Authority for a loan in the amount of \$100,000,000. The loan proceeds were to be used to finance the costs of construction and improvements to the U.S. 101 Express Lane project, as well as to fund an initial contribution to express lane related equity programs. The long term project loan payable is to be repaid and secured by a pledge of net toll revenues. The first principal payment is payable on May 1, 2024 and annually thereafter on May 1 of each year through 2049 in accordance with the terms and provisions of the bond loan agreement. Interest is accrued on the bond loan at a rate equal to the interest rate of the Transportation Authority's 2020 Series A and B Limited Tax Bonds, which have an assumed interest rate as of the fiscal year ended June 30, 2022 of 2% for each of the subsequent years. The SMCELJPA shall pay to the Transportation Authority the enhancement rate pursuant to terms of project loan agreement. The outstanding project loan payable at June 30, 2022, is \$100,000,000. The southern segment of the 101 Express Lane was opened in February 2022. However, no net revenues have yet been generated; therefore, no debt service payments have been made. The northern segment of the 101 Express Lane is expected to open by Spring of 2023. In future years the debt service payments as a ratio of pledged toll revenues will be disclosed.

Note 6 - Risk Management

SMCELJPA is exposed to various risks of loss including but not limited to those related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. SMCELJPA is self-insured for a portion of its property and liability coverages. As of June 30, 2022 and 2021, coverage for the SMCELJPA can be summarized as follows:

Type of Coverage	Self-Insured Retention	Excess Insurance
Commercial General Liability	\$100,000	\$10,000,000 per occurrence/aggregate
Public Officials Liability	\$10,000 self-insured retention	\$3,000,000 per occurrence / aggregate
Property	\$50,000	\$5,000,000 per occurrence / \$30,000,000 aggregate
Equipment Breakdown-Property Insurance	\$1,000	\$30,000,000 per occurrence/aggregate

Real Property is insured for total insurable values (TIV) of \$30,696,439. Coverage extends to SMCELJPA's roadway infrastructure and tolling equipment against the perils of damaged equipment due to the fault of others, vandalism, fire, and theft. Equipment Breakdown provides coverage against power surges, electrical shorts and arcing, mechanical breakdowns, and motor burnout. Terrorism coverage extends to Property.

Note 7 - Related Parties and Joint Ventures

Operating Loan Payable

In Fiscal Year 2022, the Transportation Authority and the C/CAG authorized loans to fund operating costs in the amount of \$1,407,116 and \$1,314,045 respectively from each agency. As of June 30, 2022, the SMCELJPA had an operating loan payable of \$3,188,424 and \$2,337,397 to the Transportation Authority and the C/CAG respectively.

In Fiscal Year 2021, the Transportation Authority and the C/CAG authorized loans to fund operating costs in the amount of \$1,270,463 and \$917,243 respectively from each agency. As of June 30, 2021, the SMCELJPA had an operating loan payable of \$1,774,727 and \$1,393,648 to the Transportation Authority and the C/CAG respectively.

Long Term Project Loan Payable

On September 1, 2020, the Transportation Authority entered a non-revolving loan agreement with the SMCELJPA. The Transportation Authority will use the proceeds of its 2020 Series A and B Limited Tax Bonds to fund a portion of the U.S. 101 Express Lane Project construction. The SMCELJPA agrees to apply future toll revenues to repay the Transportation Authority in accordance with the terms and provisions of the bond loan agreement. The initial bond loan balance was \$100,000,000 (calculated as the amount of bond proceeds deposited to the funds and accounts under the Bond Indenture plus the underwriters' discount upon initial sale of the Bonds to the underwriters thereof). The Principal is payable on May 1, 2024 and annually thereafter on May 1 of each year through 2049 in accordance with the loan agreement. Interest is accrued on the bond loan at a rate equal to the interest rate of the Transportation Authority's 2020 Series A and B Limited Tax Bonds.

As of June 30, 2022, the Transportation Authority has spent \$86.6 million bonds proceeds on the U.S. 101 Express Lane Project. The unspent bond proceeds of \$13.4 million was presented as an asset on the Statement of Net Position.



October 31, 2022

The Board of Directors
San Mateo County Express Lanes Joint Powers Authority
San Carlos, California

We have audited the financial statements of San Mateo County Express Lanes Joint Powers Authority (Authority) as of and for the years ended June 30, 2022 and June 30, 2021, and have issued our report thereon dated October 31, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under

As communicated in our letter dated May 5, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- Revenue Recognition – Generally Accepted Auditing Standards require a presumed risk of improper revenue recognition, unless otherwise noted.
- Management Override of Controls – Management Override of Controls was determined to be an overall financial statement risk, which is standard financial statement level risk for audit engagements.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There were no significant estimates reported in the financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Authority's financial statements relate to the discount rates used in estimating the net pension liability and net other postemployment benefit liabilities which are described note 8 to the financial statements and note 9 to the financial statements, respectively.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated October 31, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

This report is intended solely for the information and use of the board of directors, and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California

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

Date: November 18, 2022

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

From: Executive Council

Subject: Accept the Sources and Uses of Funds for the FY23 Period Ending September 30, 2022

(For further information, contact Grace Martinez, Acting CFO, at 650-508-6274)

RECOMMENDATION

That the SMCEL-JPA Board accepts and enters into the record the Sources and Uses of Funds for the FY23 Period ending on September 30, 2022.

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

BACKGROUND

Year to Date Sources of Funds: As of September year-to-date, the Total Sources of Funds are \$1.5 million, which include the Toll Revenue from the Express Lanes on US 101 between the Santa Clara County line and Whipple Avenue in Redwood City, and the FY21 Carryforward Balance from SMCTA & CCAG. Actual toll revenues collected as of September 30, 2022 are \$1.2 million with an annual budget of \$4.5 million. The loan advances under the two operating loan agreements between the SMCEL-JPA, the San Mateo County Transportation Authority, and the City/County Association of Governments of San Mateo County are \$0.1 million.

Year to Date Uses of Funds: As of September year-to-date, the Total Uses of Funds are \$1.3 million. Major expenses are in the categories of Fastrak customer service costs (\$0.5 million), toll operations and maintenance costs (\$0.4 million), and insurance costs (\$0.2 million).

Budget Amendment: There are no budget amendments for the month of September 2022.

Other Information:

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

ATTACHMENT

1. Sources and Uses of Funds Fiscal Year 2023 (September 2022)

SAN MATEO COUNTY EXPRESS LANE JPA
SOURCES AND USES OF FUNDS
Fiscal Year 2023
September 2022

		ACTUAL	BUDGET
		As of 9/30/22	Annual
SOURCES OF FUNDS:			
1	Toll Revenue	\$ 1,161,597	\$ 4,460,000
2	Allocated Bond Funds	-	635,000
3	SMCTA Measure A (ACR TDM)	-	400,000
4	Carryforward Balance from SMCTA & CCAG	192,109 *	192,109
5	Advance from the City/County Association of Governments of San Mateo County	42,480	1,350,000
6	Advance from the San Mateo County Transportation Authority	59,779	1,915,185
7	Additional advance from SMCTA	-	622,667
TOTAL SOURCES OF FUNDS		\$ 1,455,965	\$ 9,574,961
USES OF FUNDS:			
8	Staff Support	\$ 103,088	\$ 839,628
9	Administrative Overhead	21,010	106,055
10	Seminar/Training & Business Travel	-	20,000
11	Audit & Bank Fees	484	15,160
12	Office Supplies	-	3,000
13	Printing and Information Svcs	-	5,000
14	Promotional Advertising	-	50,000
15	Utilities	7,109	50,000
16	Software Maintenance & License	26,205	32,000
17	Legal Services	-	60,000
18	Consultant	55,563	1,811,000
19	Express Lane Maintenance	-	444,000
20	Toll Operations and Maintenance	402,579	2,751,000
21	Fastrak Customer Service	472,358	1,885,500
22	Express Lane Enhanced Enforcement	13,762	215,000
23	Equity Program Administration and Costs	-	1,035,000
24	Insurance	203,777	228,218
25	Miscellaneous	15,477	24,400
TOTAL USES OF FUNDS		\$ 1,321,412	\$ 9,574,961
PROJECT SOURCES OVER USES		\$ 134,553	\$ -

Note:

* Represents FY21 Operating Surplus. FY22 Carryforward Balance from SMCTA & CCAG will be added after FY22 audit is completed.

Additional Information:

Loan payables to the City/County Association of Governments of San Mateo County	\$	2,385,268
Loan payables to the San Mateo County Transportation Authority	\$	3,255,563

San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: November 18, 2022

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

From: Executive Council

Subject: Receive information on Assembly Bill 2594 that requires Express Lanes to adopt payment plans.

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

RECOMMENDATION

Receive information on the recently signed Assembly Bill 2594, its requirements and an update on the payment plan required by the Bill.

FISCAL IMPACT

It is difficult to estimate the financial impact. The tolls themselves are not being altered, and drivers are still required to pay the tolls they owe when driving in the express lanes. While the payment plan may mean that toll revenues have to be collected over time, it is possible that that such a plan may encourage more people who receive a violation to pay the tolls and penalties, which would increase payments and reduce collection expenses.

SOURCE OF FUNDS

Not applicable.

BACKGROUND

Assembly Bill 2594 (AB2594) was signed into law by Governor Newsom. The bill includes new requirements and incorporates many practices already in place in California and Bay Area toll facilities. See Attachment 1 for a table outlining the draft details of the payment plan that are being discussed. A number of these requirements are already in place in the Bay Area and San Mateo Express Lanes. For example, all the regional express lane operators have reduced the maximum penalties from \$70 to \$30. SMCEL-JPA approved the reduction at the September 2022 meeting.

Toll Payment Plan

The legislation also requires a payment plan to serve people who have a household income equal to or below 200% of the federal poverty level. As an example, for a family of four, the amount would be \$55,500 in 2022 and \$27,180 for one individual (levels change each year). AB 2594 mandates that a payment plan go into effect on July 1, 2023 for bridges and on July 1, 2024 for express lanes. The Express Lane operators that will have to take action on this include SMCEL-JPA, BAIFA, Alameda County Transportation Commission (ACTC), and the Santa Clara Valley Transportation Authority.

The express lane operators are working together to approve a regionally consistent payment plan by the July 1, 2023 deadline for the following reasons.

1. The Bay Area Toll Authority (BATA) will pay for the changes to the operating and training software and implementation.
2. A unified payment plan and implementation date will minimize driver and operational complications and confusion. Many drivers use both BATA bridges and express lanes, and it would be confusing to have only payment plans for bridge tolls for a year or to have different payment plans.

Staff will return in 2023 with an update and recommended regionally consistent payment plan for discussion and adoption.

ATTACHMENT

1. Table 1: Draft Payment Plan Information

Table 1: Draft Payment Plan Information

	AB 2594 (Ting) Section 40269.5	DRAFT BATA and Express Lane Recommendations
Open to?	Low income (up to 200% federal poverty guidelines)	Low income (up to 200% federal poverty guidelines)
Where and when effective?	Bridges 7/1/23; Express lanes 7/1/24	Discussing all agencies by 7/1/23
Minimum owed to be eligible for plan	\$100 in penalties (includes DMV fees)	\$100 in tolls, penalties, and DMV fees
Maximum owed before ineligible for plan	\$2,500 in penalties	No maximum
Both tolls and penalties included in payment plan?	Penalties and DMV fees only	Partial tolls and all penalties & DMV fees (Penalties waived for 1st time participants)
Minimum first payment amount to enter plan and release DMV holds	Full amount of tolls owed	50% of tolls owed or \$100, whichever is lower
Minimum monthly payment for totals owed up to \$600	\$25/month	\$25/month
Monthly payment for amounts owed over \$600	Amount owed/24 months	Amount owed/24 months
Max # plans	No concurrent plans; 2 in 6 years	No concurrent plans; 2 in 4 years

San Mateo County Express Lanes Joint Powers Authority Agenda Report

Date: November 18, 2022

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

From: Policy/Program Manager (PPM)

Subject: Receive Update on the US 101 Express Lanes Operations

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

RECOMMENDATION

Receive update on the US 101 Express Lanes operations. No Board action is required.

FISCAL IMPACT

There is no fiscal impact related to this informational item.

SOURCE OF FUNDS

N/A

BACKGROUND

On February 11th, 2022, the southern segment of the US 101 Express Lanes (between Whipple Avenue and Embarcadero Road) opened concurrently with the Santa Clara Valley Transportation Authority (VTA)'s companion express lane project to the south. The southern segment express lanes have reached a steady state in operations and are performing well.

Below are operational highlights for FY 2023 through September 30, 2022:

- The average potential daily revenue for the southern segment during this period was \$23,612. A month-to-month breakdown appears in the following table:

Period	Number of Tolling Days	Total Potential Revenue for the Period	Average Potential Daily Revenue per Day
July 1-31	20	\$360,709	\$18,035
August 1-31	23	\$519,847	\$22,602

September 1-30	21	\$630,620	\$30,030
Total to Date	64	\$1,511,176	\$23,612

- During this reporting period, the average daily toll rates have been:

Period	Southbound	Northbound
July 1-31	\$1.25	\$0.82
August 1-31	\$1.57	\$0.85
September 1-30	\$1.93	\$1.11
FY23 Avg	\$1.60	\$0.93

- Daily average express lanes volumes continue to increase month to month. The following is summary of volumes over the reporting period:

Period	Number of Tolling Days	Average Daily EL Volume		% Change from Previous Month	
		Northbound	Southbound	Northbound	Southbound
July 1-31	20	13,802	11,119	-1.7%	+0.7%
August 1-31	23	14,641	12,285	+6.1%	+10.5%
September 1-30	21	14,721	12,190	+0.5%	-0.7%

- Average Express Lane trips saw a 0.5% increase in September compared to August in the Northbound, and a decrease of 0.7% in the Southbound Direction.
- Express Lanes continue to operate at about 9 to 13 mph faster than the general purpose lanes in both directions.
- Out of these trips, most continue to be image-based trips followed by drivers who declared as single occupant vehicle (SOV). Clean Air Vehicle (CAV) declarations represented the smallest portion of trips at about 1.8% in September.
- From opening in February 2022 through August 2022, the customer service center received about 1,175,000 imaged-based trip transactions, 27.2% of which were issued as violation notices.
- Potential Toll revenue had a sizeable increase in September at approximately \$630,000. This represents a 21% increase over the month of August. Actual Cumulative revenue in the first quarter of fiscal year 2023 is approximately \$1.5 million.
- Toll operations and maintenance (O&M) costs—which consists of the toll system operating and maintenance, FasTrak Regional Customer Service Center support, Caltrans civil lane maintenance, and California Highway Patrol enhanced lane enforcement activities—is about \$900k through the end of September 2022. The Toll O&M costs do not include agency overhead and other administrative costs used to support the Express Lanes Program.

Below are operational highlights for FY 2022 , provided as a point of comparison:

- FY 2022 represented the southern segment's initial ramp up period with toll commencement on February 11, 2022, where customers were familiarizing with the lanes.
- Through the partial FY 2022, the average monthly potential revenue, March through June, was \$413,000 and through the first three months of FY 2023 the average was \$504,000.
- For FY 2022, the average toll rate in northbound and southbound were \$0.83 and \$1.32 respectively. In the first three months of FY 2023, the average toll rate is \$0.93 for northbound and \$1.60 in southbound.

ATTACHMENT

1. 101 Express Lanes Operations Dashboard

