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AGENDA

Joint Ad Hoc Committee On 101 Managed Lanes Project

SAN MATEO COUNTY TRANSPORTATION AUTHORITY & CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY

Gallagher Conference Room, 3rd Floor
1250 San Carlos Avenue, San Carlos, CA 94070

January 2, 2019 – Wednesday

10:00 am

1. Call to Order/Pledge of Allegiance
2. Discussion and Possible Action on Owner/Operator Decision for 101 Managed Lanes Project
3. Public Comment
4. Adjourn

Committee Members:

C/CAG: Alicia Aguirre, Doug Kim, Diane Papan,
TA: Emily Beach, Maureen Freschet, Don Horsley,

INFORMATION FOR THE PUBLIC

If you have questions on the agenda, please contact:

- San Mateo County Transportation Authority Secretary at 650-508-6279
- C/CAG Clerk of the Board at 650-599-1406

Assisted listening devices are available upon request.

Communications to the TA Board of Directors can be e-mailed to board@smcta.com.
Communications to the C/CAG Board of Directors can be e-mailed to mguilles@smcgov.org.

Public Noticing:

This agenda and all notices of regular and special Authority Board meetings, and of regular and special C/CAG Board and standing committee meetings are posted at the San Mateo County Transit District Office, 1250 San Carlos Ave., San Carlos, CA, and on the Authority's website at <http://www.smcta.com> and on C/CAG's website at <http://www.ccag.ca.gov>, respectively.

Location, Date and Time of Regular Meetings

This meeting will be held at the San Mateo County Transit District Administrative Building located at 1250 San Carlos Ave., San Carlos, which is located one block west of the San Carlos Caltrain Station on El Camino Real. The building is also accessible by SamTrans bus routes ECR, FLX, 260, 295 and 398. Additional transit information can be obtained by calling 1-800-660-4287 (TTY 650-508-6448) or 511.

Public Comment

If you wish to address the Boards, please fill out a speaker's card located on the agenda table. If you have anything that you wish distributed to the Board and included for the official record, please hand it to the Authority Secretary or C/CAG Clerk of the Board, who will distribute the information to the Boards' members and staff.

Public testimony by each individual speaker shall be limited to two minute and items raised that require a response will be deferred for staff reply.

Accessibility for Individuals with Disabilities

Upon request, the TA and C/CAG will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please submit a request, including your name, mailing address, phone number and brief description of the requested materials and a preferred alternative format or auxiliary aid or service at least two days before the meeting. Requests should be made:

- by mail to the Authority Secretary at the San Mateo County Transportation Authority, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; by email to board@smcta.com; or by phone at 650-508-6279 or TTY 650-508-6448; or
- by phone to the C/CAG Administrative Assistant at 650-599-1406.

Availability of Public Records

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body less than 72 hours prior to the meeting will be available for public inspection at the same time that the records are distributed or made available to the legislative bodies. Such materials will be available at:

- the Authority's office at 1250 San Carlos Avenue, San Carlos, CA 94070-1306;
- C/CAG's office at 555 County Center, 5th Floor, Redwood City, CA 94063; and
- <http://www.ccag.ca.gov>



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**AGENDA ITEM #2
JANUARY 2, 2019**

Memorandum

Date: January 2, 2019

TO: Joint Ad Hoc Committee

THROUGH: Jim Hartnett
Executive Director, Transportation Authority

FROM: April Chan, Chief Officer,
Planning, Grants and Transportation Authority

Subject: Discussion and Possible Action on Owner/Operator Decision for the 101
Managed Lanes Project

Background

The San Mateo County Transportation Authority (TA) and the City/County Association of Governments of San Mateo County (C/CAG) Boards met on December 6, 2018 and December 13, 2018 respectively to decide on the owner/operator for the 101 Managed Lanes Project (Project). Both of the agency Boards were presented with two possible options, which are restated below:

Option 1: Authorize the Executive Director or his/her designee to transfer ownership and operation of the US101 Managed Lanes facility to the Bay Area Infrastructure Financing Authority (BAIFA), subject to the following:

- BAIFA agrees to take on the responsibility for funding current Project construction costs that are anticipated to be provided by future toll revenues (~\$50 Million);
- BAIFA agrees to cover the cost of any Project cost overrun that may materialize;
- BAIFA commits to how it would prioritize the construction of US 101 express lanes north of I-380, into San Francisco, relative to other express lane projects in the region; and

- BAIFA agrees to implement the TA and C/CAG's decisions on the investment of toll revenues generated in San Mateo County, as set forth in a Corridor Investment Plan.

The above-listed conditions would need to be met no later than the February 2019 TA and C/CAG Board meetings for this Option 1 to take effect.

OR:

Option 2: Authorize the Executive Director or his/her designee to retain ownership of the US101 Managed Lanes facility, and to enter into an agreement with Santa Clara Valley Transportation Authority (VTA) to operate the facility, subject to the TA and C/CAG reaching agreement on the structure of the two agencies' joint governance of the facility, no later than the February 2019 TA and C/CAG Board meetings.

Both agency Boards met but they provided inconsistent directions to their respective staffs, as outlined below.

The TA Board met on December 6, 2018, and the following decision was reached in the form of two motions:

Motion 1: Authorized the TA Executive Director or his designee, subject to C/CAG doing the same, to retain ownership of the managed lane facility and to enter into an agreement with VTA to operate the facility. (Vote: 5-2)

Motion 2: Directed staff to explore another alternative in the relationship structure between C/CAG and the TA to consider a structure where one Board or the other retains the authority, subject to what is required by statute, to simplify and streamline the ownership governance structure. (Vote: 7-0)

The CCAG Board met on December 13, 2018 and the following decision was reached:

Motion: Directed staff to enter into negotiations with BAIFA and 1) directed the C/CAG Executive Director to work with the TA to set up a joint C/CAG /TA ad hoc committee (Joint Ad Hoc Committee), consisting of 3 members from each board, to resolve governance issues to ensure input to the San Mateo County's BAIFA member comes from the TA and C/CAG Boards and 2) to bring resolution to the C/CAG Board no later than the February 2019 TA and C/CAG Board meetings. (Vote: 11-7; 3 absentees)

Joint Ad Hoc Committee of 101 Managed Lanes Project

Don Horsley, Chair of the TA, and Maryann Moise Derwin, Chair of C/CAG, appointed the following members to the Joint Ad Hoc Committee to meet on Wednesday, January 2, 2019:

TA

Emily Beach
Maureen Freschet
Don Horsley

CCAG

Alicia Aguirre
Doug Kim
Diane Papan

Discussion

Since the TA and C/CAG Boards selected different options and provided inconsistent direction for their respective staffs at their December 2018 meetings, staff of the two agencies recommend that the Joint Ad Hoc Committee confer and recommend the appropriate actions for the TA and C/CAG Boards to consider at their respective Board meetings on February 7 and February 14, 2019. Any delay in reaching and agreeing on the same direction would likely delay the 101 Managed Lanes capital project and may increase project costs. The capital project is currently in the final design phase for the segment north of Whipple Avenue, and is getting ready to begin construction in the segment south of Whipple Avenue on US101.

Among the questions that the Joint Ad Hoc Committee should discuss answers including, but not limited to, the following:

1. Under either option (the BAIFA or VTA model), how should the TA and C/CAG assign financial responsibility (between the TA and C/CAG) for construction budget overruns? (See #2 in Attachment A)
2. If BAIFA is selected as the owner-operator, what are the required conditions for consummating an arrangement with BAIFA? (See Attachment A)
3. If VTA is selected as the operator, what should the governance model be between C/CAG and the TA? Previously, staff provided three governance model options, including joint governance by agreement, joint governance under the advice of a policy committee or a creation of a new joint powers authority.
4. If VTA is selected as the operator, how should financial responsibility be split between the TA and C/CAG for future operating funding needs in the start-up phase and/or if revenues generated are insufficient to cover operating and maintenance (O&M) costs?

Staff has prepared some additional information in the form of two tables to assist with some of the questions outlined above:

- Attachment A lists the four conditions proposed for the BAIFA model, what BAIFA has provided in response to-date, and what outcomes the TA and C/CAG can expect if the agencies do not go with the BAIFA model; and
- Attachment B, which lists some additional points of comparison between the BAIFA and VTA models, including how net revenues would be calculated and anticipated operating costs for each model.

Next Steps

- 1) Joint Ad Hoc Committee members will report out progress from the January 2, 2019 Joint Ad Hoc Committee meeting to their Boards at the January 3, 2019 and January 10, 2019 TA and C/CAG meetings respectively.

- 2) The Joint Ad Hoc Committee will prepare a set of recommendations to report back to the February 7 and February 14, 2019 TA and CCAG Board meetings for action, including appropriate next steps and timing, especially to ensure minimal impact to the capital project's construction schedule and budget.

Attachment A – San Mateo County Conditions to Joining BAIFA *

Conditions to BAIFA San Mateo County Ask	BAIFA response	How it will be handled if SM County is owner
<p>1. BAIFA agrees to take on the responsibility for funding current Project construction costs that are anticipated to be provided by future toll revenues (~\$50 Million)</p>	<p>BAIFA will serve as patient lender, and will provide the ~\$50m to be paid back by future toll revenues.</p>	<p>SMCTA advances ~\$50m in Measure A funds against future toll revenues, and be paid back over time.</p>
<p>2. BAIFA agrees to cover the cost of any Project construction cost overrun that may materialize</p>	<p>BAIFA may consider the cost of overrun associated with the toll system equipment</p>	<p>SMCTA, CCAG and MTC would need to discuss how to secure additional resources, grants, and/or loans to pay for the increase. SB1 SCC funds likely would <u>not</u> be an option since CTC stated any cost overruns would need to be paid with other funds.</p>
<p>3. BAIFA commits to how it would prioritize the construction of US 101 express lanes north of I-380, into San Francisco, relative to other express lane projects in the region</p>	<p>BAIFA expresses it is committed to pursue corridor completion for US101 in the peninsula and San Francisco; BAIFA staff had indicated that this corridor is considered a Tier 1 project in the regional network</p>	<p>SMCTA and CCAG would work together to develop a funding plan for the project north of I380. Funding sources can include: SB1 SCC, San Mateo County LPP, STIP, Measures A & W, Regional Bridge Tolls, financing and/or grants from express lane toll revenues.</p>
<p>4. BAIFA agrees to implement the TA and C/CAG's decisions on the investment of toll revenues generated in San Mateo County, as set forth in a Corridor Investment Plan</p>	<p>BAIFA assures control over net toll revenues to the County, including ability to implement appropriate equity program in the corridor.</p>	<p>San Mateo has full control over gross and net revenues.</p>

* These conditions were included in the December 6, 2018 TA and December 13, 2018 CCAG Board Staff Reports

Attachment B: Additional Comparison between BAIFA and SMC/VTA Models

Comparison of BAIFA vs. VTA	BAIFA	San Mateo County Ownership/VTA as Operator
Legislation re: gross revenues	SHC 149.7 (e) (4) ...revenue generated from the operation of the toll facility shall be available to the sponsoring agency for the direct expenses related to the following: (A) Debt issued to construct, repair, rehabilitate, or reconstruct any portion of the toll facility, payment of debt service, and satisfaction of other covenants and obligations related to indebtedness of the toll facility. (B) The development, maintenance, repair, rehabilitation, improvement, reconstruction, administration, and operation of the toll facility, including toll collection and enforcement. (C) Reserves for the purposes specified in subparagraphs (A) and (B).	SHC 149.6 (f) VTA shall carry out a value pricing program established pursuant to this section in cooperation with the department pursuant to an agreement that addresses all matters related to design, construction, maintenance, and operation of state highway system facilities in connection with the value pricing program. An agreement to carry out the program authorized pursuant to subdivision (b) shall be subject to the review and approval by the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority. (g) (2) The revenues generated by the program shall be available to VTA for the direct expenses related to the operation (including collection and enforcement), maintenance, construction, and administration of the program. The VTA’s administrative costs in the operation of the program shall not exceed 3 percent of the revenues.
Legislation re: net revenues	SHC 149.7 (e)(5) All remaining revenue generated by the toll facility shall be used in the corridor from which the revenue was generated pursuant to an expenditure plan developed by the sponsoring agency, as follows: (A) (i) For a toll facility sponsored by a regional transportation agency, the regional transportation agency shall develop the expenditure plan in consultation with the department	SHC 149.6 (g) (3) (B) For a value pricing program established pursuant to subdivision (b), all remaining revenue generated by the program after expenditures made pursuant to paragraph (2) shall be used in the corridor from which the revenues were generated exclusively for the preconstruction, construction, and other related costs of high-occupancy vehicle facilities, transportation corridor improvements, and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority.
Staffing Costs for SM’s US101 operations (non-normalized)	Included in 11/16/18 ppt: <u>\$655k</u> , which includes \$520k of BAIFA staff costs and \$135k of San Mateo County staff costs	Included in 11/16/18 ppt: <u>\$1.17m</u> , which includes \$555k of VTA staff costs and \$615k of San Mateo County staff costs
Tolling Experience (per information provided in the BAIFA and VTA ppt)	<ul style="list-style-type: none"> • 23 miles of I-680 started in 2017; • 50 miles of I-880 scheduled in 2020; • 11 miles of I-680 extension planned in 2022 	<ul style="list-style-type: none"> • SR237 Phase 1 started in 2012 • SR237 (Phase 2) Extension scheduled for 2019 • US 101 (connecting to SM’s EL) scheduled for 2021 • US 101 (connecting SR85/SR87 to US101) – scheduled for 2022

		<ul style="list-style-type: none">• US 101 (from SR237 to I-880) – scheduled for 2025 if construction dollars are secured
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