San Mateo County Transportation Authority

San Carlos, California

Popular Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2024

SAN MATEO COUNTY Transportation Authority

December 30, 2024

We are pleased to present the Popular Annual Financial Report (PAFR) of the San Mateo County Transportation Authority (TA) for the fiscal year ended June 30, 2024.

The PAFR provides a summary of the TA's organization and governance, an overview of Measure A & W Transportation Expenditure Plan (TEP), a highlight of the TA's programs, financial performance, and the following year's budget in an easy-to-understand manner that is transparent to our readers.

The financial information in this report is derived from the TA's FY2024 Annual Comprehensive Financial Report (ACFR). The ACFR is prepared in conformity with generally accepted accounting principles (GAAP) and provides details and disclosures required for fair presentation in conformity with GAAP. Readers desiring a more detailed discussion of the TA's financial results may refer to the TA's Annual Comprehensive Financial Report.

Please visit our website at https://www.smcta.com/resources/finance/popular-annual-financial-reports to view or download copies of the TA's PAFR, and other reports.

Sincerely,

Kate Jordan Steiner

Chief Financial Officer

Questions about the San Mateo County District can be directed to the Administrative Offices:

1250 San Carlos Ave.
P.O. Box 3006
San Carlos, CA 94070-1306
650-508-6200

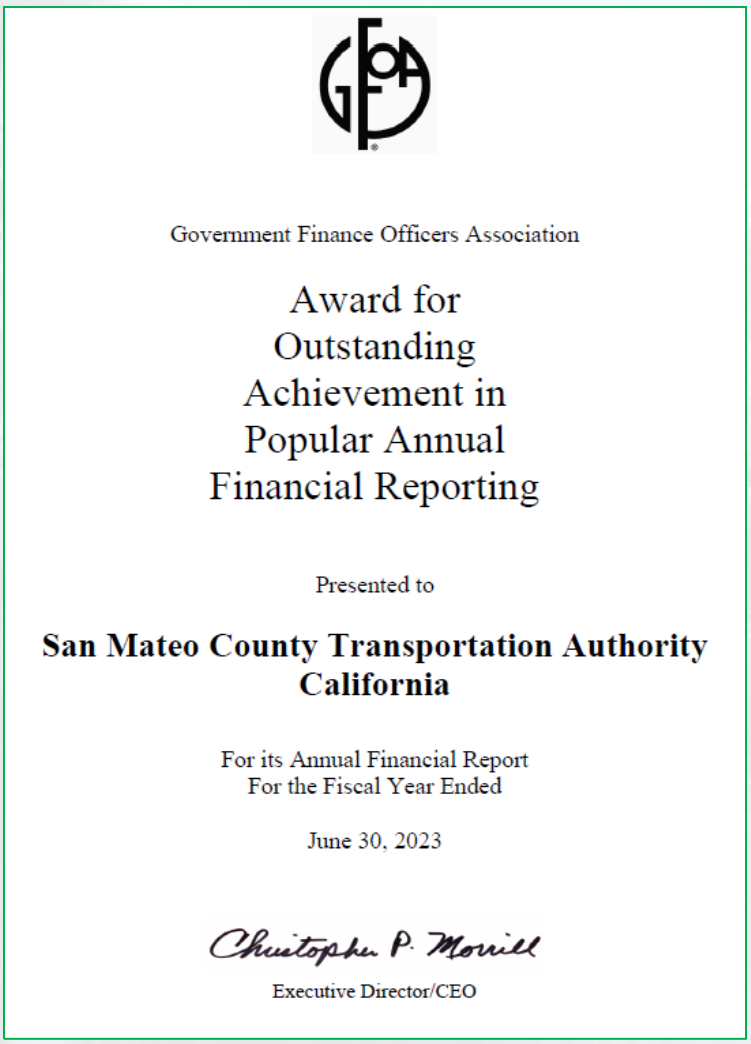
info@smcta.com

https://www.facebook.com/TransportationAuthority/

Content

Award of Outstanding Achievement ...……….1
Who We Are……………………..…………...2
Governance….………………..……………...4
Measure A & W Overview……...……………...5
Program Highlights………………………….....8
Financial Performance……...………………...12
Looking Ahead………...…………………....16

Award of Outstanding Achievement



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

San Mateo County Transportation Authority California

For its Annual Financial Report For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to **San Mateo County Transportation Authority** for its Financial Highlights publication for the fiscal year ending June 30, 2023. This Award is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government popular reports.

In order to receive this award, a government unit must publish a Popular Annual Financial Report, with contents that conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award of Outstanding Achievement in Popular Annual Financial Reporting is valid for one year. The TA has received this award for the third consecutive year.

We believe this report, for the fiscal year ending June 30, 2024, continues to conform to the Popular Annual Financial Reporting requirements, so we submit it to the GFOA for consideration for this award.

Who We Are

The San Mateo County Transportation Authority (TA) plans, funds, and delivers transportation programs and projects throughout San Mateo County.

The TA was formed in 1988 with the passage of the voter-approved half-cent sales tax for countywide transportation projects and programs, known as Measure A.

The original Measure A ran through 2008. In 2004, county voters overwhelmingly voted to reauthorize Measure for an additional 25 years beyond the original expiration date of December 31, 2008. In 2018, county voters passed Measure W, which provided an additional revenue stream to improve transit and relieve traffic congestion. The TA's role is to administer the proceeds from Measure A and Measure W to fund a broad spectrum of transportation-related projects and programs.

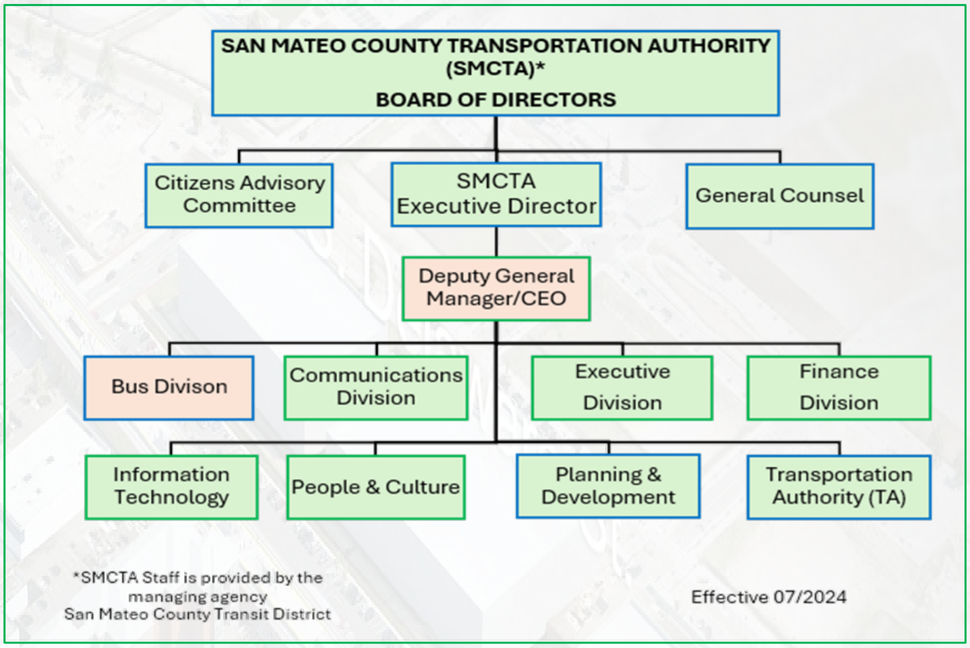
The TA is a legally separate and financially independent governmental agency similar to a specific district that is not a component unit of the County of San Mateo or any other entity. The TA is an independent agency governed by an appointed board of seven directors, who are elected officials, representing the county, cities, and the San Mateo County Transit District.

The administrative work of the San Mateo County Transportation Authority (TA) is staffed by its managing agency San Mateo County Transit District (District). The TA Executive Director, who is also the District Chief Executive Officer/General Manager (CEO/GM), is responsible for overseeing the operations of TA. Day-to-day business is conducted by various divisions within the District. The various divisions that support the work of TA are described on the next page.

Who We Are

The *Bus Division* is responsible for the District's bus transit services throughout San Mateo County, north into downtown San Francisco, and south to Palo Alto in Santa Clara County. It also operates a paratransit service and funds shuttles, connecting rail stations to employment centers.

The *Communications Division* is responsible for customer service and experience, government and community affairs, marketing, sales, advertising, distribution services, public information, fare media, media relations, digital communications and website development, creative services, and community outreach.



The *Executive Office* is responsible for directing and overseeing all agency activities and for providing support to the Board of Directors. This office also includes the Safety and Security function.

The *Finance Division* is responsible for financial accounting and reporting, capital and operating budgeting, payroll and vendor disbursements, investments and cash management, debt management, revenue control, purchasing, contract administration, grant administration, financial planning and analysis, and risk management.

The *Division of Innovation and Technology (DoIT)* is tasked with overseeing and managing the District's innovation and technology functions. This includes critical areas such as Cybersecurity, Technology Infrastructure, Data Center Management, IT Applications and Software, Database Administration, Network Administration, and Systems Administration.

The *People and Culture Division* is responsible for several areas: the Office of Civil Rights, Employee and Labor Relations, and Human Resources. The Office of Civil Rights focuses on Civil Rights, Diversity, Equity, Inclusion & Belonging, Labor Compliance, and Title VI. Employee and Labor Relations handles employee issues, training, and employee engagement. Human Resources oversees benefits, day-to-day administration, and company policies.

The *Planning and Development Division* is responsible for the operations and strategic planning functions of the SamTrans system, as well as for the District's sustainability efforts. In support of the TA, the division also oversees real estate transactions and property management for TA-owned properties and right-of-way activities.

The *Transportation Authority Division* is responsible for oversight of voter-approved Transportation Expenditure Plans and strategic planning as well as project delivery and project oversight.

Governance

The TA is governed by a seven-member Board of Directors with input from a 15-member volunteer Citizens' Advisory Committee (CAC).

2024 Board of Directors

The Board of Directors includes two Board members appointed by the publicly elected County Board of Supervisors, four Board members appointed by local governments who participate in a Cities Selection Committee, and one Board member appointed by the San Mateo County Transit District (District).

Carlos Romero (Chair)
Representing South County

Julia Mates (Vice Chair)
Representing Central County

Carlos Romero (Chair)- Representing South County
Julia Mates (Vice Chair)- Representing Central County
Anders Fung - Representing Cities at Large
Noelia Corzo - Representing Board of Supervisors
Rico E. Medina- Representing SamTrans
Ray Mueller - Representing Board of Supervisors
Mark Nagales - Representing North County

2024 Citizens Advisory Committee

The 15-member volunteer Citizens Advisory Committee (CAC) acts as a liaison between the public and the Board of Directors, providing valuable input to the board on the projects and programs.

Barbara Arietta (Chair)	Rich Hedges	Peter Ohtaki
John Fox (Vice Chair)	Karen Kuklin	Mike Swire
Ivan Bucio	Sandra Lang	Vacant
Giuliano Carlini	Jeff Londer	Vacant
Nheeda Enriquez	Gus Mattammal	Vacant

The TA interviews applicants for vacant positions on its Community Advisory Committee (CAC) each May. Applications can be made online via https://www.smcta.com/ta-cac-online-application.

Measure A & W Overview

The TA administers the proceeds from the voter-approved Measure A and Measure W sales tax revenues to fund a broad spectrum of projects and programs to meet San Mateo County's growing transportation needs.

The 2004 Measure A Transportation Expenditure Plan (TEP) requires the TA to develop and adopt a Strategic Plan and update the Strategic Plan at least once every five years.

The Measure W TEP, otherwise known as the San Mateo County Congestion Relief Plan, also requires the TA to prepare a Strategic Plan with broad-based public outreach.

The current Strategic Plan 2020-2024 was adopted in December 2019 by the TA Board of Directors and establishes a framework of policies to guide the decision-making process of prioritizing transportation projects and programs consistent with the goals and objectives of the Transportation Expenditure Plan and Countywide Transportation Plan. The Transportation Authority is currently updating the 5-year Strategic Plan as required by the tax measures, with adoption anticipated in January 2025.

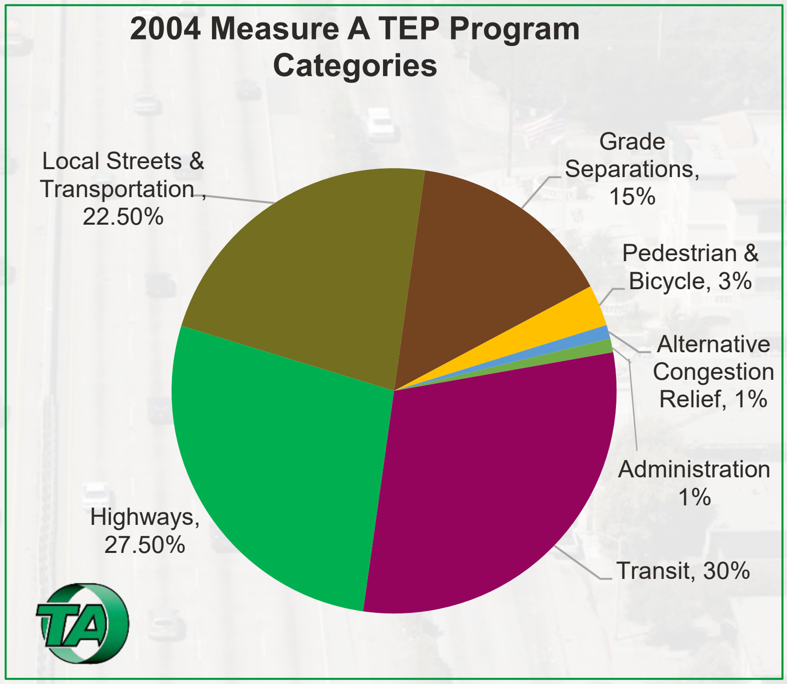
For full details, please see https://www.smcta.com/about-us/funding-overview/strategic-plan-2020-2024.

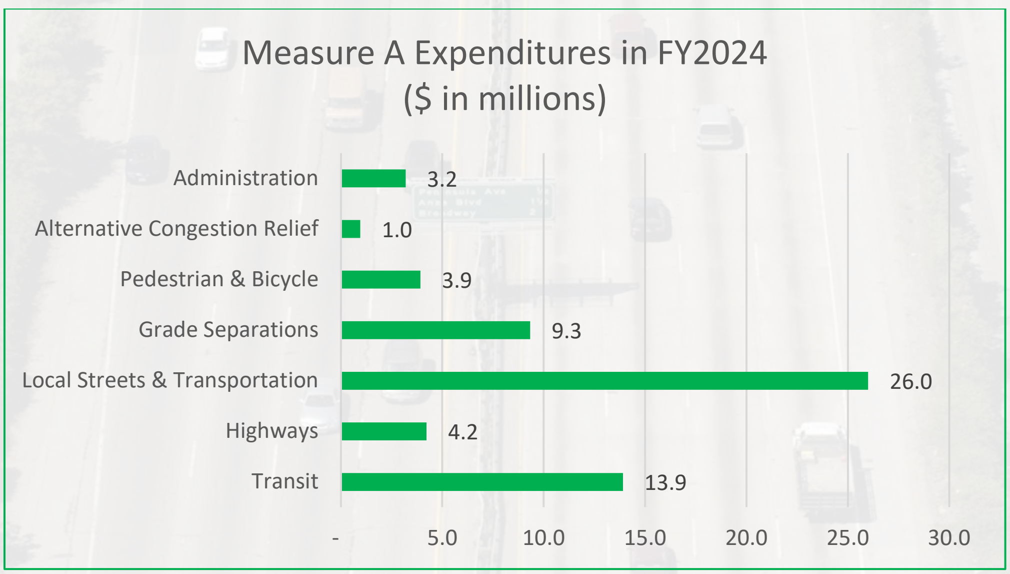
Measure A & W Overview

Measure A

Measure A is a half-cent sales tax dedicated towards transportation facilities, services, and programs. San Mateo County voters first approved Measure A in 1988. The 1988 sales tax expired on December 31, 2008. In 2004, the San Mateo County voters reauthorized the Measure A half-cent sales tax and a new Transportation Expenditure Plan (TEP) for an additional 25 years running between January 1, 2009 and December 31, 2033.

The TEP sets the specific program categories and the mandated percentage allocation of the sales tax revenues to each of six primary program categories: Transit, Highways, Local Streets & Transportation, Grade Separations, Pedestrian & Bicycle, and Alternative Congestion Relief Programs.





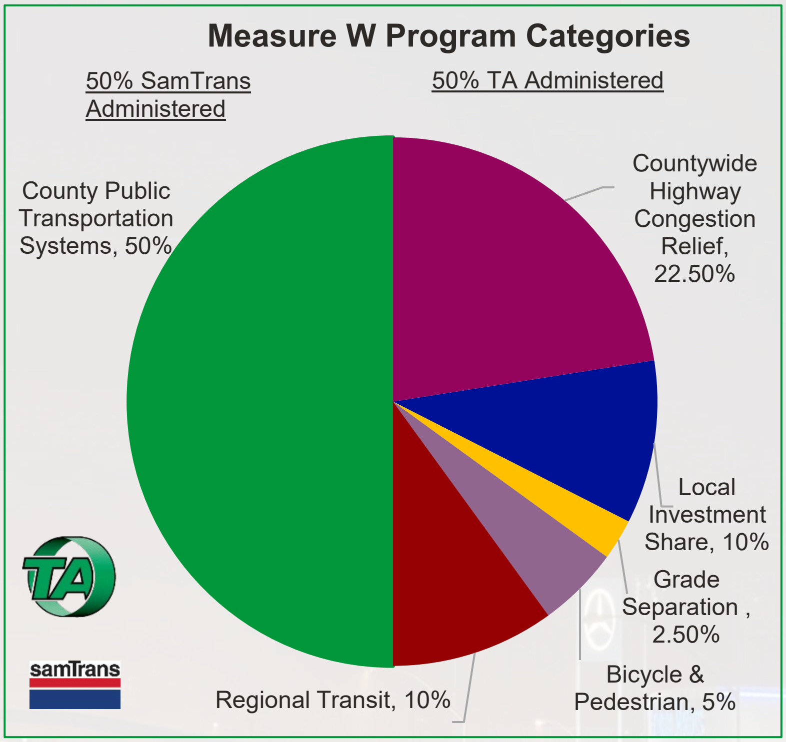
Measure A & W Overview

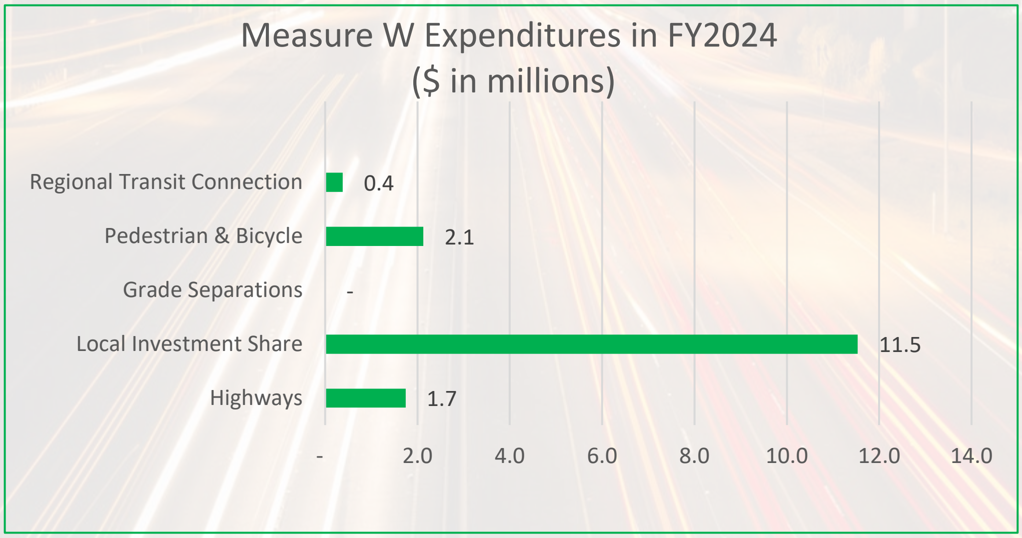
Measure W

In 2018, the San Mateo County voters approved Measure W, a 30-year half-cent sales tax, from July 1, 2019, through June 30, 2049, to provide additional funding for transportation projects and programs that address the San Mateo County Congestion Relief Plan.

San Mateo County Transit District (SamTrans) administers 50% of the Measure W sales tax proceeds.

The TA administers the remaining 50% of sales tax proceeds to invest in the following five categories: Countywide Highway Congestion Improvements, Local Safety, Pothole and Congestion Relief Improvements, Grade Separations, Bicycle & Pedestrian Improvements, and Regional Transit Connections.





More information about Measure A & W can be found on the Transportation Authority website.

Program Highlights

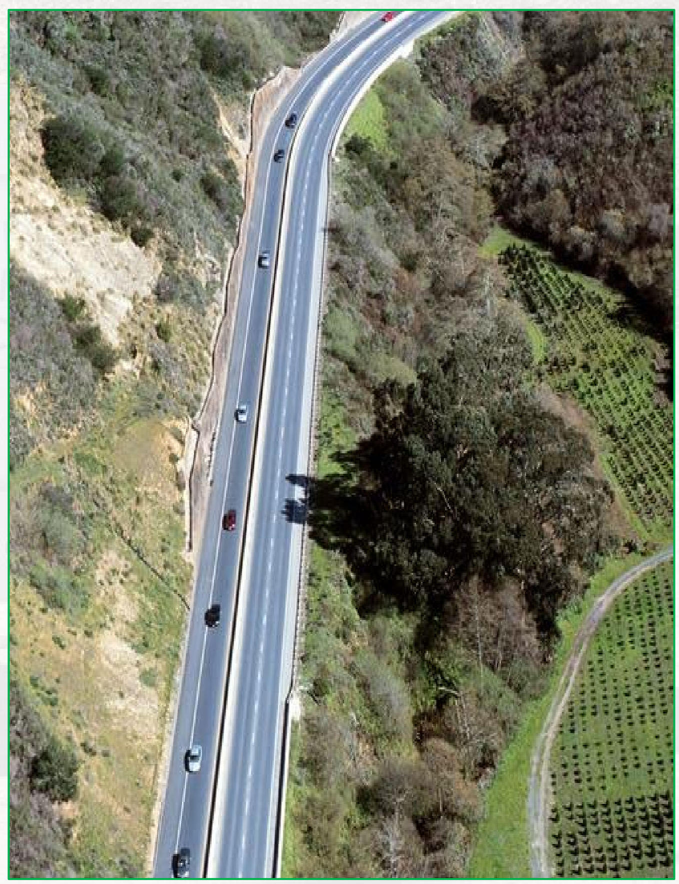
Local Streets and Transportation

The purpose of this program is to provide directly distributed funds to local cities and San Mateo County for various transportation-related improvements according to a formula based on population and number of road-miles. The recipients primarily use the fund for street rehabilitation projects.

Highway Program

The purpose of this program is to reduce congestion and improve safety on highways in San Mateo County. The following are examples of the types of projects funded under the highway program:

- Roadway safety improvements.
- Highway throughput enhancements.
- Interchange reconstruction.
- Highway ramp modification.
- Travel pattern forecasts.
- Travel time information system.
- Applying technology to help better manage traffic.



Notable street and highway project milestones include:

- Initiation of construction of landscaping improvements for the U.S. 101 Express Lanes Project from Santa Clara County to I-380
- Completion of the design for the U.S. 101/SR92 Area Improvement Project.
- Initiation of environmental clearance for the U.S. 101/SR 92 Direct Connector Project.
- Ongoing final design for the U.S. 101/Woodside Road Interchange Project.
- Ongoing environmental clearance for U.S. 101 managed lanes north of I-380.

Program Highlights

Pedestrian and Bicycle Programs

The purpose of this program is to fund specific projects to encourage and improve walking and bicycling conditions. Notable milestones include:

- Completed construction of the City of Belmont Ralston Avenue Corridor Improvement Project – Segment 3.
- Ongoing support for feasibility studies for the South San Francisco Junipero Serra/ Westborough Boulevard and Atherton El Camino Real projects, Half Moon Bay's Pacific Coast Bikeway Project, the construction of the Redwood Avenue Pedestrian Improvements project in Redwood City, the planning and design phases of the East Bayshore Road Pedestrian Improvements project in East Palo Alto, planning and promotions Vision Zero safety efforts in Daly City and Redwood City.

Grade Separations

The purpose of the Grade Separations program is to reduce the number of at-grade (street-level) crossings on the Caltrain railroad.

Notable recent projects supported by Measure A include:

- Ongoing final design of the Broadway Grade Separation Project in the City of Burlingame.
- Ongoing preliminary engineering and environmental clearance of the South Linden Street and Scott Avenue Grade Separation Project in the City of South San Francisco and the City of San Bruno.

Accessible Services

Accessible Services provide mobility options for county residents.

Program Highlights

Transit

Caltrain

The 2004 Measure A TEP established a category to help subsidize San Mateo County's share of the Peninsula Corridor Joint Powers Board (JPB) annual operating and capital funding needs.

Projects funded include:

- Peninsula Corridor Electrification Project Installation of quad crossing gates at Watkins Avenue in the Town of Atherton
- Planning studies to support new capital projects and operations
- State of good repair projects for:
    - Rail and associated civil structures
    - Bridges
    - Signal and communications
    - Facilities
    - Vehicles

Shuttles

The purpose of the program is to support commuter and community shuttle programs in San Mateo County. In June 2023, the Board of Directors allocated $8.0 million for 24 shuttles for Fiscal Years 2024 and 2025. To date, the Measure A program has allocated over $44.1 million in funding for shuttle operations.

Ferry

The purpose of the program is to fund specific projects related to capital projects that support ferry service in South San Francisco and Redwood City.

Notable recent projects supported by Measure A:

- Ongoing feasibility study for a second ferry terminal in South San Francisco.
- Ongoing preliminary engineering and environmental clearance for the Redwood City Ferry Terminal.

Program Highlights

Regional Transit Connections

The purpose of the program is to invest in infrastructure and services that are designed to improve transit connectivity between the County and the rest of the nine-county Bay Area region.

Investments from this category will be prioritized based on a project's ability to reduce congestion and enhance mobility options by connecting the County to the rest of the region, and a project's support through public-private partnerships.

Alternative Congestion Relief (ACR)

The purpose of this program is to reduce single occupancy vehicle (SOV) trips on congested freeways and busy city streets. ACR programs have an incremental but discernible impact on reducing traffic congestion and improving air quality in San Mateo County and the San Francisco Bay region. The TA allocates funds to support Commute.org's FY2023 and FY2024 work plans. Commute.org's work plan concentrates on four primary activities:

- Employer outreach and support services.
- Employer-based shuttle program administration.
- Commuter outreach and incentive programs.
- Development of public-private partnerships to reduce congestion.

In August 2022, the Board of Directors allocated \$4.4 million for 19 projects, Commute.Org FY2023 & FY2024 operations, and the Countywide Transportation Demand Management (TDM) Monitoring program.

Financial Performance

REVENUES **11.3%**

EXPENSES **3.5%**

Percent Increases in FY2024

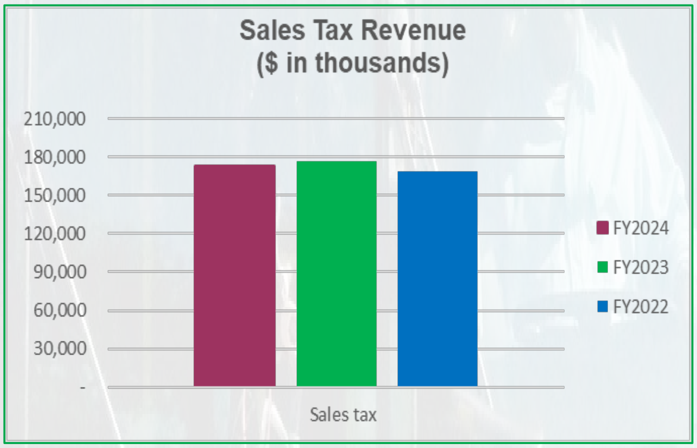
Revenues

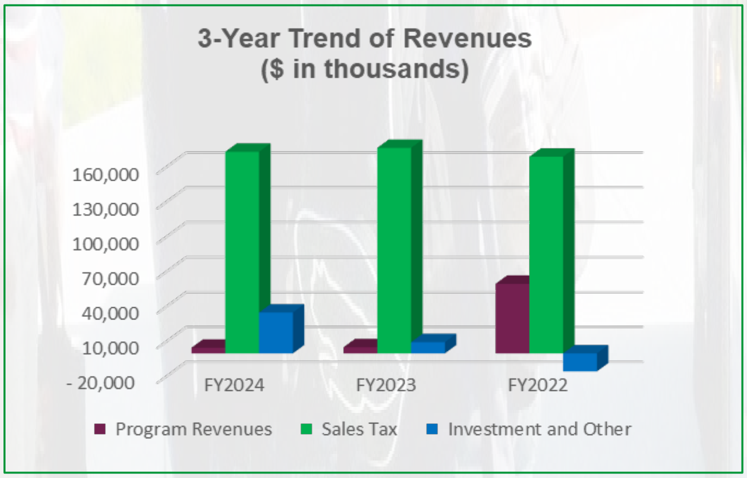
The TA recorded an increase in revenues from the prior year primarily due to an increase in investment income. The increase was partially offset by a decrease in sales tax revenue and program revenue.

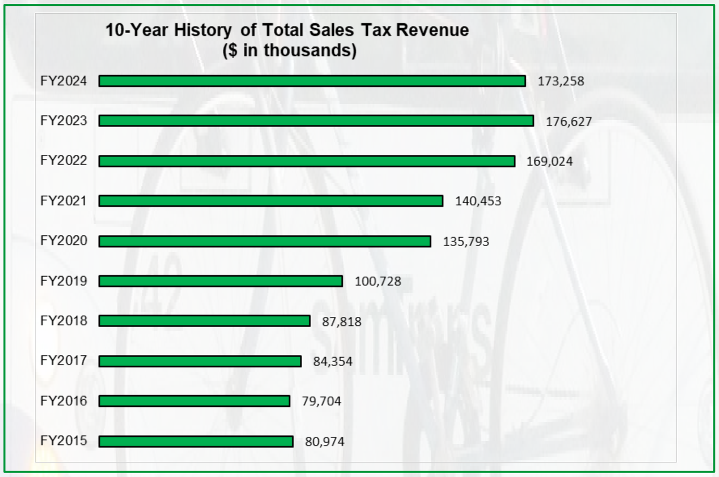
SALES TAX REVENUE decreased by $3.4 million or 1.9% to $173.3 million in FY2024 from FY2023.

PROGRAM REVENUE (Grant/Bond) decreased by $0.4 million or 7.7% to $4.8 million in FY2024 from FY2023.

INVESTMENT INCOME AND OTHER REVENUES increased by $25.5 million or 264.8% to $35.1 million in FY2024 from FY2023.







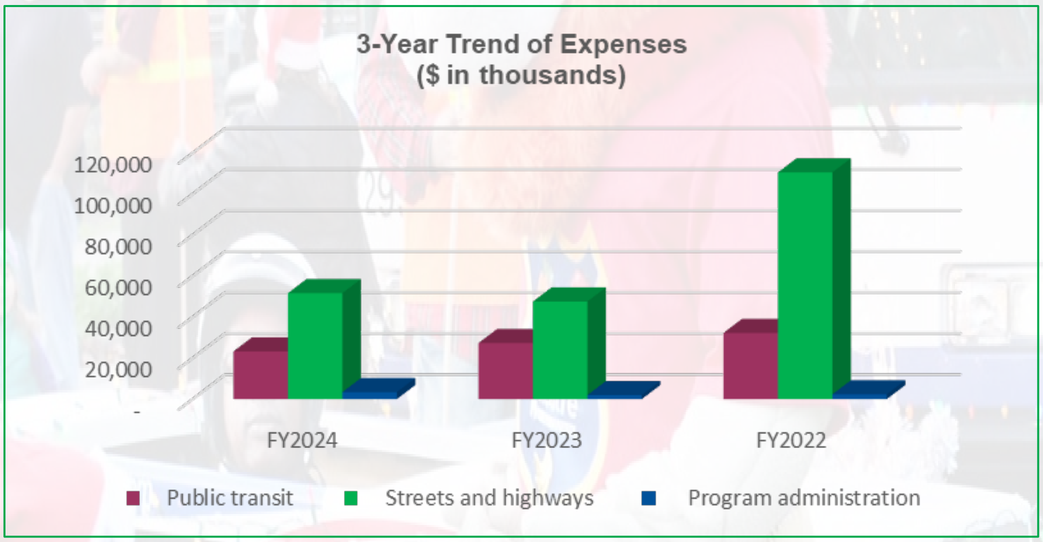
Financial Performance

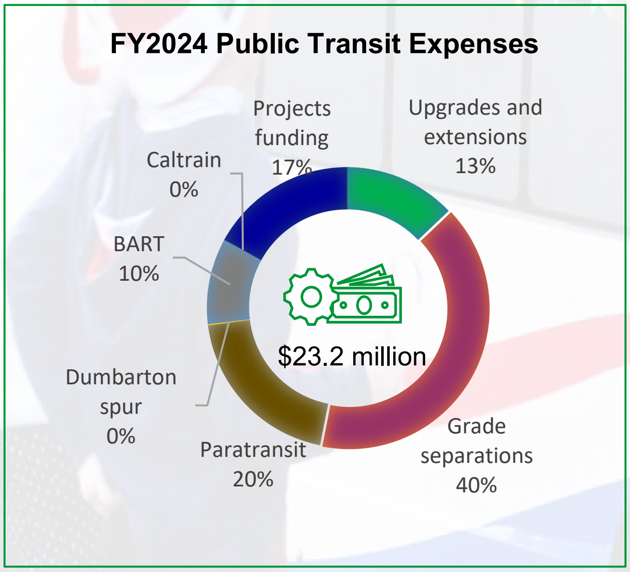
Expenses

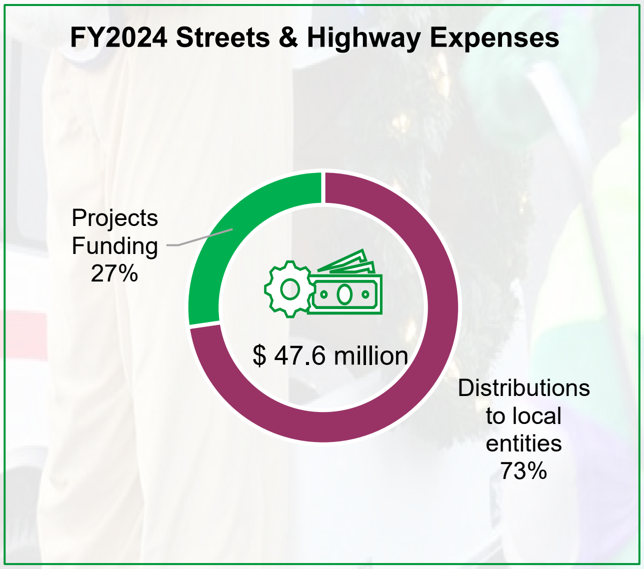
Total expenses for governmental activities were $81.2 million in FY2024, an increase of $2.7 million or 3.5% compared to FY2023. The functional components of total expenses are Public Transit, Streets and Highways, and other programs (administrative overhead/debt services expenses).

PUBLIC TRANSIT expenses decreased by $4.1 million or 15.0% to $23.2 million compared to FY2023. The decrease was mainly due to the 25th Ave Grade Separation project and Caltrain Electrification.

STREETS AND HIGHWAYS expenses increased by $4.0 million or 8.4% to $51.6 million compared to FY2023 mainly due to ACR/TDM programs, FY23/24 Cycle 6 Pedestrian and Bicycle Program Call for Projects.







Financial Performance

Capital Projects

The Transportation Authority spent $30.6 million on capital projects in FY2024, a decrease of $0.7 million or 2.0% compared to FY2023. Following are the major capital projects with associated expenses:

- Broadway Grade Separation project ($6.4 million).
- Shuttles FY24-25 Funding project ($3.3 million).
- San Mateo Local Share JPB CIP project ($2.3 million).
- 2017 Bike/Ped Call for the project ($2.0 million).
- Ped/Bike Cycle 6 – FY23/24 project ($1.5 million).
- U.S. 101 Managed Lanes (North I-380) project ($1.4 million).

San Mateo 101 Express Lanes

In 2019, the TA and the City/County Association of Governments of San Mateo County (C/CAG) jointly created the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA) to administer and manage the operations of the San Mateo 101 Express Lanes 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 the north of I-380 in San Mateo County.

Since full corridors became operational in March 2023, the Project has provided continuous express lanes in San Mateo County in both the northbound and southbound directions of U.S. 101.

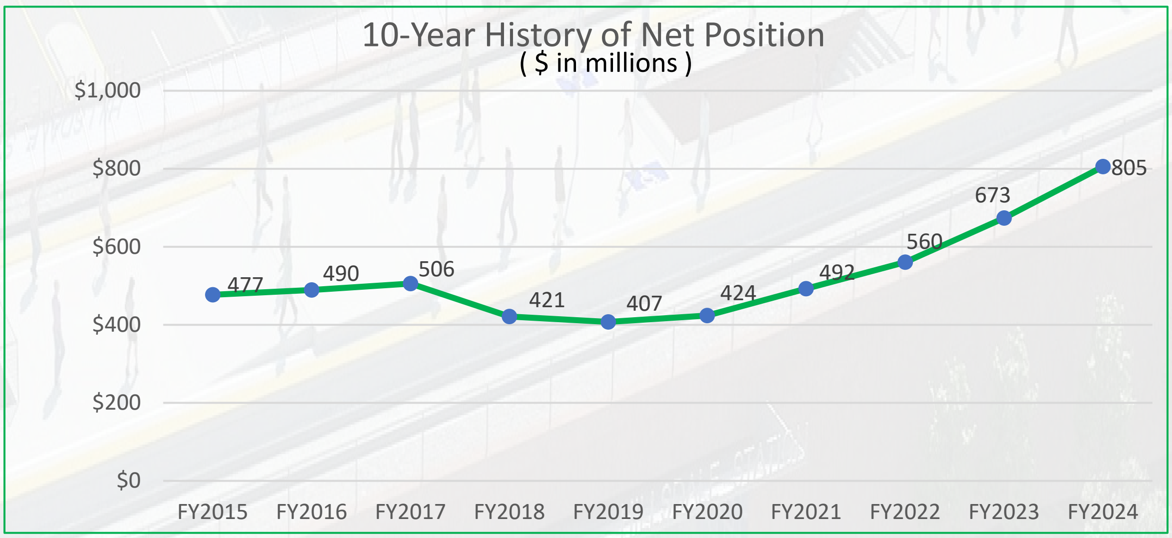
Financial Performance

Net Position

On June 30, 2024, total assets increased by $131.2 million or 16.4% to $930.5 million. Total liabilities decreased by $0.5 million or 0.4% to $125.1 million. Deferred inflows of resources decreased by $0.2 million or 79.9% to $0.1 million.

With $125.1 million in total liabilities and $0.1 million in deferred inflows of resources, the TA is in an excellent position to meet its obligations for current construction projects. As of the end of Fiscal Year 2024, existing encumbrances and expected future costs combined for current construction projects are estimated to total $342.8 million.

Net position increased by $131.9 million or 19.6% to $805.4 million, at June 30, 2024, as a result of reduced expenses for the capital project reimbursements in FY2024.



Looking Ahead

Fiscal Year 2025 Budget

The TA's Board adopted the Fiscal Year 2025 Budget of $207.0 million on June 6, 2024. For full details, please see the Adopted Fiscal Year 2025 Budget.

- Annual allocations of approximately $45.4 million have been budgeted to plan categories based on a percentage of projected sales tax revenues, according to the 2004 TEP.

- Projected program expenditures are approximately $132.7 million, which includes $83.2 million for Measure A funding, $47.2 million for Measure W funding, and $2.3 million for Original Measure A (Interest Income) funding.

- Under Measure A, a budget of $1.1 million has been set aside to fund the Alternative Congestion Relief Program, $3.5 million to fund the Pedestrian and Bicycle Program, and $18.9 million to fund system-wide capital improvements for the Caltrain system. These include State of Good Repair rolling stock, signal, track, and station work. The Streets and Highways program includes a budget of $20.4 million for key congested corridors and $12.0 million for supplemental roadway projects. The budget also includes $17.7 million for the Grade Separation program, $2.3 million for Dumbarton, $2.3 million for Ferry, and $47.2 million for Local Shuttle Service.

- Under Measure W, it is projected a budget of $5.9 million for the Bicycle and Pedestrian Improvements program, $11.8 million for the Regional Transit Connections program and $26.6 million for Countywide Highway Congestion Improvement program; of the $26.6 million budget, the $1.0 million was proposed to be set aside for Transportation Demand Management (TDM) subcategory, and $25.5 million for Highway Projects.

- Under Original Measure A (Interest Income), the Streets and Highways program has a budget of $1.3 million and the Caltrain Improvements program has a budget of $1.0 million.