



NOTE DATE & TIME CHANGE

AGENDA

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

Bacciocco Auditorium, 2nd Floor
1250 San Carlos Avenue, San Carlos, CA 94070

January 13, 2010 - Wednesday

4:00 p.m.

1. Pledge of Allegiance
2. Swearing in Rich Gordon (Representing the Board of Supervisors), John Lee (Representing Cities-at-Large), Terry Nagel (Representing Central County) and Jim Vreeland (Representing North County)
3. Call to Order/Roll Call
4. Election of 2010 Officers MOTION
5. Consent Calendar MOTION
Members of the public or Board may request that an item under the Consent Calendar be considered separately
 - a) Approval of Minutes of December 3, 2009
 - b) Acceptance of Statement of Revenues and Expenses for November 2009
6. Public Comment
Public testimony by each individual speaker shall be limited to one minute
7. Citizens Advisory Committee (CAC) Report
8. Chairperson's Report
9. SamTrans Liaison Report – December 9, 2009
10. Joint Powers Board Report
11. Report of Executive Director
12. Finance
 - a) Authorize Amendment to the Fiscal Year 2010 Capital Budget and Allocation to the Peninsula Corridor Joint Powers Board for the San Bruno Grade Separation Project RESOLUTION
 - b) Authorize Allocation of Original Measure A Funds to the Transbay Joint Powers Authority for the Transbay Transit Center/Caltrain Downtown Extension Project RESOLUTION
 - c) Authorize the Filing of an Application to the Metropolitan Transportation Commission to Request Regional Improvement Program Funds in the Amount of \$4,218,000 for the 101/Broadway Interchange Project RESOLUTION

- d) Fiscal Year 2010 Comprehensive Annual Financial Report INFORMATIONAL
- 13. Program
 - a) Adoption of the 2010 Transportation Authority State and Federal Legislative Program MOTION
 - b) Update on State and Federal Legislative Program INFORMATIONAL
- 14. Requests from the Authority
- 15. Written Communications to Authority
- 16. Report of Legal Counsel
- 17. Date, Time and Place of Next Meeting
Thursday, February 4, 2010 at 5:00 p.m., at San Mateo Country Transit District Administrative Building, Bacciocco Auditorium, Second Floor, 1250 San Carlos Avenue, San Carlos, CA 94070
- 18. Adjournment

INFORMATION FOR THE PUBLIC

All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

If you have questions on the agenda, please contact the Authority Secretary at 650-508-6242. Assisted listening devices are available upon request. Agendas are posted on the Authority Website at www.smcta.com.

Location, Date and Time of Regular Meetings

Regular meetings are 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 260, 295, 390, 391, and KX. [Click here for map.](#)

The Transportation Authority (TA) meets regularly on the first Thursday of the month at 5 PM. The TA Citizens Advisory Committee (CAC) meets regularly on the Tuesday prior to the first Thursday of the month at 4:30 p.m. at the San Mateo County Transit District Administrative Building.

Public Comment

If you wish to address the Board, 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, who will distribute the information to the Board members and staff.

Members of the public may address the Board on non-agendized items under the public Comment item on the agenda. Public testimony by each individual speaker shall be limited to one minute and items raised that require a response will be deferred for staff reply.

Accessibility for Individuals with Disabilities

Upon request, the TA 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 send a written 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 mailed to the Authority Secretary at the San Mateo County Transportation Authority, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or emailed to board@smcta.com; or by phone at 650-508-6242, or TDD 650-508-6448.

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 will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070-1306, at the same time that the public records are distributed or made available to the legislative body.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
1250 SAN CARLOS AVENUE, SAN CARLOS, CA 94070**

MINUTES – DECEMBER 3, 2009

MEMBERS PRESENT: R. Foust (Chair), C. Groom, J. Lee, K. Matsumoto,
R. O’Mahony

MEMBERS ABSENT: R. Gordon, J. Vreeland

STAFF PRESENT: C. Cavitt, G. Harrington, C. Harvey, R. Haskin, J. Hurley,
R. Lake, M. Lee, M. Martinez, N. McKenna, D. Miller,
K. Rothschild, M. Scanlon, M. Simon

Chair Rosanne Foust called the meeting to order at 5:04 p.m. Vice Chair Rosalie O’Mahony led the Pledge of Allegiance.

CONSENT CALENDAR

- a. Approval of Minutes of November 5, 2009
- b. Acceptance of Statement of Revenues and Expenses for October 2009

A motion (O’Mahony/Lee) to approve the Consent Calendar was passed.

PUBLIC COMMENT

Jim Bigelow, on behalf of the business community and Redwood City/San Mateo County Chamber of Commerce, commended Vice Chair O’Mahony for her many years of public service as she leaves the Board and specifically for her involvement with the City/County Association of Governments of San Mateo County (C/CAG).

Pat Giorni, Burlingame, thanked Executive Director Michael Scanlon for his support to accommodate bikes in the Redwood City project on El Camino Real. She said Measure A bicycle/pedestrian projects should be reviewed every year rather than every two years. Ms. Giorni thanked Vice Chair O’Mahony for being a representative of the underrepresented in the county.

Rich Hedges, San Mateo, said the Port of Oakland Commission voted yesterday to support the BART/Oakland Airport Connector Project.

CITIZENS ADVISORY COMMITTEE (CAC) REPORT

Chair Pat Dixon said, at its December 1, 2009 meeting, the CAC received an update on the New Measure A Program-Strategic Plan Implementation. Ms. Dixon was re-elected chair for 2010; Barbara Arietta was elected vice chair. Members enjoyed a holiday appreciation dinner following the meeting.

Chair Foust congratulated Ms. Dixon and Ms. Arietta.

CHAIRPERSON'S REPORT – ROSANNE FOUST

Resolution of Appreciation

Chair Foust presented a Resolution to outgoing Board member Vice Chair O'Mahony who served the TA from 2006 through 2009. She said the Board is losing a tremendous asset and will engage Vice Chair O'Mahony in their continued efforts on behalf of San Mateo County.

A motion (Lee/Matsumoto) to pass the resolution of appreciation was approved.

Vice Chair O'Mahony said every moment with the TA has been a highlight of her political life. She thanked Director John Lee for his involvement with the Broadway interchange and Third Avenue to Millbrae Avenue Auxiliary Lane Project. She acknowledged the collaboration between the TA and C/CAG for unparalleled leveraging of funding. She recognized Mr. Scanlon for the accomplishments of the TA and inspiration and encouragement during his 10-year tenure with the agency.

Director Carole Groom thanked Vice Chair O'Mahony for her involvement in transportation and leadership for the City of Burlingame.

Director Karyl Matsumoto said Vice Chair O'Mahony leads by example and it has been a great honor to serve with her.

Mr. Scanlon said Vice Chair O'Mahony is the consummate professional, knowledgeable about issues, an advocate for transportation and has the courage of her convictions. Mr. Scanlon praised above all Vice Chair O'Mahony's sense of loyalty to principles, friends, and the City of Burlingame. He said it has been a privilege to work with Vice Chair O'Mahony and is saying goodbye with a heavy heart.

Vice Chair O'Mahony acknowledged the CAC as the best CAC she has experienced and thanked the members for their hard work and diligence on transportation issues.

PROGRAM: Update on the New Measure A Implementation Plan (Plan)

Executive Officer, Planning and Development Marian Lee provided an overview of the Plan, approach, criteria and monitoring details and stakeholder comments.

- An Expenditure Plan was approved in 2004. A five-year Strategic Plan adopted in 2008 outlines the New Measure A Implementation Plan.
- The Plan was reviewed by the TA Board Strategic Plan Subcommittee, the CAC, C/CAG committees and an ad hoc committee of city managers in the fall of 2009. Stakeholder comments were finalized in November and the Plan is presented to the TA Board today.
- Project selection approaches include a call for projects for three, a plan-based strategy for two and an agreement-based strategy for three. Program strategies are to be determined for three other programs -- Accessible Services, the Dumbarton Corridor and Grade Separations.
- The call for projects includes the local shuttle, pedestrian and bike and Alternative Congestion Relief programs. Program criteria include eligibility requirements, and prioritization of need, policy consistency, readiness, effectiveness and sustainability.
- The plan-based strategy includes the Caltrain and Highway programs and involves a needs-based approach, a comprehensive 5-10 year Capital Improvement Program (CIP) and leveraging of funding for the whole program.

- The agreement-based strategy includes the ferry program, BART and local streets/transportation.
- Capital projects in the implementation plan will be monitored quarterly and during project development. Operating projects will be monitored annually with a focus on relative performance. Thresholds will be set for long-term goals.
- Stakeholder comments fell into three categories: overall support for the implementation approach, C/CAG coordination and the call for project criteria, and the Highway Plan.

Director Matsumoto said she sits on the Bicycle and Pedestrian Advisory Committee of C/CAG and encouraged strong coordination between the Board and C/CAG because the call for projects is a very expensive process for cities.

Public Comment

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce, urges strong support for the Implementation Plan. He said there are several billion dollars on the table for projects from San Francisco to San Jose including High Speed Rail (HSR) and Caltrain electrification. He thanked staff for their three-year effort to bring the Plan to the Board.

A motion (Lee/Groom) to accept the Implementation Plan was approved.

Chair Foust left at 5:40 p.m.

FINANCE

Authorize Rejection of All Proposals for Providing Environmental Planning

Director of Contracts and Procurement Cheryl Cavitt said staff requests the Board reject all proposals received for Environmental Planning as not meeting the minimum evaluation criteria.

Director Matsumoto asked if the TA would resubmit a request for proposals. Ms. Cavitt replied yes. She said staff did a survey of why firms chose not to submit and a good number of vendors mentioned similar proposals were being requested by other agencies.

A motion (Groom/Matsumoto) to reject proposals was approved.

Authorize Award of Contract to Shaw/Yoder/Antwih, Inc. to Provide State Legislative Advocacy Services for a Total Not-to-Exceed Cost of \$133,328 for Three Years

Ms. Cavitt said staff proposes the Board award the contract to Shaw/Yoder/Antwih, Inc. for dedicated State legislative advocacy services. This is the first time the TA has had its own lobbying firm.

Vice Chair O'Mahony said she had hoped for legislative advocacy services for a long time.

Mr. Scanlon said the proposals for State and Federal legislative advocacy services are a result of the Board's initiative to request services that would provide an opportunity to attract and leverage more funding.

Director Lee said this is especially important at the State level because of short term limits.

A motion (Lee/Groom) to award the contract to Shaw/Yoder/Antwih, Inc. was approved.

Authorize Award of Contract to Holland & Knight LLP to Provide Federal Legislative Advocacy Services for a Total Not-to-Exceed Cost of \$180,000 for Three Years

Ms. Cavitt said staff proposes the Board award a contract to Holland & Knight for dedicated Federal advocacy services to the TA.

A motion (Groom/Matsumoto) to award the contract to Holland & Knight LLP was approved.

Authorize Award of Contract to Maze & Associates Accountancy Corporation to Provide Financial Audit Services for a Total Not-to-Exceed Cost of \$77,100 for a Three-year Base Term and Up to Two Additional One-year Option Terms

Ms. Cavitt said staff proposes the Board award the contract, which has some additional on-call financial auditing services that will be procured at the hourly rate quoted in the proposal. This action will ensure the TA has its own independent financial audit service as required by the TA bylaws and enabling legislation.

A motion (Groom/Matsumoto) to award the contract to Maze & Associates Accountancy Corporation was approved.

Authorize Allocation Up to an Additional \$50 Million in Funds for Investment Advisory Services by Tamalpais Wealth Advisors (TWA) for the San Mateo County Transportation Authority

Deputy CEO Gigi Harrington said this is a request to consider moving an additional \$50 million from the County Pool to TWA. The TA currently has about \$314 million in the County Pool. In 2008 the Board authorized moving \$100 million in a series of quarterly increments. Staff is pleased with the performance of the portfolio under TWA management. Staff would propose to move no more than \$10 million a month in a very methodical fashion and perhaps less than that depending on market conditions. The Board will continue to receive quarterly reports from TWA Chief Economist Bill Osher. Fees are slightly lower for TWA services and TWA has outperformed the County Pool with the current amount in the portfolio.

Vice Chair O'Mahony asked if staff was going to deposit the money with the Bank of New York. Ms. Harrington said the \$50 million would not be moved until it is into investments.

A motion (Lee/Matsumoto) to authorize the allocation of \$50 million was approved.

PROGRAM

Verbal Update on State and Federal Legislative Program

Government Relations Officer Kim Rothschild reported:

State

- The Legislature is currently not hearing bills.
- Despite growing budget shortfalls the Assembly Transportation Committee is moving forward with hearings to address the State transit funding crisis. The first hearing is tomorrow in Los Angeles and the second is December 8 in Sacramento. Staff is participating in collaboration with the California Transit Association (CTA) to ensure that legislators understand the impact that transit funding cuts have had on transit service in San Mateo County.
- At its meeting on December 9, the California Transportation Commission (CTC) will be considering guidelines for the Corridor Mobility Improvement Account (CMIA) program

that allow cost savings on CMIA projects to be preserved and used on other proposed CMIA projects in the same corridor. Currently, any cost savings are sent back to the CTC for use anywhere in the State. Although the Marsh Road Auxiliary Lane Project was the only CMIA project approved for San Mateo County, the change in policy would allow any cost savings from that project to be used on other projects in the corridor. This would include the Willow Road/101 Interchange Project and Route 101 Intelligent Transportation System projects at Route 84 and Route 92. Staff will be attending the meeting on December 9 to support the new guidelines.

Federal

- Congressman John Garamendi was appointed to the Transportation and Infrastructure Committee. Government Affairs Manager Seamus Murphy will be meeting with Congressman Garamendi and his staff next week to brief him on the TA's Federal Legislative Program and issues regarding San Mateo County.
- All signs point to approval of the Appropriations Bill in a couple of weeks.
- SAFETEA-LU will probably be extended again for another six months.
- With continuing high unemployment rates, a separate effort has emerged in Congress to enact a jobs bill early next year. More than 9,500 transportation projects have been identified totaling about \$69 billion. Senator Barbara Boxer, who co-chairs a group of senators working on the legislation, said that this amount will be reflected in the bill once it's introduced and that they are exploring the use of Troubled Asset Relief Program (TARP) funds to finance the bill.
- The TARP program is also the focus of legislation that would compel the Treasury Department to reimburse local governments for losses they experienced when Lehman Brothers collapsed. The TA saw a \$25 million loss as a result of this collapse and staff is participating in a coalition effort being organized by the County of San Mateo next week in Washington, D.C. to encourage Congress to support the bill.

Vice Chair O'Mahony said Congresswomen Jackie Speier and Anna Eshoo met recently with Treasury Secretary Timothy Geithner about TARP funds but did not receive any definitive outcome on dispersal of funds.

Vice Chair O'Mahony asked about the SAFETEA-LU extension. Mr. Scanlon said SAFETEA-LU is authorizing legislation that is required before the appropriations process. SAFETEA-LU expired on September 30, 2009. On December 18 the second of two extensions will expire. The administration wanted to do an 18-month extension. Congressman Jim Oberstar said an 18-month extension would not keep the pressure on to get a full-term bill. A group of senators including Senator Boxer would like to do a six-month extension and then do appropriations under that probably as part of an omnibus bill of about 13 transportation bills. There is talk of a possible two-year extension that would be about \$100 billion for transportation.

Mr. Scanlon said Congresswoman Speier recently signed on as co-sponsor of the TARP bill. Also, staff is meeting in Washington, D.C. seeking relief for TARP funds for the Lehman Brothers financial collapse resulting in loss of TA investments.

Capital Projects Status Report – 1st Quarter Fiscal Year 2010

Program Director Joe Hurley said since publication of the report it has been reported there will be a delay in the completion of the environmental document associated with the Route 1 Fessler

Avenue to Westport Project. The stop light display for this project will be changed from green to yellow.

SAMTRANS LIAISON REPORT – KARYL MATSUMOTO

The November 12, 2009 report is in the agenda packet.

JOINT POWERS BOARD REPORT (JPB)

Mr. Scanlon reported on the meeting of December 3, 2009.

- An item was added to the agenda per Legal Counsel to do with lighting changes with the JPB and the City of Palo Alto at the Palo Alto Caltrain crossing where there have been a series of deaths by suicide in 2009.
- Approved the minutes of November 5, 2009 and accepted the Statement of Revenues and Expenses for October 2009.
- The Chair appointed a nominating committee for 2010 officers.
- A Resolution of Appreciation was presented to outgoing Director Jim Hartnett.
- MTC liaison Sue Lempert said MTC is discussing the possibility of increasing bridge tolls to do seismic work; and have revised their Advisory Committee structure opening up opportunities. Ms. Lempert encouraged members of the audience to become involved in an advisory capacity to the MTC.
- Reviewed the monthly performance statistics – October 2009 compared to October 2008
 - a. Total Ridership was 1,039,342, a decrease of 10.4 percent.
 - b. Average Weekday Ridership was 38,174, a decrease of 9 percent.
 - c. Total Revenue was \$3,553,368, a decrease of 5.9 percent.
 - d. On-time Performance was 94.4 percent, an increase of 1.5 percent.
 - e. Caltrain Shuttle Ridership was 5,935, a decrease of 6 percent.Year-to-date performance statistics – October 2009 compared to October 2008
 - f. Total Ridership was 4,235,994, a decrease of 10.5 percent.
 - g. Average Weekday Ridership was 39,742, a decrease of 10.1 percent.
 - h. Total Revenue was \$14,984,557, a decrease of 5.4 percent.
 - i. On-time Performance was 94.1 percent, an increase of 0.5 percent.
 - j. Caltrain Shuttle Ridership was 5,638, a decrease of 9.9 percent.
- Peninsula Rail Program Director Bob Doty presented an update on the Peninsula Rail Program.
- Executive Officer Public Affairs Mark Simon presented an update on continuing efforts to address suicide prevention and outreach with particular focus on a cluster of suicides in Palo Alto.
- Deputy CEO Chuck Harvey received the Board's approval for lighting changes proposed by the City of Palo Alto on the JPB and City of Palo Alto property adjacent to the East Meadow Crossing.
- Mr. Harvey responded to a petition from concerned parents concerning Gunn High School deaths by suicide who wanted to slow trains to five miles per hour through the East Meadow Crossing. Changes in train rate of speed to five miles per hour would cause cascading effects throughout the entire Caltrain corridor and include an added 4,000 hours of service.
- Work has been completed on expanding on-board bike capacity, including retrofit of three additional Bombardier cars. Eight of the 15 gallery car consists have two bike cars and there are two bike cars on every Bombardier consists with 2,800 bike riders per day. The primary concern is not the availability of seats, but dwell times involved with loading and unloading bicycles.

- The train horn retrofit is complete, including second bike cars in the middle of consists.
- Ridership was more than 4,000 for Stanford's Big Game with Cal.
- The Safety and Security Report is in the reading file.
- The Holiday Train will make its annual tour for Toys for Tots on December 5 and 6.
- The Board met in closed session to discuss real estate matters relating to the San Bruno Grade Separation Project. This project is scheduled to be underway before July 2010 in order to qualify for CTC funding of \$30 million for the project estimate of \$150-\$160 million. The Board met in open session to approve a resolution to proceed with the property acquisitions for the project.

Director Lee asked what time of day the suicides in Palo Alto occurred. Mr. Scanlon said there were three suicides at night in the dark and one in the morning.

REPORT OF THE EXECUTIVE DIRECTOR

No report

REQUESTS FROM THE AUTHORITY

None

WRITTEN COMMUNICATIONS TO THE AUTHORITY

The Board received a letter from Mr. Scanlon to Treasury Secretary Timothy Geithner.

LEGAL COUNSEL

Mr. Miller commented on an amicus brief filed on behalf of the TA in the California Environmental Quality Act (CEQA) litigation involving San Bernardino's Transportation Expenditure Plan, which was reflected in the November Board meeting minutes. The issue was whether CEQA applied at the time when a board was planning to put an expenditure plan measure on the ballot. The trial court and ultimately the appellate court confirmed that CEQA does not apply.

Mr. Miller reported the Court of Appeal granted the motion, in which the TA joined, to publish that opinion. The effect of the court's decision to publish its opinion is that the ruling can be cited and relied upon as legal precedent in future cases. This is important guidance given the number of transportation authorities that will face renewal measures or changes that may be proposed during the life of an expenditure plan. Mr. Scanlon said the court actually rules in a manner consistent with advice Mr. Miller provided to the Board at the time the TA's Measure A program was presented to San Mateo County.

Mr. Miller thanked and sent well wishes to Vice Chair O'Mahony on behalf of Hanson Bridgett law firm staff. He said Vice Chair O'Mahony serves on other regional bodies as well and others in the Hanson Bridgett firm have had the privilege of learning from and being mentored by Vice Chair O'Mahony. Mr. Miller said Vice Chair O'Mahony's gifts go well beyond those to the City of Burlingame and to transportation and the important area of water.

Vice Chair O'Mahony thanked Mr. Miller for the well wishes and the stand taken on the CEQA issue.

Vice Chair O'Mahony wished all happy holidays and asked everyone to be as great as they have been in the past to lead our county, especially with the leadership of Mr. Scanlon.

DATE AND PLACE OF NEXT MEETING

The next meeting is scheduled for Thursday, January 7, 2010, at 5 p.m. at the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos CA 94070.

The meeting adjourned at 6:25 p.m.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: San Mateo County Transportation Authority

THROUGH: Michael J. Scanlon
Executive Director

FROM: Gigi Harrington
Deputy CEO

SUBJECT: **INFORMATION ON STATEMENT OF REVENUES AND EXPENDITURES
FOR THE PERIOD ENDING NOVEMBER 30, 2009**

ACTION

Staff proposes that the Board of Directors accept and enter into the record the Statement of Revenues and Expenditures for the month of November 2009 and supplemental information.

SIGNIFICANCE

Revenues: Year-to-date *Total Revenue* (\$29,344,430 - line 6) is *worse* than staff projections by \$1,843,968 or 5.9 percent. Within total revenue, *Sales Tax* (\$25,892,142 - line 1) is \$744,858 or 2.8 percent *worse* than projections and *Interest Income* (\$2,152,242 - line 2) is \$1,096,268 or 33.7 percent *worse* than projections due to lower than budgeted returns. Staff plans to return to the Board with a revised budget projection for Sales Tax in early 2010.

Total Revenue (\$29,344,340 - line 6) is \$18,903,154 or 181.0 percent *higher* than prior year performance, driven by *Interest Income* (\$2,152,242 - line 2) which is \$20,998,376 or 111.4 percent *higher* due to prior year investment losses.

Expenditures: *Total Administration* (\$264,972 - line 32) is *better* than the year-to-date staff projections by \$62,707 or 19.1 percent. Within total administration, *Staff Support* (\$192,233 - line 25), *Professional/Legal* (\$60,755 - line 27) and *Other Services & Supplies* (\$7,573 - line 28) combined are \$60,917 or 18.9 percent *better* than staff projections.

Budget Amendment: There are no budget revisions for the month.

Prepared By: Rima Lobo, Manager, General Ledger
Sheila Tioyao, Senior Accountant

650-508-6274
650-508-7752

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEAR 2010
NOVEMBER 2009

% OF YEAR ELAPSED: **41.67**

	MONTH		YEAR TO DATE			ANNUAL		
	CURRENT ACTUAL	PRIOR ACTUAL	CURRENT ACTUAL	STAFF PROJECTION	% of PROJ	ADOPTED BUDGET	STAFF PROJECTION	% of PROJ
REVENUE								
Sales Tax	4,485,142	26,981,000	25,892,142	26,637,000	97.2%	64,716,300	64,716,300	40.0%
Interest Income	444,215	(18,846,134)	2,152,242	3,248,510	66.3%	7,292,600	7,292,600	29.5%
Rental Income	89,123	433,973	445,508	448,350	99.4%	1,077,120	1,077,120	41.4%
Miscellaneous Revenue	34,687	1,872,437	854,538	854,538	100.0%	3,300,000	3,300,000	25.9%
TOTAL REVENUE	5,053,167	10,441,276	29,344,430	31,188,398	94.1%	76,386,020	76,386,020	38.4%
EXPENDITURES:								
LOCAL ENTITIES	1,009,157	5,396,200	5,825,732	5,993,326	97.2%	14,561,168	14,561,168	40.0%
PARATRANSIT	179,406	0	1,035,686	1,065,480	97.2%	2,588,652	2,588,652	40.0%
TSM/ACR	38,133	249,310	190,663	411,461	46.3%	987,506	987,506	19.3%
MEASURE A INFORMATION & EDUCATION	0	5,678	0	10,205	0.0%	17,500	17,500	0.0%
SM COUNTY SHUTTLE PROGRAM	111,298	545,705	583,279	612,211	95.3%	1,431,768	1,431,768	40.7%
TRANSFER TO SMCTD FOR CALTRAIN	358,811	0	2,071,371	2,130,960	97.2%	5,177,304	5,177,304	40.0%
BART SERVICE OPERATING COST	89,703	0	517,843	532,740	97.2%	1,294,326	1,294,326	40.0%
ADMINISTRATION								
Staff Support	30,370	196,244	192,233	212,898	90.3%	510,955	510,955	37.6%
Board Of Directors	700	3,436	2,706	2,800	96.6%	8,400	8,400	32.2%
Professional/Legal	11,108	82,486	60,755	97,426	62.4%	295,770	295,770	20.5%
Other Services & Supplies	1,462	15,823	7,573	11,154	67.9%	35,167	35,167	21.5%
Travel & Meeting	0	3,319	1,706	3,401	50.1%	9,700	9,700	17.6%
TOTAL ADMINISTRATION	43,640	301,308	264,972	327,679	80.9%	859,992	859,992	30.8%
SUB-TOTAL	1,830,148	6,571,326	10,489,546	11,084,062	94.6%	26,918,216	26,918,216	39.0%
CAPITAL PROGRAMS	3,874,398	22,093,419	13,104,341 (1)	13,104,341	100.0%	34,455,000	34,455,000	38.0%
TOTAL EXPENDITURES	5,704,546	28,664,745	23,593,887	24,188,403	97.5%	61,373,216	61,373,216	38.4%
EXCESS (DEFICIT)	(651,379)	(18,223,469)	5,750,544	6,999,995		15,012,804	15,012,804	
BEGINNING FUND BALANCE	Not Applicable	455,797,977	425,328,119	449,848,997		449,848,997	449,848,997	
ENDING FUND BALANCE	Not Applicable	437,574,508	431,078,663 (2)	456,848,992		464,861,801	464,861,801	
Includes the following balances:								
Cash and Liquid Investments		533,749					176,980,683	
TSM		545,317					34,455,000	
Capital Appropriation Balance		201,073,141 (3)					1,515,000	
Undesignated Cash & Net Receivables		228,926,456					11,000,000	
Total		<u>431,078,663 (2)</u>					<u>223,950,683</u>	
							(9,773,201)	
							<u>(13,104,341) (1)</u>	
							<u>201,073,141 (3)</u>	

"% OF YEAR ELAPSED" provides a general measure for evaluating overall progress against the annual budget. When comparing it to the amounts shown in the "% of PROJECT." column, please note that individual line items reflect variations due to seasonal activities during the year.

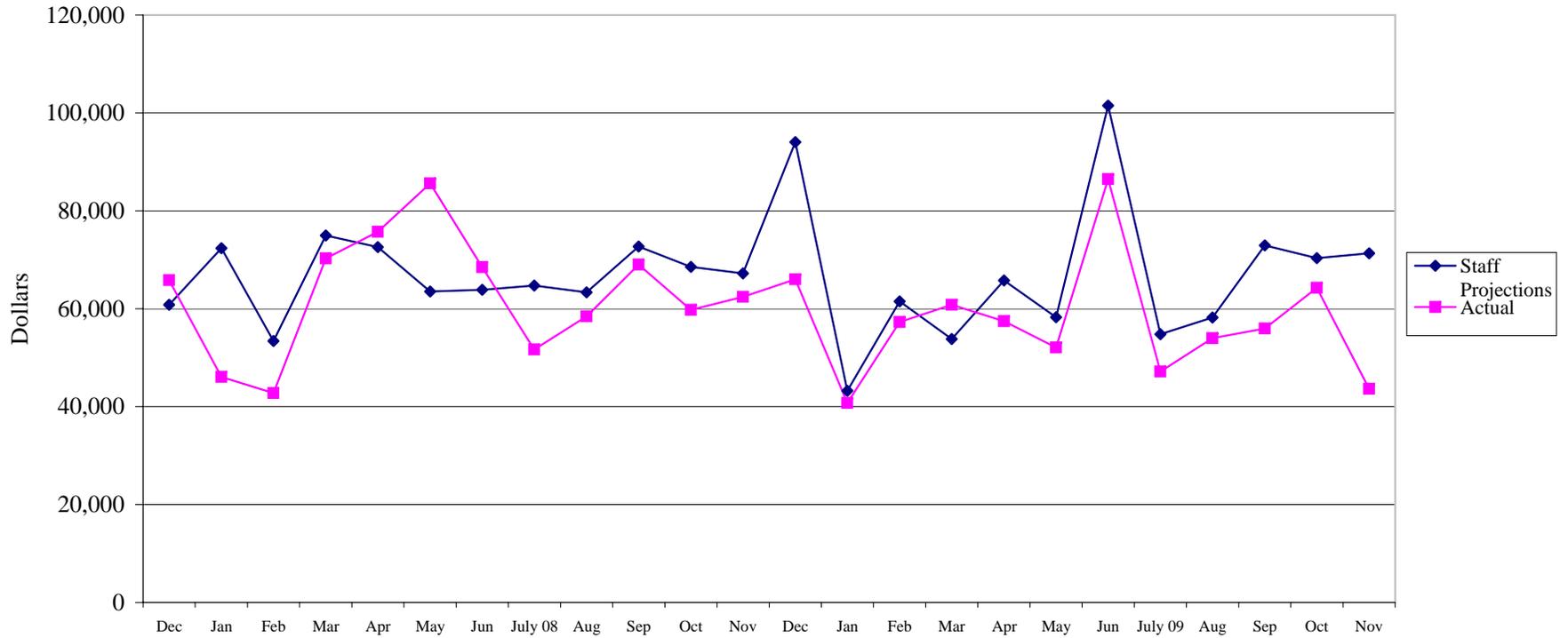
SAN MATEO COUNTY TRANSPORTATION AUTHORITY
**TRANSPORTATION SYSTEM MANAGEMENT/
 ALTERNATIVE CONGESTION RELIEF PROGRAM**
STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEAR 2010
NOVEMBER 2009

	MONTH		YEAR TO DATE			% OF YEAR ELAPSED: 41.67	
	CURRENT ACTUAL	PRIOR ACTUAL	CURRENT ACTUAL	STAFF PROJECTION	% of PROJECT.	ANNUAL STAFF PROJECTION	% of PROJECT.
REVENUE	51,181		285,251	286,530	99.6%	647,163	44.1%
TOTAL REVENUE	51,181	0	285,251	286,530	99.6%	647,163	44.1%
ALLOCATIONS	38,133	249,310	190,663	411,461	46.3%	987,506	19.3%
TOTAL ALLOCATIONS	38,133	249,310	190,663	411,461	46.3%	987,506	19.3%
EXCESS (DEFICIT)	13,049	(249,310)	94,589	(124,931)		(340,343)	
BEGINNING FUND BALANCE	Not Applicable	3,622,217	594,373	406,350	146.3%	406,350	146.3%
ENDING FUND BALANCE	Not Applicable	3,372,907	688,961 *	281,419	244.8%	66,007	1043.8%

"% OF YEAR ELAPSED" provides a general measure for evaluating overall progress against the annual budget. When comparing it to the amounts shown in the "% of PROJECT." column, please note that individual line items reflect variations due to seasonal activities during the year.

* Includes revenue net of expense accruals totalling \$143,644 not reflected on the TSM Reserve Account statement

SMCTA Administrative Expenses



Current Year Data

	Jul '09	Aug '09	Sep '09	Oct '09	Nov '09	Dec '09	Jan '10	Feb '10	Mar '10	Apr '10	May '10	Jun '10
MONTHLY EXPENSES												
Staff Projections	54,784	58,229	72,962	70,359	71,345							
Actual	47,163	53,965	55,937	64,268	43,640							
CUMULATIVE EXPENSES												
Staff Projections	54,784	113,013	185,975	256,334	327,679							
Actual	47,163	101,127	157,064	221,332	264,972							
Variance-F(U)	7,621	11,886	28,911	35,002	62,707							
Variance %	13.91%	10.52%	15.55%	13.65%	19.14%							



BOARD OF DIRECTORS 2009

ROSANNE FOUST, CHAIR
 RICH GORDON
 CAROLE GROOM
 JOHN LEE
 KARYL MATSUMOTO
 JIM VREELAND

MICHAEL J. SCANLON
 EXECUTIVE DIRECTOR

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

CAPITAL PROJECT RESERVES

AS OF NOVEMBER, 2009

TYPE OF SECURITY	MATURITY DATE	INTEREST RATE	PURCHASE PRICE	MARKET VALUE
County Pool #3	Liquid Cash	0.970%	\$ 313,687,949	\$ 314,423,996
Local Agency Investment Fund	Liquid Cash	0.611%	\$ 16,858	\$ 16,885
Investment Portfolio	Liquid Cash	2.481%	\$ 98,550,734	\$ 99,645,885
Other	Liquid Cash	0.050%	\$ 533,749	\$ 533,749
			<u>\$ 412,789,291</u>	<u>\$ 414,620,515</u>

Accrued Earnings for November 2009 \$ 451,371.60 (1)
 Cumulative Earnings FY2010 \$ 2,174,507.68

(1) Earnings do not include prior period adjustments

* County Pool average yield for the month ending November 30, 2009 was 0.970%. As of November 30, 2009, the amortized cost of the Total Pool was \$2,424,199,482.23 and the fair market value per San Mateo County Treasurer's Office was \$2,429,887,697.13.

** The market value of Local Agency Investment Fund (LAIF) was derived from the fair value factor of 1.001304743 as reported by LAIF for quarter ending June 30, 2009.

*** The Portfolio and this Investment Report comply with the Investment Policy and the provisions of SB 564 (1995). The Authority has the ability to meet its expenditure requirements for the next six months.



BOARD OF DIRECTORS 2009

ROSANNE FOUST, CHAIR
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SAN MATEO COUNTY TRANSPORTATION AUTHORITY

TSM RESERVE ACCOUNT

AS OF NOVEMBER, 2009

<u>TYPE OF SECURITY</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>PURCHASE PRICE</u>	<u>MARKET VALUE</u>
1988 Measure A Funds: County Pool #3 (Restr)	Liquid Cash	0.970%	\$ 138,964	\$ 139,290
2004 Measure A Funds: County Pool #3 (Restr)	Liquid Cash	0.970%	\$ 406,353	\$ 407,306
			<u>\$ 545,317</u>	<u>\$ 546,596</u>

Interest Income:

Accrued Earnings for November 2009	\$	-
Cumulative Earnings FY2010	\$	-

* Per Board Resolution 1999-20 approved October 7, 1999, Resolution 1989-12, enacted on July 6, 1989, is amended to clarify the intent of the Authority to cease making annual allocations for TSM activities from the interest proceeds of the Restricted Reserve Account.

** County Pool average yield for the month ending November 30, 2009 was 0.970%. As of November 30, 2009, the amortized cost of the Total Pool was \$2,424,199,482.23 and the fair market value per San Mateo County Treasurer's Office was \$2,429,887,697.13.

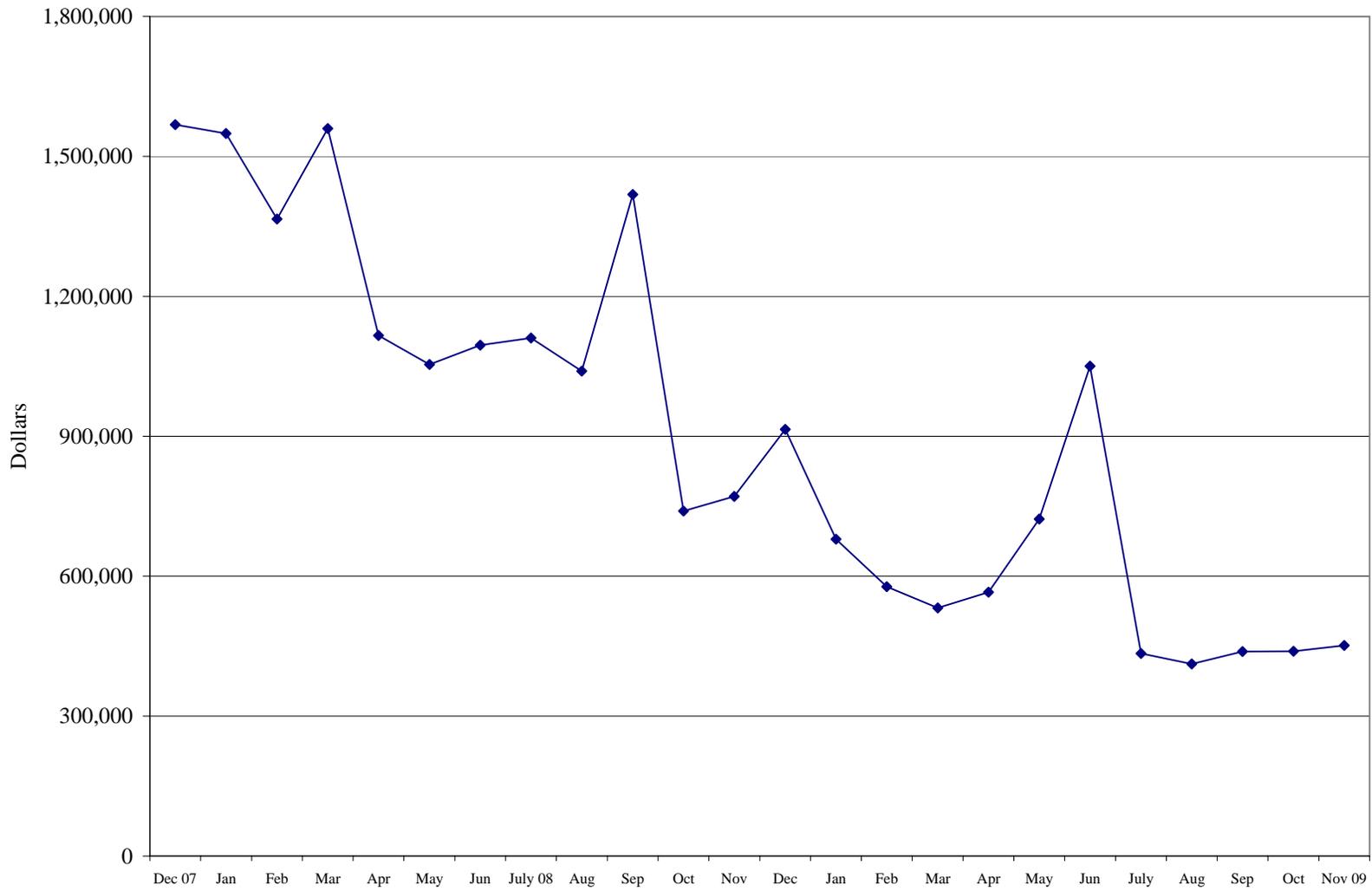
*** The Portfolio and this Investment Report comply with the Investment Policy and the provisions of SB 564 (1995). The Authority has the ability to meet its expenditure requirements for the next six months.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
INTEREST STATEMENT
NOVEMBER 2009**

FY2010	CURRENT MONTH TOTAL	FISCAL YEAR TO DATE TOTAL
JULY	434,112.63	434,112.63
AUGUST	411,671.49	845,784.12
SEPTEMBER	438,463.41	1,284,247.53
OCTOBER (1)	438,888.55	1,723,136.08
NOVEMBER	451,371.60	2,174,507.68
DECEMBER		
JANUARY		
FEBRUARY		
MARCH		
APRIL		
MAY		
JUNE		

(1) Includes prior period adjustments

SMCTA Interest Income



* Paratransit interest no longer displayed as corpus has been transferred to SamTrans.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
INTEREST ON INVESTMENTS
NOVEMBER 30, 2009**

DESCRIPTION	TOTAL INVESTMENT 11-30-09	INTEREST RECEIVABLE 10-31-09	INTEREST EARNED 11-30-09	INTEREST RECEIVED 11-30-09	ADJ.	INTEREST RECEIVABLE 11-30-09
LAIF	16,858.23	8.95	8.47	0.00	0.00	17.42
COUNTY POOL	314,233,266.02	243,022.16	249,884.98	0.00	0.00	492,907.14
BANK OF AMERICA	533,749.17	0.00	26.82	26.82	0.00	0.00
INVESTMENT PORTFOLIO	<u>98,550,734.18</u>	<u>625,271.79</u>	<u>201,447.58</u>	<u>260,475.29</u>	<u>3.75</u>	<u>566,247.83</u>
	<u>413,334,607.60</u>	<u>868,302.90</u>	<u>451,367.85</u>	<u>260,502.11</u>	<u>3.75</u>	<u>1,059,172.39</u>

NOVEMBER 2009 -- SUMMARY OF INTEREST & CAPITAL GAIN

Interest Earned Per Report 11/30/09	451,371.60
Add:	
Less County Pool Adj.	
Misc. Income	
GASB 31	
Less:	
Management Fees	(5,585.00)
Securities Transaction Activity Fees	
Capital Gain(Loss)	<u>(1,571.61)</u>
Total Interest & Capital Gain(Loss)	<u><u>444,214.99</u></u>

YEAR TO DATE -- SUMMARY

Interest Earned	2,174,507.68
Add:	
Less County Pool Adj.	
Misc. Income	
GASB 31	
Less:	
Management Fees	(32,301.77)
Securities Transaction Activity Fees	(3,193.01)
Capital Gain(Loss)	<u>13,229.19</u>
Total Interest	<u><u>2,152,242.09</u></u>

Balance Per Ledger as of 11/30/09

Int Acct. 409100 - Co. Pool	1,216,713.22
Int Acct. 409100 - LAIF	1,229.84
Int Acct. 409100 - B of A	365.28
Int Acct. 409101 - Portfolio Funds	920,704.56
Gain(Loss) Acct. 405210	13,229.19
GASB31 Acct. 405220	<u>0.00</u>
	<u><u>2,152,242.09</u></u>

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
INVESTMENT PORTFOLIO
NOVEMBER 30, 2009**

TYPE OF SECURITY	CUSIP #	SETTLE DATE	ORIGINAL	MARKET	MATURITY DATE	INT RATE	RATE/DAY	APPL. DAYS	INTEREST	INTEREST	INTEREST RECEIVED	ADJ.	INTEREST	PAR VALUE
			PURCHASE PRICE	VALUE 11-30-09					REC'VBLE 10-31-09	EARNED 11-30-09			REC'VBLE 11-30-09	
<u>SECURITIES MANAGED BY INVESTMENT ADVISOR:</u>														
<u>CORPORATE BONDS</u>														
JP MORGAN CHASE	481247AD6	12-16-08	2,028,000.00	2,043,768.00	12-01-10	2.625%	145.8333	30	21,874.99	4,375.00			26,249.99	2,000,000
BANK OF AMERICA	06052AAA9	12-23-08	2,000,000.00	2,025,784.00	12-23-10	1.700%	94.4444	30	12,088.86	2,833.33			14,922.19	2,000,000
GENERAL ELECTRIC	36967HAL1	04-24-09	2,014,900.00	2,032,068.00	03-11-11	1.800%	100.0000	30	4,900.00	3,000.00			7,900.00	2,000,000
GOLDMAN SACHS	38146FAA9	05-29-09	3,124,650.00	3,156,630.00	06-15-12	3.250%	270.8333	30	36,562.49	8,125.00			44,687.49	3,000,000
													9.24%	
<u>GOVERNMENT BONDS</u>														
FHLM	3137EABH1	07-29-09	8,125,350.00	8,082,500.00	05-28-10	2.375%	527.7778	30	47,170.13	15,833.33	61,420.14		1,583.32	8,000,000
CASH MGMT BILL	912795UU3	09-14-09	4,988,116.67	4,995,545.90	06-17-10	0.000%	0.0000	30	0.00	0.00			0.00	5,000,000
FHLB	3133XRN22	12-23-08	2,065,360.00	2,040,000.00	07-16-10	3.500%	194.4444	30	20,416.64	5,833.33			26,249.97	2,000,000
FHLB	3133XBV28	04-21-09	5,230,400.00	5,171,875.00	11-02-10	4.250%	590.2778	30	105,069.42	17,708.33	106,250.00		16,527.75	5,000,000
US TREASURY NOTE	912828JS0	02-11-09	3,517,500.00	3,533,358.78	11-30-10	1.250%	121.5278	30	18,131.65	3,645.83	21,875.00		(97.52)	3,500,000
FNMA	31398AVQ2	03-23-09	3,512,845.00	3,556,875.00	03-23-11	1.750%	170.1389	30	6,465.30	5,104.17			11,569.47	3,500,000
FHLM	3128X8WC2	04-21-09	3,999,600.00	4,019,276.00	04-20-11	1.750%	194.4444	30	1,944.42	5,833.33			7,777.75	4,000,000
FNMA	31359MLS0	11-18-08	2,131,400.00	2,178,125.00	11-15-11	5.375%	298.6111	30	49,270.80	8,958.33	53,750.00		4,479.13	2,000,000
FANNIE MAE	31398AUU4	01-23-09	4,014,560.00	4,096,250.00	01-09-12	2.000%	222.2222	30	24,666.70	6,666.67			31,333.37	4,000,000
US TREASURY NOTE	912828KB5	04-30-09	2,789,062.50	2,821,874.10	01-15-12	1.125%	87.5000	30	9,136.74	2,625.00			11,761.74	2,800,000
FHLB	3133XSWM6	01-23-09	3,000,000.00	3,076,875.00	01-23-12	2.100%	175.0000	30	16,975.00	5,250.00			22,225.00	3,000,000
FHLM	3128X8RR5	03-23-09	3,823,750.00	3,826,166.80	03-19-12	2.625%	277.0833	30	11,637.50	8,312.50			19,950.00	3,800,000
FNMA	3136FHEV3	04-24-09	5,035,200.00	5,081,250.00	03-23-12	2.375%	329.8611	30	12,204.84	9,895.83			22,100.67	5,000,000
FHLM	3137EACC1	05-27-09	1,995,080.00	2,033,750.00	06-15-12	1.750%	97.2222	30	14,875.02	2,916.67			17,791.69	2,000,000
FNMA	31398AYM8	07-10-09	4,996,300.00	5,078,125.00	08-10-12	1.750%	243.0556	30	19,687.53	7,291.67			26,979.20	5,000,000
US TREASURY NOTE	912828HQ6	07-29-09	15,462,500.00	15,802,741.05	01-31-13	2.875%	1,197.9167	30	104,622.47	35,937.50			140,559.97	15,000,000
													75.55%	
<u>TREASURY INFLATION PROTECTED SECURITIES</u>														
US INFLATION INDEXED	9128275W8	02-04-09	6,387,730.29	6,451,743.94	01-15-10	4.250%	749.3719	30	77,966.13	22,481.16			100,447.29	6,418,150
US INFLATION INDEXED	912828CZ1	12-12-08	2,133,506.80	2,286,729.63	04-15-10	0.875%	54.8067	30	750.60	1,644.20			2,394.80	2,279,960
													8.93%	
<u>COLLATERIZED MORTGAGE OBLIGATIONS</u>														
FHR SERIES 1832 - F	3133T65S6	11-26-08	220,528.51	216,210.12	03-15-11	6.500%	42.4960	30	2,897.40	1,274.88	1,274.89		2,897.39	216,271
FHLB SERIES 00-0606 Y	3133XE5D7	11-21-08	1,620,094.67	1,698,536.80	12-28-12	5.270%	235.9230	30	609.58	7,077.69	7,077.69		609.58	1,584,929
													1.85%	
<u>FEDERAL HOME LOAN MORTGAGE CORPORATION BONDS</u>														
FHLMC GOLD POOL	31282SAC6	12-22-08	1,094,221.82	1,099,749.09	03-01-11	4.000%	126.6139	30	5,347.58	3,798.42	3,798.41		5,347.59	1,082,718
													1.11%	
* SOLD/MATURED														
			-	-										
SUBTOTAL			95,310,656.26	96,405,807.21					625,271.79	196,422.17	255,446.13	0.00	566,247.83	94,182,027.67
<u>CERTIFICATE OF DEPOSITS</u>														
CDARS	(N/A)	04-02-09	2,025,323.84	2,025,323.84	03-31-11	1.890%	104.7102	30	0.00	3,141.31	3,143.67	2.36	(0.00)	2,025,324
CDARS	(N/A)	04-09-09	1,214,754.08	1,214,754.08	04-07-11	1.890%	62.8033	30	0.00	1,884.10	1,885.49	1.39	0.00	1,214,754
													3.33%	
* SOLD/MATURED														
			-	-										
TOTAL			98,550,734.18	99,645,885.13					625,271.79	201,447.58	260,475.29	3.75	566,247.83	97,422,105.59

18-Dec-09

Weighted Average Interest Rate 2.4805%

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
 1/2 CENT SALES TAX RECEIPTS AND PROJECTIONS
 FY2009 & FY2010
 NOVEMBER 2009

12/18/09 4:46 PM

Approved Budget		Receipts		Over/(Under) Budget/Projection	Current Projection
Date	Amount	Date	Amount		
FY2009:					
1st Quarter	16,383,000	1st Quarter	17,259,436	876,436	17,259,436
2nd Quarter	17,387,000	2nd Quarter	15,981,534	(1,405,466)	15,981,534
3rd Quarter	15,217,000	3rd Quarter	12,941,406	(2,275,594)	12,941,406
4th Quarter	16,383,000	4th Quarter	13,840,067	(2,542,933)	13,840,067
FY2009 Total	65,370,000	FY2009 Total	60,022,443	(5,347,557)	60,022,443
FY2010:					
Jul. 09	4,430,000	Sep. 09	4,205,900	(224,100)	4,205,900
Aug. 09	4,430,000	Oct. 09	4,341,800	(88,200)	4,341,800
Sep. 09	5,950,000	Nov. 09	4,673,100	(1,276,900)	4,673,100
1st Qtr. Adjustment	1,367,000	Dec. 09		631,525	1,998,525 (1)
3 Months Total	16,177,000		13,220,800	(957,675)	15,219,325
Oct. 09	4,743,000	Dec. 09		0	4,743,000 (1)
Nov. 09	4,743,000	Jan. 10		0	4,743,000 (1)
Dec. 09	6,207,000	Feb. 10		0	6,207,000
2nd Qtr. Adjustment	1,461,000	Mar. 10		319,225	1,780,225 (1) Oct & Nov Portion
6 Months Total	33,331,000		13,220,800	(638,450)	32,692,550
Jan. 10	4,129,000	Mar. 10		0	4,129,000
Feb. 10	4,129,000	Apr. 10		0	4,129,000
Mar. 10	5,416,000	May 10		0	5,416,000
3rd Qtr. Adjustment	1,379,000	Jun. 10		319,225	1,698,225
9 Months Total	48,384,000		13,220,800	(319,225)	48,064,775
Apr. 10	4,470,000	Jun. 10		0	4,470,000
May 10	4,470,000	Jul. 10		0	4,470,000
Jun. 10	5,880,000	Aug. 10		0	5,880,000
4th Qtr. Adjustment	1,512,300	Sep. 10		319,225	1,831,525
FY2010 Total	64,716,300	FY2010 Total	13,220,800	0	64,716,300
	15,219,325	1st Quarter			
	10,672,817	2nd Quarter			
		3rd Quarter			
		4th Quarter			
	<u>25,892,142</u>	YTD Actual Per Statement of Revenue & Expenses			

(1) Accrued

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
CASH AND INVESTMENTS AS OF NOVEMBER 30, 2009

	<u>11/30/2009</u>
Cash -- Bank of America Checking Account	533,749.17
LAIF	16,858.23
County Pool	314,233,266.02
Investment Portfolio	98,550,734.18
	<hr/>
Total	<u><u>413,334,607.60</u></u>

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
CHECKS WRITTEN -- NOVEMBER 2009

Unit	Reference	Name	Date	Sum Amount	Method	Description
SMCTA	000547	DEPARTMENT OF TRANSPORTATION	2009-11-02	1,584,177.67	WIR	Capital Programs
SMCTA	000548	PENINSULA CORRIDOR JOINT POWERS BOARD	2009-11-09	2,276,472.09	WIR	Capital Programs
SMCTA	000549	PENINSULA CORRIDOR JOINT POWERS BOARD	2009-11-09	1,262,777.97	WIR	Capital Programs
SMCTA	000550	MATSUMOTO, KARYL M.	2009-11-09	100.00	WIR	Board of Directors Compensation
SMCTA	000551	O'MAHONY, ROSALIE	2009-11-09	100.00	WIR	Board of Directors Compensation
SMCTA	000552	GROOM, CAROLE	2009-11-09	100.00	WIR	Board of Directors Compensation
SMCTA	000553	SAN MATEO COUNTY TRANSIT DISTRICT	2009-11-16	123,367.90	WIR	Capital Programs
SMCTA	000554	SAN MATEO COUNTY TRANSIT DISTRICT	2009-11-23	22,826.79	WIR	Capital Programs
SMCTA	002574	HANSON, BRIDGETT, MARCUS, VLAHOS & RUDY	2009-11-02	8,343.00	CHK	Legal Services
SMCTA	002575	TAMALPAIS WEALTH ADVISORS	2009-11-02	16,753.86	CHK	Other Contract Services
SMCTA	002576	URS CORPORATION	2009-11-02	6,951.83	CHK	Capital Programs
SMCTA	002577	VAVRINEK, TRINE, DAY & CO., LLP	2009-11-02	24,000.00	CHK	Annual Audit Services
SMCTA	002578	BANK OF NEW YORK MELLON, THE	2009-11-09	3,193.01	CHK	Other Contract Services
SMCTA	002579	EXARO	2009-11-09	49,287.85	CHK	Capital Programs
SMCTA	002580	FOUST, ROSANNE	2009-11-09	100.00	CHK	Board of Directors Compensation
SMCTA	002581	GORDON, RICHARD S.	2009-11-09	100.00	CHK	Board of Directors Compensation
SMCTA	002582	LEE, JOHN	2009-11-09	100.00	CHK	Board of Directors Compensation
SMCTA	002583	MENLO PARK, CITY OF	2009-11-09	14,871.75	CHK	TSM
SMCTA	002584	PARKING COMPANY OF AMERICA	2009-11-09	96,590.34	CHK	SMCTA Caltrain Shuttles
SMCTA	002585	URS CORPORATION	2009-11-09	136,367.03	CHK	Capital Programs
SMCTA	002586	VREELAND, JIM	2009-11-09	100.00	CHK	Board of Directors Compensation
SMCTA	002587	DMJM HARRIS/MARK THOMAS JV	2009-11-16	7,222.10	CHK	Capital Programs
SMCTA	002588	PENINSULA TRAFFIC CONGESTION RELIEF	2009-11-16	199,051.50	CHK	Shuttles Payable
SMCTA	002589	AT&T	2009-11-23	2,288.35	CHK	Capital Programs
SMCTA	002590	CARTER & BURGESS, INC.	2009-11-23	26,218.50	CHK	Capital Programs
SMCTA	002591	DMJM HARRIS/MARK THOMAS JV	2009-11-23	19,448.24	CHK	Capital Programs
SMCTA	002592	HARRIS ELECTRIC	2009-11-23	3,177.00	CHK	Capital Programs
SMCTA	002593	PBS&J	2009-11-23	96,479.01	CHK	Capital Programs
SMCTA	002594	RAJAPPAN & MEYER CONSULTING	2009-11-23	3,318.02	CHK	Capital Programs
SMCTA	002595	DMJM HARRIS/MARK THOMAS JV	2009-11-30	6,328.69	CHK	Capital Programs
SMCTA	002596	VAVRINEK, TRINE, DAY & CO., LLP	2009-11-30	3,000.00	CHK	Annual Audit Services
				<u>5,993,212.50</u>		

**Summary of San Mateo County Transit District's
Committee and Board of Directors Meeting of
December 9, 2009**

The Community Relations Committee and Board

Manager, Accessible Transit Services Bill Welch said Redi-Wheels' singers will be entertaining customers with holiday music at county adult day care centers on December 21 and 22.

Paratransit Coordinating Council (PCC) Chair Kent Mickelson said the PCC is working with staff to make paratransit operations more efficient. He said complaints have decreased and compliments have increased. Mr. Mickelson distributed PCC tote bags handed out at outreach activities.

Citizens Advisory Committee (CAC) Chair Wayne Kingsford-Smith reported:

- CAC received a presentation on the CBS Outdoor bus shelter program.
- The CAC received a letter from a Route DX customer who was unhappy the route was eliminated.
- John Baker was elected chair and Peter Ratto vice chair for 2010.

Mr. Harvey presented the ADA Paratransit Service Report (attached).

Average weekday ridership for all modes for October 2009 compared to October 2008 was 99,542, a decrease of 7.7 percent.

The Finance Committee and Board

Accepted the Statement of Revenues and Expenses for October 2009. Revenues are under budget by about \$650,000 primarily due to passenger fares reflecting a drop in ridership. Expenses are better than budget by about \$3 million. A budget amendment will be introduced at the January 2010 Board meeting to reflect approved fare and service changes. Fuel costs are currently \$2.04 per gallon including taxes so the fuel hedge of \$2 per gallon has not tripped.

Authorized entering into a Memoranda of Understanding (MOU), filing applications and passing through funds to Lifeline Transportation Project Sponsors in San Mateo County in the amount of \$1,089,614. This process will help fund six lifeline transportation program projects in San Mateo County.

Authorized rejection of low monetary bid as non-responsive and awarded a contract to Kerby Construction for the Brewster Depot Improvements Project in the amount of \$159,852. The site improvement project will add two modular buildings for Redi-Wheels operations.

Authorized award of contract to Atlas/Pellizzari Electrical, Inc. for North Base emergency generator upgrade in the amount of \$508,000. This project provides for the replacement of the existing 100 kW generator with a larger 450 kW capacity and more reliable generator. The generator will meet the current demands for operations in a power outage or other emergency situations.

Authorized award of contract to New Flyer Industries, LLC for furnishing brake parts and related items for a total estimated cost of \$135,112. This contract will provide the District with a

**Summary of San Mateo County Transit District's
Committee and Board of Directors Meeting of
December 9, 2009**

continued, dedicated supplier of brake parts and related items to support the maintenance needs of the District's current fleet of heavy-duty transit buses.

Authorized award of contract to Maze & Associates Accountancy Corporation to provide financial audit services in the amount of \$185,000. This contract will ensure continuation of professional, independent financial audit services as required by the enabling legislation of the District, the United States Office of Management and Budget, and the Federal Transit Administration (FTA).

Authorized rejection of all proposals for providing environmental planning:

- Jacobs, Oakland CA
- James Environmental Planning Services, Fresno CA
- PBS&J, San Francisco CA

The proposals did not meet the minimum evaluation criteria.

The Legislative Committee and Board

State Update:

- The Assembly Transportation Committee held two hearings on the State transit funding crisis to determine the current status of statewide transportation agencies. Expectations of implementing SB375 were disclosed, which will be a challenge due to the lack of funding from the State government.
- Assemblymember John Perez of Los Angeles is the favorite to replace current Assembly Speaker Karen Bass.

Federal Update:

- Government Affairs Manager Seamus Murphy met in Washington D.C. with Congressman John Garamendi who was appointed to the Transportation and Infrastructure Committee. Mr. Murphy will be meeting with Congresswomen Jackie Speier and Anna Eshoo on LILO/SILO issues and Troubled Asset Relief Program (TARP) local government assistance legislation.
- The Conference Committee approved the Transportation Housing and Urban Development (THUD) HR 3288 bill, which will be added to an omnibus package that will include the jobs bill. The Defense Appropriations Bill will be held out of the package and may include tax extenders including the alternative fuel tax credit extension, for which SamTrans has submitted letters of support. Several relevant transportation programs in THUD include \$2.5 billion for High Speed Rail (HSR); \$1.25 million for Caltrain's positive train control project and \$150 million for the East Palo Alto Urban Development Department of Transportation Sustainable Communities Initiative.
- Congress wants to enact a jobs bill early next year and about 9,500 transportation projects have been identified totaling \$69 billion. Senator Barbara Boxer would like to use TARP funds for the finance portion of this bill, which is about \$200 billion less expensive than the Treasury Department originally anticipated.

**Summary of San Mateo County Transit District's
Committee and Board of Directors Meeting of
December 9, 2009**

Chair Zoe Kersteen-Tucker has been pushing support of Senate Climate Bill 1733. A letter has been sent requesting local stakeholders to support Senator Boxer's efforts to keep pressure on increasing, or at least maintaining, transportation investment in the bill.

Planning, Development & Sustainability Committee and Board

Authorized adoption of the Fiscal Year 2009-2018 Short-Range Transit Plan (SRTP), which is submitted to the Metropolitan Transportation Commission (MTC).

Authorized the General Manager/CEO to execute a Cooperative Agreement with the Peninsula Corridor Joint Powers Board to provide right of way certification and related services in connection with the San Bruno Grade Separation Project. The Agreement will provide for SamTrans to perform right-of-way certification services required by State project funding sources and to undertake eminent domain services that cannot otherwise be performed by the JPB.

Board of Directors

Report of the Chair:

Chair Kersteen-Tucker appointed Directors Jerry Deal, Shirley Harris and Adrienne Tissier to the nominating committee for 2010 officers.

Chair Tucker participated in an American Public Transportation Association (APTA) Webinar on December 9, 2009. The speaker was FTA Administrator Peter Rogoff.

Report of the General Manager/CEO Mr. Scanlon:

- Recognized bus operator Rafael Ramirez with a 20-year safe driver award.
- Staff is working on final details for implementation of the service reductions, which begin on December 20.
- Commended Director of Bus Transportation Chester Patton and Manager, Transit Operations Jeff Johnson who worked through the Supervisory Academy with bus operators who lost jobs as a result of service reductions.
- Capital funding is still available to continue procurement of new buses.
- Commended Chair Kersteen-Tucker for her work to acquire four of the new buses for the coastside.
- On December 3 staff said good-bye to outgoing JPB Director Jim Hartnett and outgoing Transportation Authority Director Rosalie O'Mahony.
- Thanked Director Tissier for her work at MTC.

The Board of Directors met in closed session to discuss the following:

- a. Conference with Labor Negotiator - Teamsters Union, Local 856 (Bus Transportation Supervisors, Dispatchers and Radio Controllers)
- b. Conference with Labor Negotiator - Amalgamated Transit Union, Local 1574 (Customer Service Center Employees)

The next meeting of the Board is scheduled for Wednesday, January 13, 2010.

samTrans

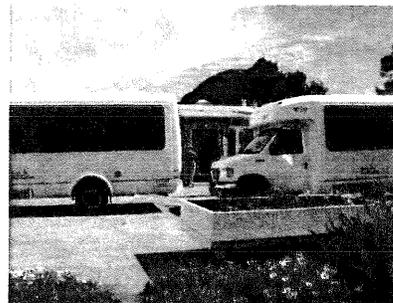
SamTrans Paratransit Service

Community Relations Committee
December 9, 2009

ADA Paratransit Service

samTrans

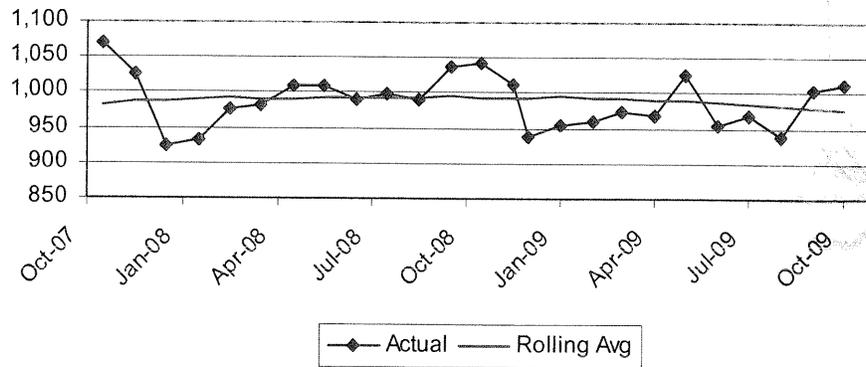
- Operating Statistics – Redi-Wheels & RediCoast
- Paratransit eligibility
- Cost control and efficiency measures
- Summary



Redi-Wheels Ridership

samTrans

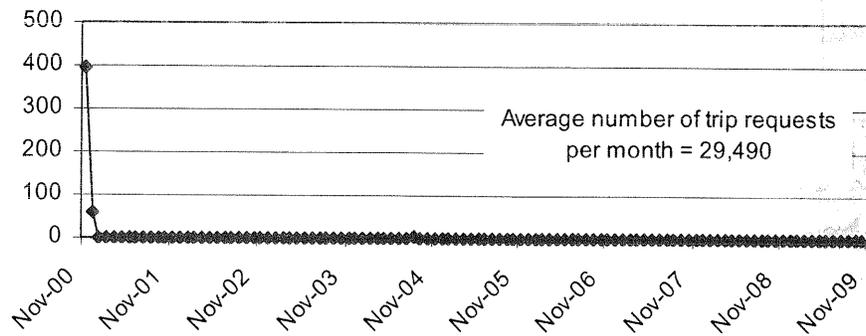
Redi-Wheels Average Weekday Ridership



Trip Denials

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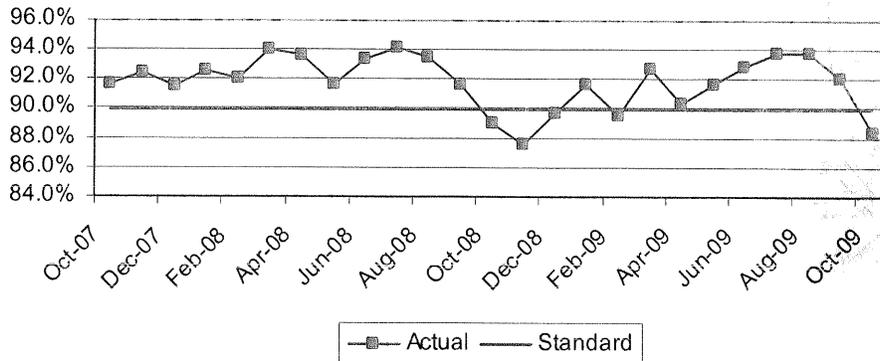
Monthly Denials



On-time Performance

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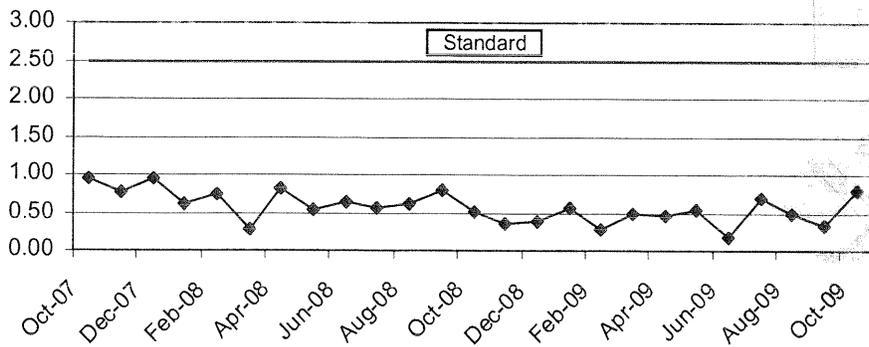
Pick Ups within 20 Minutes of Scheduled Time



Service Complaints

samTrans

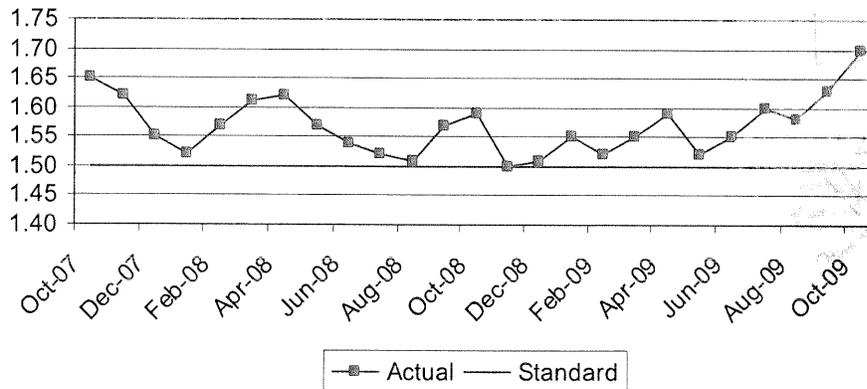
Complaints per Thousand Rides



Redi-Wheels Productivity

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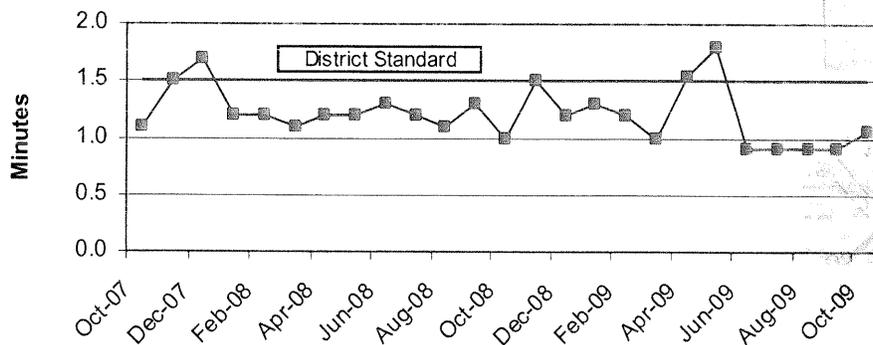
Redi-Wheels Passengers per Hour



Telephone Hold Time

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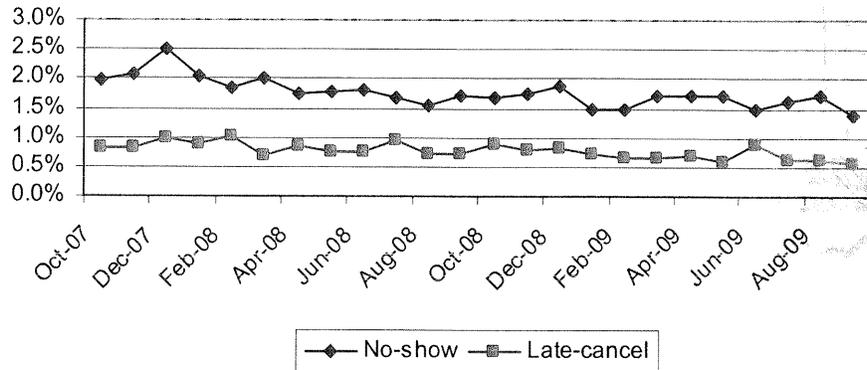
Average Telephone Hold Time



No-show and Late Cancel

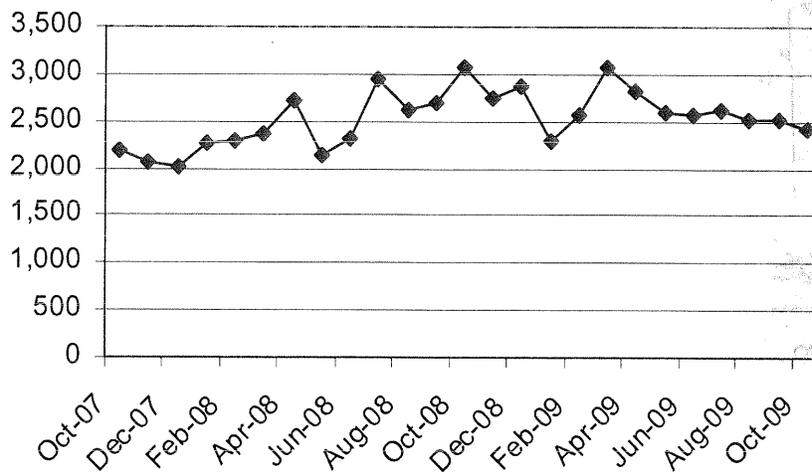
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Redi-Wheels No-show and Late-cancel



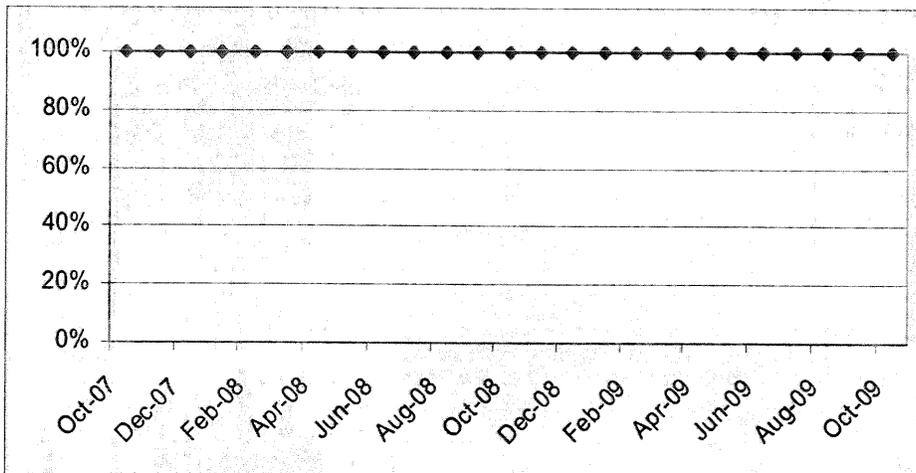
RediCoast Ridership

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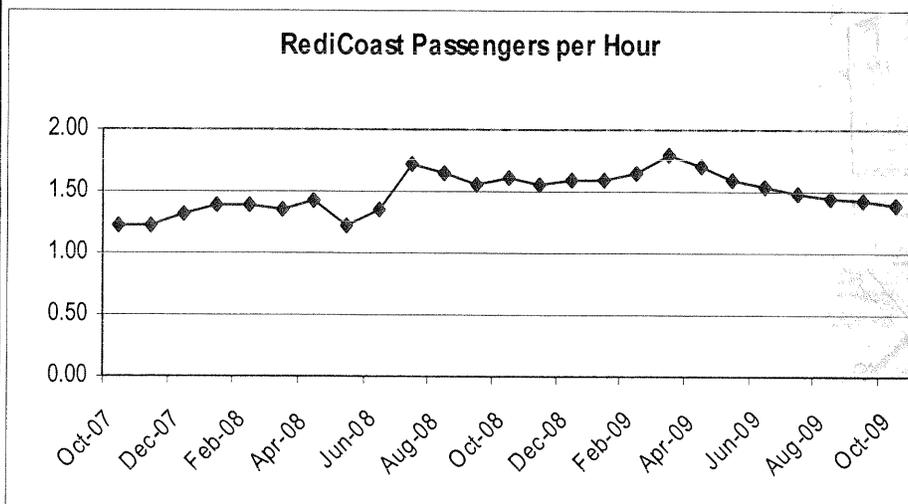
RediCoast On-time Performance

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RediCoast Productivity

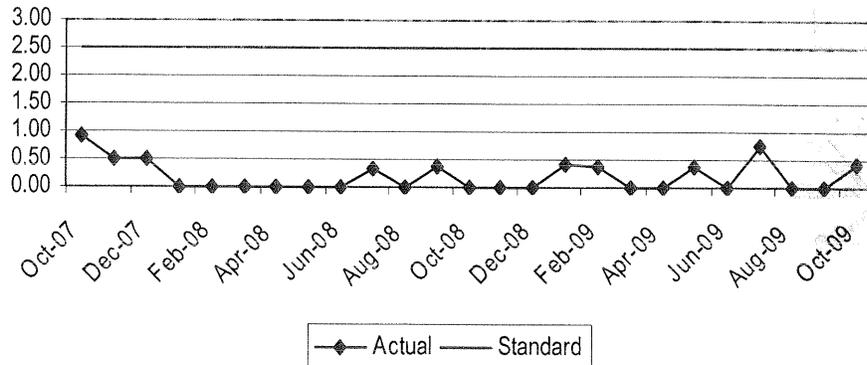
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RediCoast Service Complaints

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RediCoast Complaints per Thousand Rides



Cost Control and Efficiency Measures

samTrans

- **Savings in MV contract**
 - Successfully negotiated a favorable option year
 - Increase in passenger productivity
 - Overall lower cost per trip served
- **Customer education/enforcement campaign**
 - 14% reduction in no-shows for 2009
 - 16% reduction in late-cancels for 2009

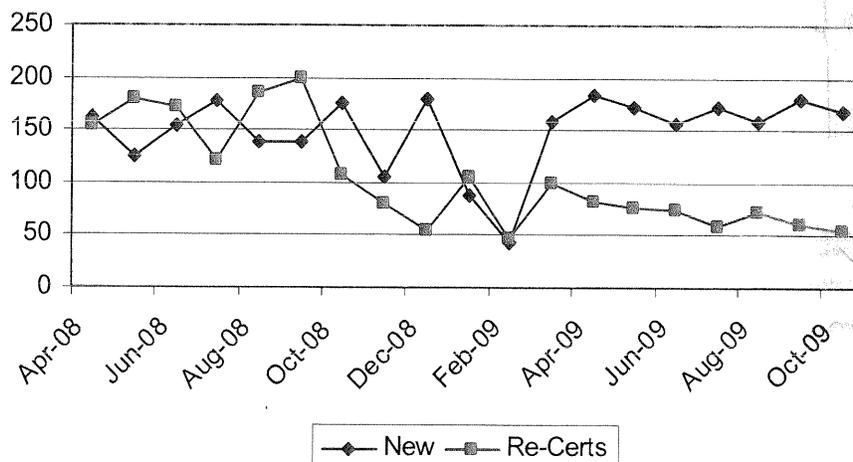
Cost Control and Efficiency Measures

samTrans

- **Interactive Voice Response system**
 - Real-time notice of vehicle arrival
 - Potential of fewer no-shows, increased operating efficiency
 - RFP issued, proposals under review
 - Operational fall 2010
- **Possible policy change on ride cancellations**
 - 2 hours advance notice to be required (currently 1 hour)
 - Fewer late cancels, increased operating efficiency
 - Working with external stakeholders (PCC, Efficiency Review Committee)
 - Possible implementation February 2010

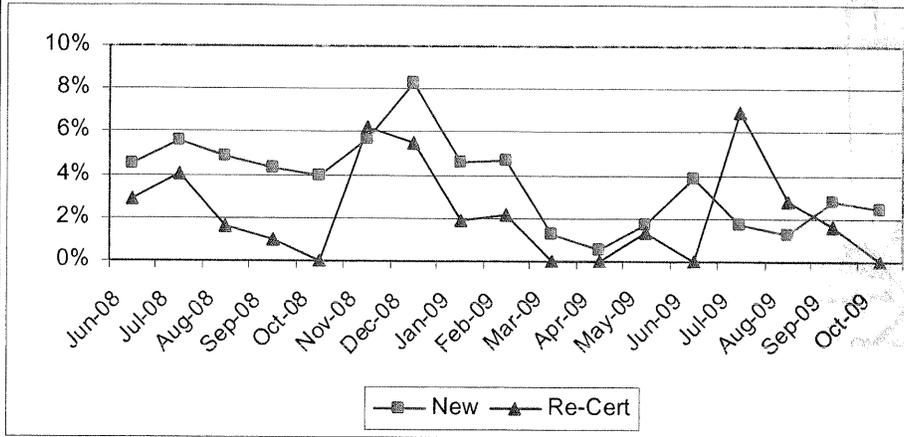
New and Re-Certifying Applicants

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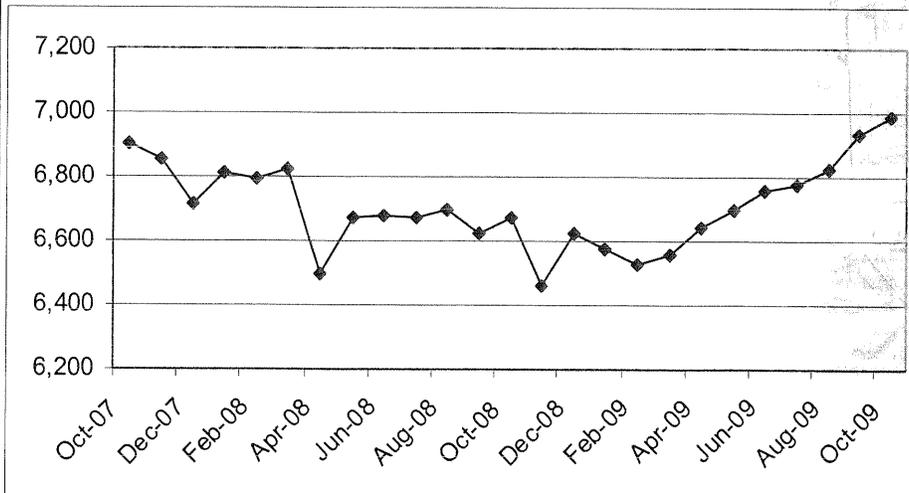
Eligibility Denials

samTrans



Total Registrants

samTrans



Summary

samTrans

- Ridership is stable
- Service quality remains good
 - Zero denials
 - Few complaints
 - Monitoring on-time performance
- Cost control and efficiency measures important to address District's structural deficit



**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Michael J. Scanlon
Executive Director

FROM: Gigi Harrington C.H. (Chuck) Harvey
Deputy CEO Deputy CEO

SUBJECT: **AMENDMENT TO THE FISCAL YEAR 2010 CAPITAL BUDGET
AND ALLOCATION OF MEASURE A FUNDS TO THE
PENINSULA CORRIDOR JOINT POWERS BOARD FOR THE SAN
BRUNO GRADE SEPARATION PROJECT**

ACTION

Staff recommends Board approval of the following actions related to the Peninsula Corridor Joint Powers Board's (JPB) San Bruno Grade Separation project:

1. Authorize an amendment to increase the Fiscal Year 2010 Capital Budget for TA project #759, San Bruno Grade Separation, by \$35 million, to \$68.61 million;
2. Allocate \$35 million in original Measure A funds to Caltrain for the San Bruno Grade Separation Project;
3. Authorize the Executive Director or his designee to execute any necessary documents or agreements to encumber the subject funding.

SIGNIFICANCE

The scope of the San Bruno Grade Separation Project includes elimination of three street-level grade crossings by lowering San Bruno, San Mateo and Angus avenues and raising the railroad tracks. Pedestrian underpasses will be built at Euclid, San Bruno and Sylvan avenues. A new elevated Caltrain station between San Bruno and San Mateo avenues will replace the existing station at Sylvan Avenue. Streets and sidewalks, including those at Posy Park, also will be improved.

With high speed rail alignment potentially going through the project area, the project has been designed to accommodate a two-track railroad over a multi-track footprint. JPB is requesting funding only for the portion of the project that is required for Caltrain. The total estimated cost of the project is \$165 million if the high speed rail alignment is not built. If the four-track grade-separated superstructure is to be built to accommodate both Caltrain and high speed rail, the project is estimated to cost \$300 million, with an estimated cost split of \$148 million for the JPB and \$152 million for California High Speed Rail Authority (CHSRA). Because the CHSRA is still going through the environmental assessment process, it will not be known until 2012 or later whether CHSRA's portion of the grade separated structure will be built.

The TA has previously budgeted \$33.61 million to the San Bruno Grade Separation Project, which included \$7.4 million for interim safety improvements such as new pedestrian gates, sidewalks and curbs and modern crossing panels for several grade crossings in San Bruno, and \$25 million to complete design and pre-construction activities for the San Bruno Grade Separation Project. The \$25 million budgeted for the San Bruno Grade Separation Project has previously been allocated by the TA Board.

The total estimated cost of the San Bruno Grade Separation Project is \$165 million. Since the TA Board has previously budgeted and allocated \$25 million to the project, the balance required to fully fund the JPB project is \$140 million, which will be financed, in part, as follows:

- a) \$30 million grant from the State Proposition 1B Highway-Railroad Crossing Safety Account;
- b) \$10 million anticipated from the State Public Utilities Commission Section 190 (PUC 190) Grade Separation program; and
- c) \$35 million in original Measure A funds from the grade separation category.

The remaining budget authority of \$65 million will need to be secured later this spring, subject to funding discussion by this Board. Staff continues to pursue potential funding sources for the \$65 million, which include \$19 million in State Transportation Improvement Program funds proposed to be programmed to the San Bruno Grade Separation Project, potential additional Federal stimulus funds, original Measure A funds to be redirected or loaned from other programmed projects, and new Measure A funds that began collection on January 1, 2009 and for which programming policy is currently being discussed and developed by this Board. In the event some or all of the above potential sources are not available in the time frame needed by the project, staff will also discuss with the Board potential financing options.

BUDGET IMPACT

The FY2010 Capital Budget will be increased by \$35 million in the line item titled Grade Separation – San Bruno under the Grade Separation program category. The \$35 million proposed to be budgeted and allocated to the JPB will come from original Measure A funds in the Grade Separation category.

BACKGROUND

The JPB has previously deferred the San Bruno Grade Separation Project pending further work on the Caltrain State of Good Repair program. This additional time allowed the project to be planned and funded in the context of potential high-speed rail development in the vicinity of the project area. The project has since secured additional funding from the State, namely \$30 million in Proposition 1B infrastructure bond funds. In addition, the project has a high ranking in the State's PUC 190 grade separation priority list, which will allow the project to compete favorably in receiving \$10 million in State PUC funding. With regards to the high speed rail development within the project area, the project has been designed in a way to accommodate the potential construction for high speed rail without further delay to the project.

Implementation of this project will provide grade separations to eliminate conflicts between train, vehicular, and pedestrian traffic. The proposed new grade separated pedestrian crossing between Euclid Avenue and Walnut Street will facilitate safe access across the tracks north of San Bruno Avenue by directly linking neighborhoods on the opposite side of the tracks and will serve to reduce trespassing on the right of way.

RESOLUTION NO. 2010 –

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATE OF CALIFORNIA**

* * *

**AUTHORIZE AMENDMENT TO THE FISCAL YEAR 2010 CAPITAL BUDGET
AND ALLOCATION OF MEASURE A FUNDS TO THE PENINSULA CORRIDOR
JOINT POWERS BOARD FOR THE SAN BRUNO GRADE SEPARATION PROJECT**

WHEREAS, on June 7, 1988, the voters of San Mateo County approved a ballot measure known as “Measure A,” which increased the local sales tax in San Mateo County by 1/2 percent with the new tax revenues to be used for highway and transit improvements pursuant to the Transportation Expenditure Plan presented to the voters; and

WHEREAS, the Transportation Expenditure Plan included funding for grade separation projects, and the design of the San Bruno Grade Separation Project has been commenced with Measure A support; and

WHEREAS, the Peninsula Corridor Joint Powers Board, as the lead agency, has requested \$35 million of Measure A funding for partial funding of construction work and related activities for the San Bruno Grade Separation Project; and

WHEREAS, staff recommends approval of the requested actions by the Peninsula Corridor Joint Powers Board to fund construction work and related activities for the San Bruno Grade Separation Project.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the San Mateo County Transportation Authority hereby approves the following actions:

1. Amend the Fiscal Year 2010 Capital Budget to increase the Grade Separation – San Bruno line item (TA Project #759) in the Grade Separation program category by \$35,000,000 for a total of \$68,610,000.

2. Allocate \$35,000,000 of original Measure A funds (TA Project #759) to Peninsula Corridor Joint Powers Board for construction work and related activities for the San Bruno Grade Separation Project.

BE IT FURTHER RESOLVED that the Executive Director or his designee is authorized to take any additional actions necessary to give effect to this resolution.

Regularly passed and adopted this 13th day of January 2010, by the following vote:

AYES:

NOES:

ABSENT:

Chair, San Mateo County Transportation Authority

ATTEST:

Authority Secretary

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Michael J. Scanlon
Executive Director

FROM: Marian Lee Executive Officer,
Planning and Development
Gigi Harrington
Deputy CEO

SUBJECT: **ALLOCATION OF ORIGINAL MEASURE A FUNDS TO THE
TRANSBAY JOINT POWERS AUTHORITY FOR THE TRANSBAY
TRANSIT CENTER/CALTRAIN DOWNTOWN EXTENSION
PROJECT**

ACTION

Staff recommends Board approval of the following actions related to the Transbay Joint Powers Authority (TJPA) Transbay Transit Center/Caltrain Downtown Extension Project:

1. Allocate \$3.8 million to the Transbay Joint Powers Authority from the original Measure A Caltrain Program for acquisition of Unit #500 at 580 Howard Street in San Francisco (including closing and relocation costs) necessary for construction of the Caltrain Downtown Extension;
2. Authorize an amendment to increase the Fiscal Year 2010 Capital Budget for this Project by \$3.8 million; and
3. Authorize the Executive Director or his designee to execute any necessary documents or agreements to encumber the subject funding, including documents providing for the granting of a security interest in the subject property to the Authority.

SIGNIFICANCE

In 2001, the TA programmed \$27 million (in 2001 dollars) to the Caltrain Downtown Extension Project. In 2005, the TA allocated \$7.28 million to the TJPA and \$1.385 million to the Joint Powers Board (JPB). The purpose of these allocations was for preliminary engineering (Transbay Terminal, Caltrain Downtown Extension, and program management) and JPB staff support.

Currently, the TJPA is requesting an additional allocation to acquire Unit #500 at 580 Howard Street in San Francisco. This property is needed for and is directly within the currently proposed and environmentally cleared alignment of the Caltrain Downtown Extension Project. A total of eight parcels have already been purchased by the TJPA using regional bridge tolls (Metropolitan Transportation Commission), State Regional Transportation Improvement Program (RTIP) funds, and San Francisco Proposition K funds (San Francisco County Transportation Authority).

The TJPA notified the TA of an urgent need to secure funding for the acquisition of Unit #500 at 580 Howard Street (Property) to avoid eminent domain proceedings that otherwise would be necessary if a negotiated deal is not completed imminently. Eminent domain proceedings would likely result in higher acquisition costs than the current amount being requested by the TJPA. The TJPA is seeking an allocation from the TA because Measure A is one of the remaining unallocated fund sources and the property being purchased is specifically for the Downtown Extension Project.

Staff and legal counsel recommend that the Measure A allocation to TJPA be conditioned on granting the TA a security interest in Unit #500 at 580 Howard Street whereby the TA would obtain title to the property under certain circumstances, such as a change in the alignment of the Caltrain Downtown Extension that would obviate the need for the 580 Howard Street property.

BUDGET IMPACT

The current Measure A budget for the Downtown Extension project (TA #727) is \$10.23 million, which includes TA staff costs. This allocation action will require an increase in the FY2010 Capital Budget for the Downtown Extension Project in the amount of \$3.8 million. This would result in a total project budget of \$14.03 million.

BACKGROUND

The present Transbay Terminal, located at 1st and Mission streets in downtown San Francisco, was constructed in 1939. It does not meet current space utilization standards and cannot accommodate the future transportation needs of the region. The project is a regional priority project which includes a new Transbay Transit Center in downtown San Francisco and a 1.3 mile rail extension from the new station to the existing San Francisco Caltrain Station terminus at 4th and King. The new Transbay Transit Center is envisioned to be akin to a “Grand Central Station” for the San Francisco Bay Area, complete with multi-story and multimodal transit connections.

The project is being implemented in two phases. Phase I is the construction of the transit center building, which is expected to be completed in 2014. Phase II is the rail extension with completion set for 2019. The project is environmentally cleared and final engineering is being coordinated with the California High Speed Rail project.

The total project cost is approximately \$4.2 billion in year of expenditure (YOE). The second phase of the project is not yet fully funded. The TJPA has identified \$1.8 billion in funding for Phases 1 and 2, but a \$2.4 billion funding gap remains. The TJPA has applied for \$400 million in American Recovery and Reinvestment Act of 2009 (ARRA) funds to complete the train box substructure as part of Phase 1. A decision on that funding request is anticipated this winter. Additionally, the TJPA is making efforts to secure new funding sources to close the overall funding gap. Potential sources include ARRA and Mello Roos fees from the Transbay Redevelopment Area. Current funding sources for the project include:

CURRENT FUNDING SOURCES	PHASE I	PHASE II	TOTAL (YOE in millions \$)
	<i>Transit Center Terminal</i> (YOE in millions \$)	<i>Caltrain Downtown Extension</i> (YOE in millions \$)	
Estimated Cost (2008)	\$1,189	\$2,996	\$4,185
Revenues			
SF Co. Prop K	98	50	148
SM Co. Meas. A*	7	22	29
AC Transit Capital	39		39
Misc. Local	8		8
Regional Measure 1	54		54
Regional Measure 2	142	8	150
AB 1171 (Bridge Tolls)	150		150
RTIP	28		28
Land Sales	429	185	614
Federal Earmarks	63		63
TIFIA Loan	172	377	549
Total Revenues	\$1,190	\$642	\$1,832
Funding Gap			(\$2,353)

Source: TJPA, September 2008.

* The \$29 million in Measure A funds is an estimate developed by TJPA. SMCTA and TJPA have not agreed to a current value estimate for the \$27 million (in 2001\$) programmed in Measure A funds.

Prepared by: Melanie Choy, Manager of Programming and Monitoring

650-508-6382

RESOLUTION NO. 2010 –

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATE OF CALIFORNIA**

*** * ***

**AUTHORIZING ALLOCATION OF \$3.8 MILLION IN ORIGINAL MEASURE A
FUNDS TO THE TRANSBAY JOINT POWERS AUTHORITY FOR THE
TRANSBAY TRANSIT CENTER/ CALTRAIN DOWNTOWN EXTENSION
PROJECT**

WHEREAS, on June 7, 1988, the voters of San Mateo County approved a ballot measure known as “Measure A,” which increased the local sales tax in San Mateo County by 1/2 percent with the new tax revenues to be used for highway and transit improvements pursuant to the Transportation Expenditure Plan presented to the voters; and

WHEREAS, the Transportation Expenditure Plan designates funding for Caltrain Improvements; and

WHEREAS, pursuant to Resolution No. 2005-13, the San Mateo County Transportation Authority (“Authority”) programmed \$27 million from the Caltrain Improvements Category in 2001 to the Downtown Extension project; and

WHEREAS, the Transbay Joint Powers Authority (TJPA) has requested that the Authority consider a funding request of \$3.8 million in Measure A funds for the acquisition of Unit #500 at 580 Howard Street in San Francisco (including closing and relocation costs); and

WHEREAS, staff has determined that the request is consistent with and that there is sufficient unallocated funds within the approved programming from Resolution No. 2001-5 for the Downtown Extension project; and

WHEREAS, staff recommends the Board authorize the allocation of \$3.8 million in original Measure A funds to the TJPA for the acquisition of Unit #500 at 580 Howard Street in

San Francisco (including closing and relocation costs), and authorize an amendment to the Fiscal Year 2010 Capital Budget in the amount of \$3.8 million for the Downtown Extension Project (Authority Project #727); and

WHEREAS, staff recommends conditioning the allocation on TJPA granting the TA a security interest in Unit #500 at 580 Howard Street in San Francisco.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the San Mateo County Transportation Authority hereby authorizes the following actions:

1. Allocate \$3.8 million in original Measure A funds to the Transbay Joint Powers Authority for the acquisition of Unit #500 at 580 Howard Street in San Francisco (including closing and relocation costs) for the Transbay Transit Center/ Caltrain Downtown Extension project, conditioned upon granting the TA a security interest in the property;
2. An amendment to increase the Fiscal Year 2010 budget of Authority Project #727 Downtown Extension by \$3.8 million in original Measure A funds;
3. Authorize the Executive Director or his designee to execute any necessary documents or agreements to encumber the subject funding, including documents providing for the granting of a security interest in the subject property to the Authority.

Regularly passed and adopted this 13th day of January 2010, by the following vote:

AYES:

NOES:

ABSENT:

Chair, San Mateo County Transportation Authority

ATTEST:

Authority Secretary

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Michael J. Scanlon
Executive Director

FROM: C.H. (Chuck) Harvey Gigi Harrington
Deputy CEO Deputy CEO

SUBJECT: **AUTHORIZING THE FILING OF AN APPLICATION TO THE
METROPOLITAN TRANSPORTATION COMMISSION TO REQUEST
REGIONAL IMPROVEMENT PROGRAM FUNDS IN THE AMOUNT OF
\$4,218,000 FOR THE 101/BROADWAY INTERCHANGE PROJECT**

ACTION

Staff proposes that the Board approve the following:

1. Submittal of a funding application to the Metropolitan Transportation Commission (MTC) for \$4,218,000 of Regional Improvement Program (RIP) funds.
2. Authorize the Executive Director or his designee to execute a Certification of Assurances and such other documents as may be necessary to implement the aforementioned Action.

SIGNIFICANCE

Approval of the proposed action would allow for the submittal of a funding application to the MTC through the City and County Association of Governments of San Mateo (C/CAG) for \$4,218,000 of RIP funding to be used to support design effort associated with the 101/Broadway Interchange Project.

BUDGET IMPACT

There is no budget impact at this time. If the Authority is successful in securing these funds a budget amendment will be required to capture the inclusion of these additional external funds.

BACKGROUND

Each Regional Transportation Planning Agency (RTPA) in the State is responsible for developing a Regional Transportation Improvement Program (RTIP). As part of that process, the RTPA programs RIP funds. The MTC is the RTPA responsible for developing regional project priorities as part of the RTIP for the nine-county San Francisco Bay Area. Projects that are programmed by MTC for the 2010 RTIP will be submitted to the California Transportation Commission (CTC) for inclusion in the 2010 State Transportation Improvement Program (STIP).

The MTC works with each county's Congestion Management Agency (CMA) in establishing regional funding priorities. C/CAG is the designated CMA in San Mateo County. The Authority staff is working with both the MTC and C/CAG to satisfy requirements associated with the above programming requests.

The Authority through both the original and new Measure A Programs strives to leverage external dollars to fund the transportation projects and programs identified in the Expenditure Plans. The Authority has been and continues to be successful in this effort; the programming request discussed above will continue that effort.

The 101/ Broadway Interchange Project was included in the original Measure A Expenditure Plan and continued support was confirmed with the inclusion of this project as a Key Congestion Corridor project in the new Measure. A Project Study Report approved in 2005 was prepared and funded by the Authority. As part of the FY2009 Capital Budget, the Authority approved additional funding for environmental analysis and preliminary engineering effort, which are currently underway for the project. State funds, if programmed to the project, will allow the Authority to leverage external funding that otherwise would have been funded by Measure A monies.

Prepared by: Joseph M. Hurley, Director Transportation Authority Program 650-508-7942

RESOLUTION NO. 2010 –

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATE OF CALIFORNIA**

*** * ***

**AUTHORIZING THE FILING OF AN APPLICATION TO THE
METROPOLITAN TRANSPORTATION COMMISSION TO REQUEST
REGIONAL IMPROVEMENT PROGRAM FUNDS IN THE AMOUNT OF
\$4,218,000 FOR THE 101/BROADWAY INTERCHANGE PROJECT**

WHEREAS, on June 7, 1988, the voters of San Mateo County approved a ballot measure known as “Measure A,” which increased the local sales tax in San Mateo County by 1/2 percent with the new tax revenues to be used for highway and transit improvements pursuant to the Transportation Expenditure Plan presented to the voters; and

WHEREAS, on November 2, 2004, the voters of San Mateo County approved a ballot measure reauthorizing “Measure A,” which extended the local sales tax to fund transportation projects and programs in San Mateo County included in the New Transportation Expenditure Plan for an additional 25 years through December 31, 2033; and

WHEREAS, both the original and new Transportation Expenditure Plans designated funding for the 101/Broadway Interchange; and

WHEREAS, staff recommends that the Board of Directors authorize the filing of an application to the Metropolitan Transportation Commission (MTC) for \$4,218,000 in funding from the 2010 Regional Transportation Improvement Program (RTIP) for the Route 101/Broadway Interchange Project (herein referred to as “PROJECT”) for the MTC 2010 RTIP, as authorized by MTC by Resolution No. 3928 (herein referred to as “PROGRAM”); and

WHEREAS, SB 45 (Chapter 622, Statutes 1997) substantially revised the process for estimating the amount of State and Federal funds available for transportation projects in the State and for appropriating and allocating the available funds to these projects; and

WHEREAS, as part of that process, MTC is responsible for programming projects eligible for Regional Improvement Program funds, pursuant to California Government Code Section 14527(b), for inclusion in the RTIP, and submission to the California Transportation Commission, for inclusion in the State Transportation Improvement Program; and

WHEREAS, MTC will review and include, if approved, 2010 RTIP projects in the Federal Transportation Improvement Program (TIP); and

WHEREAS, MTC has requested eligible transportation project sponsors to submit applications nominating projects to be programmed for Regional Improvement Program funds in the RTIP; and

WHEREAS, applications to MTC must be submitted consistent with procedures, conditions, and forms it provides transportation project sponsors; and

WHEREAS, the Authority is a sponsor of transportation projects eligible for Regional Improvement Program funds; and

WHEREAS, the application to be submitted to the MTC to request MTC program Regional Improvement Program funds for inclusion in the RTIP include the RTIP Project Programming Request (PPR), which provides a description and purpose of the 101/Broadway Interchange Project along with its schedule and budget; and

WHEREAS, the Certification of Assurances included in the RTIP funding request, attached hereto and incorporated herein as though set forth at length, includes the certification by the Authority of assurances required by SB 45 in order to qualify the

project listed in the RTIP project nomination sheet of the project application for programming by MTC; and

WHEREAS, as part of the application for 2010 RTIP funding, MTC requires any resolution adopted by the responsible implementing agency to state that the project will comply with the procedures specified in the “Timely Use of Funds Provisions and Deadlines” (MTC Resolution No. 3928, Attachment 1, Pages 14-15, and as may be further amended).

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the San Mateo County Transportation Authority hereby:

1. Authorizes its Executive Director, or designee, to execute and file an application with the MTC to program Regional Improvement Program funds into the RTIP for the 101/Broadway Interchange (the “Project”), in the amount of \$4,218,000; and
2. Approves the execution of assurances set forth in the Certification of Assurances included in the RTIP funding request, attached to this resolution; and
3. Agrees to comply with the provisions and requirements of the “Timely Use of Funds Provisions and Deadlines” (MTC Resolution No. 3928, Attachment 1, Pages 14-15, and as may be further amended), that PROJECT will be implemented as described in the complete application and in this resolution and, if approved, for the amount programmed in the MTC federal TIP, and that the Authority and PROJECT will comply with the requirements as set forth in the 2010 RTIP Policies and Procedures (MTC Resolution No. 3928); and
4. Finds and determines that it has reviewed the project and has concluded that
 - a) the Authority has adequate staffing resources to deliver and complete the project

within the schedule set forth in the PPR; b) the Authority is an eligible sponsor of projects in the State Transportation Improvement Program; c) the Authority is authorized to submit an application for State Transportation Improvement Program funds for PROJECT; d) there is no legal impediment to the Authority making applications for Regional Improvement Program funds; and e) there is no pending or threatened litigation which might in any way adversely affect the proposed PROJECT, or the ability of the Authority to deliver such PROJECT.

5. Directs that a copy of this resolution shall be transmitted to MTC in conjunction with the filing of the Authority application referenced herein.

6. Authorizes that the Executive Director or his designee is authorized to take any additional actions necessary to give effect to this resolution

Regularly passed and adopted this 13th day of January, 2010 by the following vote:

AYES:

NOES:

ABSENT:

Chair, San Mateo County Transportation Authority

ATTEST:

Authority Secretary

RTIP Project Application **Certification of Assurances**

The implementing agency certifies that the project for which Regional Improvement Program funding is requested meets the following project screening Criteria. **Please initial each.**

1. The project is eligible for consideration in the RTIP. Pursuant to Streets and Highways Code Section 164 (e), eligible projects include improving state highways, local roads, public transit, intercity rail, pedestrian, and bicycle facilities, and grade separation, transportation system management, transportation demand management, soundwall projects, intermodal facilities, and safety. _____
2. For the funds requested, no costs have/will be incurred prior to adoption into the STIP by the CTC.

3. A Project Study Report (PSR) or PSR equivalent has been prepared for the project. _____
4. The project budget included in Part 2 of the project application reflects current costs updated as of the date of application and escalated to the appropriate year. _____
5. The project is included in a local congestion management program (CMP). (Note: For those counties that have opted out of preparing a CMP in accordance with Government Code Section 65088.3, the project must be consistent with the capital improvement program adopted pursuant to MTC's funding agreement with the countywide transportation planning agency.) _____
6. The year of funding for any design, right-of-way and/or construction phases has taken into consideration the time necessary to obtain environmental clearance and permitting approval for the project. _____
7. The project phase is fully funded. _____
8. For projects with STIP federal funds, the implementing agency agrees to contact Caltrans and schedule and complete a field review within six months of the project being adopted or amended into the TIP.

9. For STIP construction funds, the implementing agency agrees to send a copy of the Caltrans LPP 01-06 "Award Information for STIP Projects – Attachment A" to MTC and the CMA, upon award. _____
10. The implementing agency agrees to be available for an audit of STIP funds, if requested. _____

The implementing agency also agrees to abide by all statutes, rules and regulations applying to the State Transportation Improvement Program (STIP), and to follow all requirements associated with the funds programmed to the project in the STIP. _____

These include, but are not limited to:

1. Environmental requirements: NEPA standards and procedures for all projects with Federal funds; CEQA standards and procedures for all projects programmed with State funds.
2. California Transportation Commission (CTC) requirements for transit projects, formerly associated with the Transit Capital Improvement (TCI) program. These include rules governing right-of-way acquisition, hazardous materials testing, and timely use of funds.
3. Federal Transit Administration (FTA) requirements for transit projects as outlined in FTA regulations and circulars.
4. Federal Highway Administration (FHWA) and Caltrans requirements for highway and other roadway projects as outlined in the Caltrans Local Programs Manual.
5. Federal air quality conformity requirements, and local project review requirements, as outlined in the adopted Bay Area Conformity Revision of the State Implementation Plan (SIP).

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: San Mateo County Transportation Authority

THROUGH: Michael J. Scanlon
Executive Director

FROM: Gigi Harrington
Deputy CEO

**SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL
YEAR ENDING JUNE 30, 2009 – INFORMATION ONLY**

ACTION

Staff has included a copy of the Authority's Comprehensive Annual Financial Report (CAFR) for the 2009 fiscal year for informational purposes only. No policy action is required.

SIGNIFICANCE

The CAFR is prepared in accordance with the guidelines set forth by the Government Accounting Standards Board and is organized into four sections – Introductory, Financial, Statistical and Internal Control and Compliance.

- The **Introductory** Section includes a Transmittal Letter and provides general information on the Authority's structure, personnel, economic outlook and finances.
- The **Financial** Section includes audited financial statements which provide detailed financial information as well as comparative financial data. The Management Discussion & Analysis (MD&A) is also found in the Financial Section. Along with the Transmittal Letter, the MD&A is of most interest to those looking for a narrative annual review of the Authority's finances.
- The **Statistical** Section provides a broad range of data covering key financial trends including revenue and debt capacity, economic and demographic data and operating information.
- The **Internal Control and Compliance** Section provides the Independent Auditor's Report on Internal controls and compliance and other matters.

Together, all sections of the CAFR provide the detail as well as the perspective with which to assess the Authority's financial condition.

BUDGET IMPACT

There is no impact to the Budget.

BACKGROUND

The Authority contracts with an independent auditor 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 introductory section and the statistical section presented in the CAFR are not required by California Government Code to be reported as part of the audited financial statements of the Authority but are required when producing a CAFR which the Authority chooses to do in order to provide detailed information about the financial condition of the Authority in a form that is understandable to readers without a technical background in accounting or finance.

The CAFR is prepared and presented to the Government Finance Officers Association (GFOA) for their review, evaluation and to apply for the certificate of Achievement for Excellence in Financial Reporting which the Authority has received consistently over the last eight years.

Prepared by: Patricia Reavey, Director of Finance

650-508-6434

San Mateo County Transportation Authority San Carlos, California



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009



SAN MATEO COUNTY
***Transportation
Authority***

San Carlos, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

Prepared by the Finance Division

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Section I

INTRODUCTORY

Letter of Transmittal

GFOA Certificate of Achievement

Board of Directors

Executive Management

Organization Chart

Map

Table of Credits

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November 30, 2009

**To the Executive Director, Board of Directors of the San Mateo County
Transportation Authority, and the Citizens of San Mateo County**

**Comprehensive Annual Financial Report
Year Ended June 30, 2009**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the San Mateo County Transportation Authority (TA) for fiscal year July 1, 2008 through June 30, 2009. This transmittal letter provides a summary of the TA's finances, services, achievements and economic prospects for readers without a technical background in accounting or finance. Readers desiring a more detailed discussion of the TA's financial results may refer to the Management's Discussion and Analysis in the Financial Section.

Management assumes sole responsibility for the information contained in this report, including its presentation and the adequacy of its disclosures. To the best of our knowledge, this report is complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect the TA's assets from loss, to identify and record transactions accurately and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not exceed the likely benefits, the TA's internal control system intends to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

To test the performance of the internal control system, the TA contracted for independent auditing services from Vavrinek, Trine, Day & Company, LLP, a certified public accounting firm licensed to practice in the State of California. The auditor expressed an opinion that the TA's financial statements are fairly stated and in compliance with accounting principles generally accepted in the United States of America. This conclusion is the most favorable kind and is commonly known as an "unqualified" or "clean" opinion.

PROFILE OF THE ORGANIZATION

Purpose

The voters of San Mateo County approved the creation of the TA pursuant to the Bay Area County Traffic and Transportation Funding Act in June 1988. This Measure A vote funded the TA with an annual one-half cent county sales tax levy and charged the TA with delivering a broad spectrum of transportation projects and programs pursuant to a Transportation Expenditure Plan over a period of 20 years. In November 2004, the voters reauthorized the TA and its publicly developed expenditure plan for an additional 25 years beyond the original expiration date of 2008. Whenever possible, the TA also seeks to attract state, federal and local funds by matching grant funds with Measure A dollars. These efforts have led to effective partnerships with city, county, state and federal agencies for designing and completing projects. Thus, the TA will continue to fund vital transportation improvements to the benefit of San Mateo County citizens through 2033.

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Interested readers may view the 1988 or the 2004 Measure A Transportation Expenditure Plan online at http://www.smcta.com/Expenditure_Plan/information.asp or by contacting:

Director, Transportation Authority Program
San Mateo County Transportation Authority
1250 San Carlos Ave.
San Carlos, California 94070-1306

Entity

The TA is a legally separate and financially independent governmental agency that is not a component unit of the County of San Mateo, the San Mateo County Transit District (District) or any other entity. Therefore, this CAFR and the financial statements contained within represent solely the activities, transactions and status of the TA.

Governance

A seven-member Board of Directors governs the TA with input from a 15-member Citizens Advisory Committee. The Board members are selected as follows:

- The publicly elected County Board of Supervisors appoints two of its members to serve on the Board.
- Local governments participate in a Cities Selection Committee to appoint four Board members, one each to represent the interests of North County, Central County, South County and the cities-at-large.
- The District appoints one Board member.

The Board of Directors meets once a month to determine overall policy for the TA and to review the progress of the Transportation Expenditure Plan, which organizes projects into the following six programs:

1. Transit
2. Highways
3. Local Streets/Transportation
4. Grade Separations
5. Pedestrian and Bicycle
6. Alternative Congestion Relief Programs

Administration

The District provides administrative and staff services under the direction and oversight of the TA Board of Directors. District staff manages the funds collected through the one-half cent county sales tax and delivers projects per the Transportation Expenditure Plan. The TA reimburses the District for the cost of its direct services charged to the TA cost centers and also for indirect charges pursuant to overhead rates approved by the U.S. Department of Transportation. Currently, District divisions and departments provide a complete and responsive team for all the TA activities as follows:

The *Office of the District Secretary* is responsible for directing and overseeing all activities and for providing support to the Board of Directors.

The *Finance and Administration Division* is responsible for financial accounting and reporting, capital and grant administration and budgeting, operational budgeting, payroll and vendor disbursements, investments and cash management, debt management, revenue control, purchasing, contract administration, risk management, information technology, security, safety and human resources.

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The *Operations, Engineering and Construction Division* is responsible for SamTrans bus service, Caltrain rail service, employer and other shuttles, paratransit service pursuant to the requirements of the Americans with Disabilities Act (ADA), service planning, quality assurance, capital project engineering and construction.

The *Office of Customer Service and Marketing* is responsible for customer service, marketing, advertising and distribution services.

The *Office of Peninsula Rail* is responsible for working in conjunction with the High Speed Rail Authority to implement the Peninsula Rail Program along the Caltrain corridor.

The *Office of Planning and Development* is responsible for oversight of the Transportation Expenditure Plan, strategic planning and performance and property management.

The *Office of Public Affairs* is responsible for public information, media relations, legislative activities and community outreach.

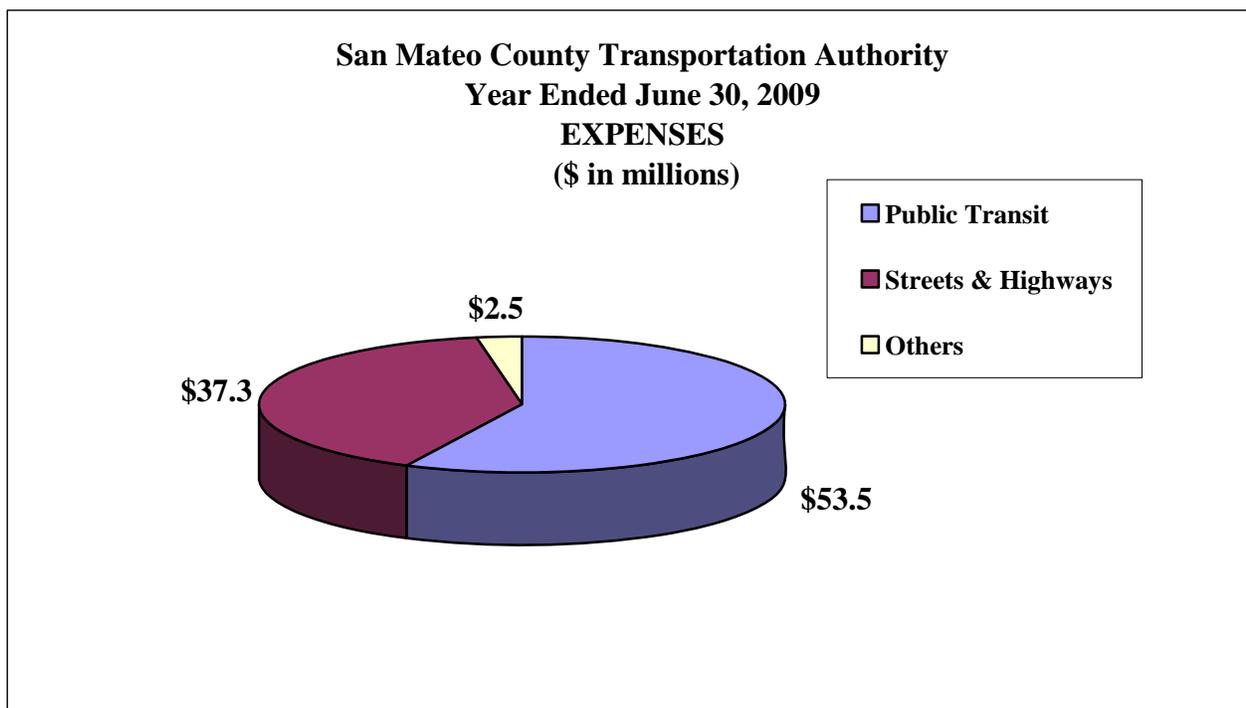
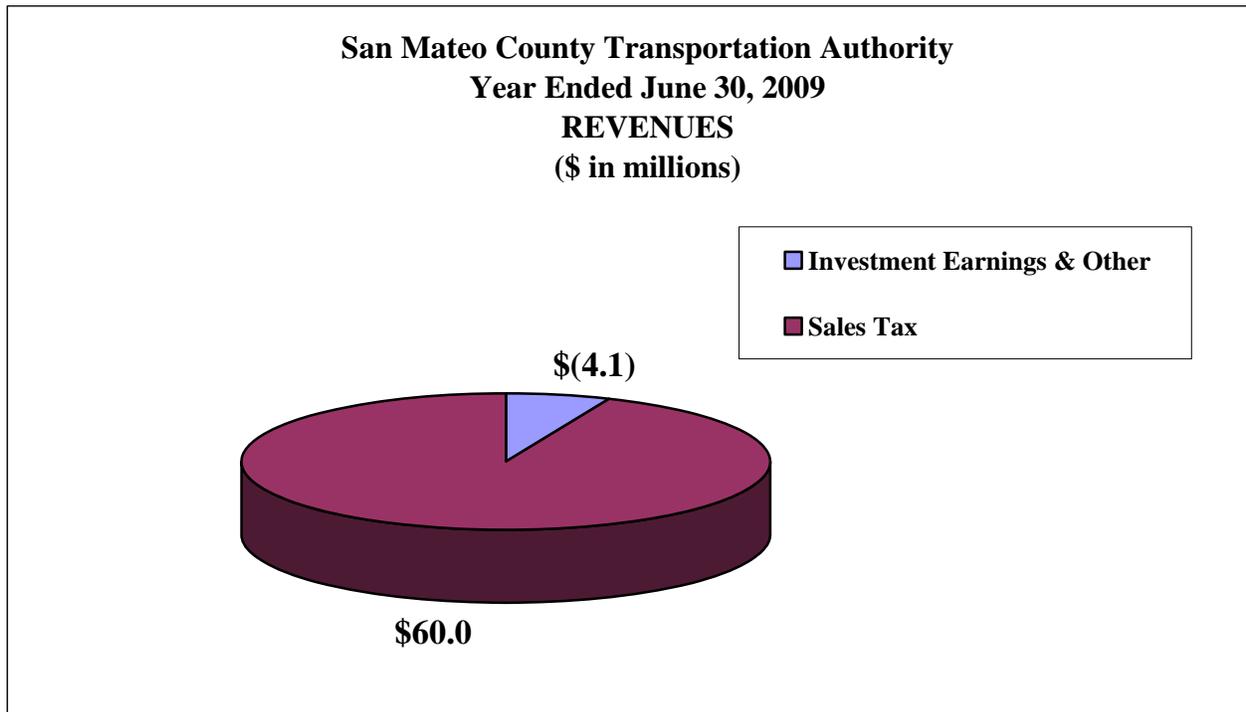
Budgetary Control

State law requires the TA to adopt an annual budget by resolution of the Board of Directors. In the spring preceding the start of each fiscal year, staff presents an annual budget for all of its governmental funds based on established agency goals, objectives and performance measures to the Board of Directors. The presentation may recommend using financial reserves to balance the budget where proposed expenditures exceed projected revenues. The Board of Directors monitors budget-to-actual performance through monthly staff reports. The Financial Section of this report includes supplemental schedules that compare actual results on a budgetary basis of accounting to the original and final adopted budgets.

Once adopted, the Board of Directors has the authority to amend the budget. While the legal level of budgetary control is at the entity level, the TA maintains more stringent control at division, departmental and line item levels to serve various needs. Cost center managers monitor budget-to-actual performance monthly on an accrual basis. The Board has delegated the authority to transfer budget amounts between divisions and departments to the Executive Director or his designee. However, any increase to the expenditure budget as a whole requires the approval of the Board. In addition, the TA uses the encumbrance system to reduce budget balances by issuing purchase orders to avoid over-commitment of resources.

The TA employs the same basis and principles for both budgeted and actual revenues and expenditures, except that actual proceeds from the sale of fixed assets, unrealized investment gains and losses and inter-fund transfers are not included in the budget. The pie charts on the next page show actual results for the major revenue and expense categories of Fiscal Year 2009 . Pursuant to procedures established in its enabling legislation, the TA establishes an appropriation limit for each annual budget cycle. The appropriation limit for FY 2009 was \$504.6 million and the limit for FY 2010 is \$513.9 million.

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STRATEGIC PLANNING

Significant strides have been made with the original Measure A program. Most notably, Measure A revenues contributed to the Caltrain right of way purchase in 1991 and towards the purchase of the Dumbarton rail corridor. This proved to be one of the most forward thinking long-term strategies for preserving transportation infrastructure, as today, right of way purchases are extremely difficult and expensive to secure. Measure A also provided funding for Caltrain operational improvements such as the construction of passing tracks and new signal and control systems to improve service reliability, as well as station and parking improvements in various cities within San Mateo County. To improve safety and reduce local traffic congestion, Measure A funds were allocated for the construction of nine grade separation projects of which five have been completed. Additional project expenditures funded highway improvements to improve safety and reduce freeway congestion including auxiliary lanes and other improvements throughout the Highway 101 corridor and Highway 92 improvements. On the local level, Measure A funds were passed to cities and the county for streets and road improvements. Investments have also been made to fund local shuttles, paratransit, and bicycle route planning. As of June 30, 2009, the TA had spent 67 percent of total estimated sales tax revenues and other earnings on San Mateo County transportation improvements. Delivery of original Measure A funded projects continues beyond the expiration of the original Measure A Program on December 31, 2008, in keeping with the commitment to the voters who approved the original Measure A Program.

The reauthorization of Measure A with a new Transportation Expenditure Plan was approved by the San Mateo County Supervisors and placed before county voters in the November 2004 regular election. Voters passed the reauthorization measure by a resounding 75.3 percent majority, extending the TA's mission through 2033. The implementation guidelines in the new Transportation Expenditure Plan required that the TA prepare a strategic plan by December 31, 2008, which readers can view online at www.smcta.com. The new Strategic Plan was brought before the Board of Directors and adopted December 4, 2008. The Strategic Plan is intended to establish a framework of policies to guide the decision-making process of prioritizing transportation projects and programs consistent with the goals and objectives of the Countywide Transportation Plan and the new Transportation Expenditure Plan. The Strategic Plan is anchored to the 2004 Transportation Expenditure Plan which was developed with public input. Building on the outreach involved with the conception of the Measure A Program and generation of the 2004 Transportation Expenditure Plan, the development of the Strategic Plan included direction from policy-makers and input from technical experts, community leaders and the public-at-large. TA staff made a special effort to solicit input from the public to develop two key components of the strategic plan: criteria for project evaluation and prioritization, and monitoring programs and performance measures that would be used to ensure efficient use of Measure A money.

CURRENT PROGRAMS

Public Transit Programs

Measure A funds and contributions from the District support the county's share of the Peninsula Corridor Joint Powers Board (JPB). The JPB provides public transit services via its Caltrain railroad over a 77-mile right of way extending from San Francisco in the north to Gilroy in the south. Projects funded include new construction and improvements and studies for the following:

- Railway and trackage
- Maintenance facility
- Passenger stations
- Parking facilities

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- Grade crossings and separations
- Safety improvements
- Signal and communications upgrades

Notable projects supporting the JPB during FY 2009 include:

- Reconstruction of the Burlingame station
- Preliminary engineering work for the San Francisco Downtown extension
- Provision of local match requirements for federally funded capital construction grants
- Design and construction of system-wide State of Good Repair Projects
- Design and construction of the San Mateo County Local Safety and Access Improvements Program
- Construction of railroad crossing safety improvements in San Bruno and South San Francisco
- Design of South San Francisco station improvements
- Design of San Bruno Grade Separation Project
- Design of San Mateo Bridges Retrofit Project
- Preliminary engineering and environmental studies for the Dumbarton Rail Corridor Project

Street and Highway Improvements Program

Measure A funds support new construction, improvements and studies for a wide range of street and highway projects. The following are some types of projects undertaken:

- Roadway widening
- Interchange reconstruction
- Highway ramp modification
- Travel pattern forecasts
- Travel time information system

Notable street and highway projects during FY 2009 include:

- Construction of auxiliary lanes from Third Avenue in San Mateo to Millbrae Avenue in Millbrae
- Reconstruction of the Peninsula Avenue Interchange on the San Mateo/Burlingame border
- Design of the Marsh Road to the San Mateo/Santa Clara County Auxiliary Lane Project
- Construction on the Route 92 Improvement Project and State Route 1 in Half Moon Bay
- Preliminary engineering and environmental studies for Route 1 Improvement Project, Fassler Avenue to Westport Drive in Pacifica
- Operational analysis for Willow Road interchange
- Preliminary engineering and environmental studies for the 101/Broadway Interchange Project
- Design for the Smart Corridor Project

Paratransit Programs

The TA established a \$25.0 million principal amount in a Paratransit Permanent Fund and dedicated the investment earnings from this fund to the paratransit programs offered by the District. The Permanent Fund made its first contribution to these programs in 1990. The management and oversight of this fund became the responsibility of the District in January 2009 per the 1988 Transportation Expenditure Plan.

The District operates its Redi-Wheels and RediCoast programs pursuant to the ADA on behalf of public transit customers with disabilities. The District has certified more than 6,900 county residents as eligible for paratransit services and certifies approximately 144 new applicants each month. Service is available 365 days a year from 5:30 a.m. to midnight and 24-hour service is available in certain areas. Since inception, these programs have provided more than 3.4 million paratransit trips for persons with disabilities.

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Earnings from the permanent fund also provided for new vehicles, programs training customers to use fixed-route service where feasible and other improvements to service delivery. The TA and the District will continue to commit Paratransit Permanent Fund earnings to the enhancement of paratransit programs in San Mateo County.

Transportation Systems Management Programs

The TA funds transportation systems management (TSM) programs aimed at reducing vehicular traffic on congested freeways and busy city streets. These customized programs target both infrastructure problems and personal driving habits. TSM 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.

For the past ten years, the TA has provided the majority of its TSM funding to the Peninsula Traffic Congestion Relief Alliance, which serves 15 cities. The Alliance concentrates on four primary activities:

- 1) Outreach to employers in San Mateo County
- 2) Organizing vanpools and carpools
- 3) Outreach to new commercial developments
- 4) Organizing and managing shuttles to and from Caltrain stations

Other programs and projects include bike locker subsidies, transit incentives, interconnecting traffic signals, transit passes and guaranteed-ride home programs.

Bicycle Programs

The TA provided funds to the Bicycle Advisory Committee to print San Mateo County bicycle maps. These funds, which were a multi-year commitment, represented about one-fifth of the total allocated toward bicycle projects during the initial 20-year life of Measure A. The TA also provided funds to create a plan for a multi-purpose trail as part of the Bay Trail System in San Mateo County.

Local Programs

The original Measure A required the TA to earmark 20 percent of its sales tax revenue 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 new Measure A requires the TA to earmark 22.5 percent for this purpose. During FY 2009, local agencies received \$6.6 million from the original Measure A, bringing the total local aid since the inception of the original Measure A to \$203.3 million. Local agencies also received \$6.0 million from the new Measure A in FY 2009. The recipients of these funds principally use them for street and road projects.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The economy in San Mateo County is feeling the effects of the deepened recession. The TA's sales tax receipts, after steadily increasing from 2004 through 2008 surpassing record high levels, dropped significantly by 12.6 percent in 2009. Recovery from this recession is likely to begin in late 2010 however it is expected to move very slowly. Some positive indicators include a recent consumer confidence survey in the state of California which shows that consumers are somewhat less pessimistic about the economy,

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monthly job losses have declined over the last couple of months and the housing market has shown signs of stabilizing as mortgage rates are down making housing more affordable.

Even in this recession, San Mateo County remains one of the wealthiest counties in California. With significant employment in diverse industries, San Mateo County is not dependent on any one employment sector for its prosperity. This broad base will help to ensure long-term stability for San Mateo County residents. The successful public vote in November 2004 reauthorizing the TA's mission for an additional 25 years underscored citizen's confidence in the positive impact the TA's projects have made on countywide mobility over the last 20 years.

Cash Management

The Board of Directors has adopted an investment policy as allowed by California Government Code. This policy emphasizes safety and liquidity over return on investment. Within these parameters, the TA pursues a prudent cash management and investment program to achieve maximum return on available funds. The TA's policy is to hold securities to maturity to avoid losses from a potential sale but will sell securities prior to maturity when prudent to do so. All of the TA's unrestricted cash and investments as of June 30, 2009 were on deposit with either the Bank of America, the Bank of New York, the San Mateo County Treasurer's investment pool or with the California State Treasurer's Local Agency Investment Fund (LAIF). All deposits are insured by the Federal Depository Insurance Corporation (FDIC) or covered by collateral.

Risk Management

The TA is not exposed to significant levels of risk, as its primary function is to receive and allocate one-half cent county sales tax to various state and local agencies for constructing projects funded by the TA. These agencies indemnify the TA against all claims, both of commission and omission. During the audit period, the TA and its administrative entity, the District, had an aggregate insurance coverage of \$100 million.

Pension and other post-employment benefits

Since the District provides staff services in support of the TA's mission, the persons supporting the TA are legally District employees, so the TA has no retirement or post-employment benefits obligations of its own but shares proportionately in the District's costs.

AWARDS AND ACKNOWLEDGMENTS

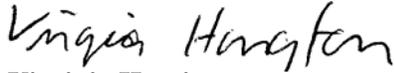
The staff and contracted firms of the TA bring an effective combination of skill, experience and dedication to carrying out the TA's mission. Together, they plan, develop and finance the creation of a modern, coordinated multimodal transportation system offering convenient access to the many attributes of the Bay Area and beyond. Although we have concerns about the current prolonged recession, the TA expects the continued zeal and dedication of its transit professionals to meet the transportation challenges of the future.

The Government Finance Officers Association (GFOA) recognized the TA's 2008 CAFR for excellence in financial reporting and the Certificate of Achievement appears immediately following this transmittal letter. To be awarded a certificate, a report must be easy to read and efficiently organized, while satisfying both generally accepted accounting principles and applicable legal requirements. We believe our 2009 CAFR also meets the requirements for a Certificate of Achievement and have submitted it to the GFOA for evaluation. We would like to thank our independent audit firm, Vavrinek, Trine, Day and Company, LLP, for its timely and expert guidance in this matter.

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A comprehensive annual financial report requires the dedicated effort of many individuals working together as a team. We extend our grateful recognition to all the individuals who assisted in both the preparation of this report and the processing of financial transactions throughout the fiscal year. Finally, we wish to thank the Executive Director and the Board of Directors for their interest and support in the development and maintenance of a reliable financial management and reporting system.

Respectfully submitted,



Virginia Harrington
Deputy CEO



Patricia Reavey
Director of Finance

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**San Mateo County
Transportation Authority
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R. T.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

Executive Director

BOARD OF DIRECTORS

ROSANNE FOUST, CHAIR

ROSALIE O'MAHONY, VICE CHAIR

RICH GORDON

CAROLE GROOM

JOHN LEE

KARYL MATSUMOTO

JIM VREELAND

ROSANNE FOUST was elected to the TA in 2005 representing South County and is currently serving as chair. She has served as a council member for Redwood City since November 2003. She is the vice president of the San Mateo County Economic Development Association.

ROSALIE O'MAHONY was elected to the TA in 2006 representing the Central County. Director O'Mahony was first elected to the Burlingame City Council in 1989. She is a professor of Mathematics at the College of San Mateo, where she has been teaching since 1965. She holds a PhD from the University of Southern California.

CAROLE GROOM was appointed to the TA in 2009 representing the Board of Supervisors. She was sworn in to the San Mateo County Board of Supervisors on January 6, 2009, after being appointed to fill the vacancy created by former Supervisor Jerry Hill's election to the state Assembly. Prior to joining the Board of Supervisors, she served nine years on the San Mateo City Council. Her professional experience includes 18 years as a Vice President of Mills-Peninsula Health Services.

RICH GORDON was appointed to the TA in 1999 representing the Board of Supervisors. He has served as a member of the San Mateo County Board of Supervisors since 1997. Prior to his election to the Board of Supervisors, Supervisor Gordon was a member of the county Board of Education, to which he was elected in 1992 and re-elected in 1996. He is a third-generation Californian, having been born and raised in San Mateo County.

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JOHN LEE was elected to the TA in 2000 representing Cities-at-Large. He is a member of the San Mateo City Council. Director Lee served in the United States Marine Corps for 22 years, seeing active duty in Korea and Vietnam, and retiring with the rank of captain. Director Lee is one of the founders of Telogy, Inc. a high technology electronics company in Union City.

KARYL MATSUMOTO was elected to the TA in 2008. Director Matsumoto was elected to the South San Francisco City Council in 1997. She is currently mayor pro tem. She is a native Californian and has lived in South San Francisco for 26 years.

JIM VREELAND was elected to the TA in 2008. He has served on the Pacifica City Council for more than 10 years. Mr. Vreeland works for the Environmental Protection Agency in San Francisco.

EXECUTIVE MANAGEMENT

EXECUTIVE DIRECTOR

Michael J. Scanlon

EXECUTIVE OFFICERS

Virginia Harrington - Deputy CEO

C. H. (Chuck) Harvey - Deputy CEO

Rita Haskin – Executive Officer, Customer Service and Marketing

Marian Lee – Executive Officer, Planning and Development

Mark Simon – Executive Officer, Public Affairs

Bob Doty – Peninsula Rail Program Director

Martha Martinez – Authority Secretary

GENERAL COUNSEL

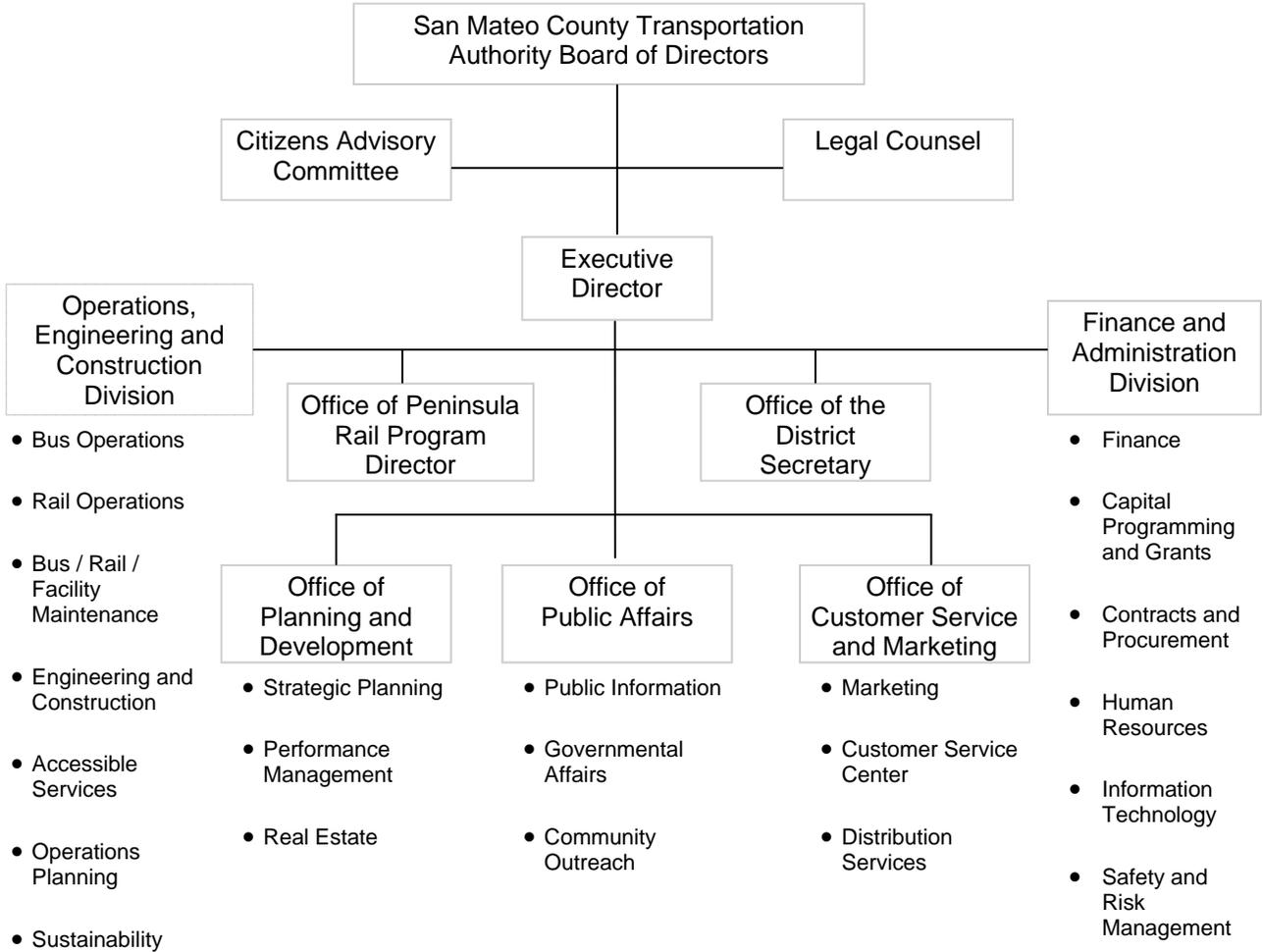
Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP:

David J. Miller, Esq.

Joan Cassman, Esq

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 NOVEMBER 30, 2009**

ORGANIZATION CHART



San Mateo County, California



**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
NOVEMBER 30, 2009**

TABLE OF CREDITS

The following individuals contributed to the production of the fiscal year 2009 CAFR:

<u>Finance:</u>	Manager, Budgets	Eva Goode
	Manager, General Ledger	Rima Lobo
	Manager, Treasury	Lori Snow
	Senior Accountant	Sheila Tioyao
	Senior Budget Analyst	Christina Tang
	Senior Systems Accountant	Angustia Pacumio
<u>Audit Firm:</u>	Partner	Leonard Danna
	Partner	Ahmad Gharaibeh

Section II

FINANCIAL

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

- **Government-wide Financial Statements**
- **Fund Financial Statements**
- **Notes to the Basic Financial Statements**

Required Supplementary Information

Other Supplemental Information

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
San Mateo County Transportation Authority
San Carlos, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the San Mateo County Transportation Authority (TA) of California, as of and for the year ended June 30, 2009, which collectively comprise the TA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the TA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the TA's June 30, 2008 financial statements and, in our report dated November 30, 2008, we expressed an unqualified opinion on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the TA as of June 30, 2009, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements include prior-year comparative information as explained in Note 1(J). Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the TA's financial statements for the year ended June 30, 2008, from which such comparative information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009, on our consideration of the TA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 and the Budgetary Comparison Schedule and its accompanying notes on pages 35 and 36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the TA's basic financial statements. The supplemental information on combining fund statements listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The budgetary schedules on pages 39 through 41 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Varrinek Trime Day + Co. LLP

Palo Alto, California
November 30, 2009

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION & ANALYSIS

This discussion and analysis of the TA's financial position addresses the TA's activities for the fiscal year ended June 30, 2009 with comparisons to the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the transmittal letter contained in the Introductory Section and with the statements and related notes contained in the Financial Section.

FINANCIAL HIGHLIGHTS

- Total assets decreased by \$36.2 million or 7.5 percent to \$446.8 million at June 30, 2009 compared to June 30, 2008. Cash and investments comprised \$413.3 million or 92.5 percent of the total 2009 year-end amount.
- Sales tax revenue for all funds was \$60.0 million during 2009, a decrease of \$8.6 million or 12.6 percent over 2008.
- The TA expended \$49.1 million in capital outlay during 2009, a decrease of \$1.6 million or 3.2 percent over 2008. This amount included construction costs related to the addition of an auxiliary lane in both directions of Highway 101 between Third Avenue in San Mateo and Millbrae Avenue in Millbrae.
- Total liabilities increased \$0.8 million or 6.2 percent to \$14.2 million at June 30, 2009 compared to June 30, 2008.
- Total net assets decreased by \$37.1 million or 7.9 percent to \$432.6 million at June 30, 2009 compared to June 30, 2008. In addition, the ending *unreserved fund balance* for the Special Revenue Fund decreased by \$8.7 million or 2.0 percent to \$417.2 million at 2009 year-end. These decreases are primarily due to total expenditures exceeding total revenues in 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

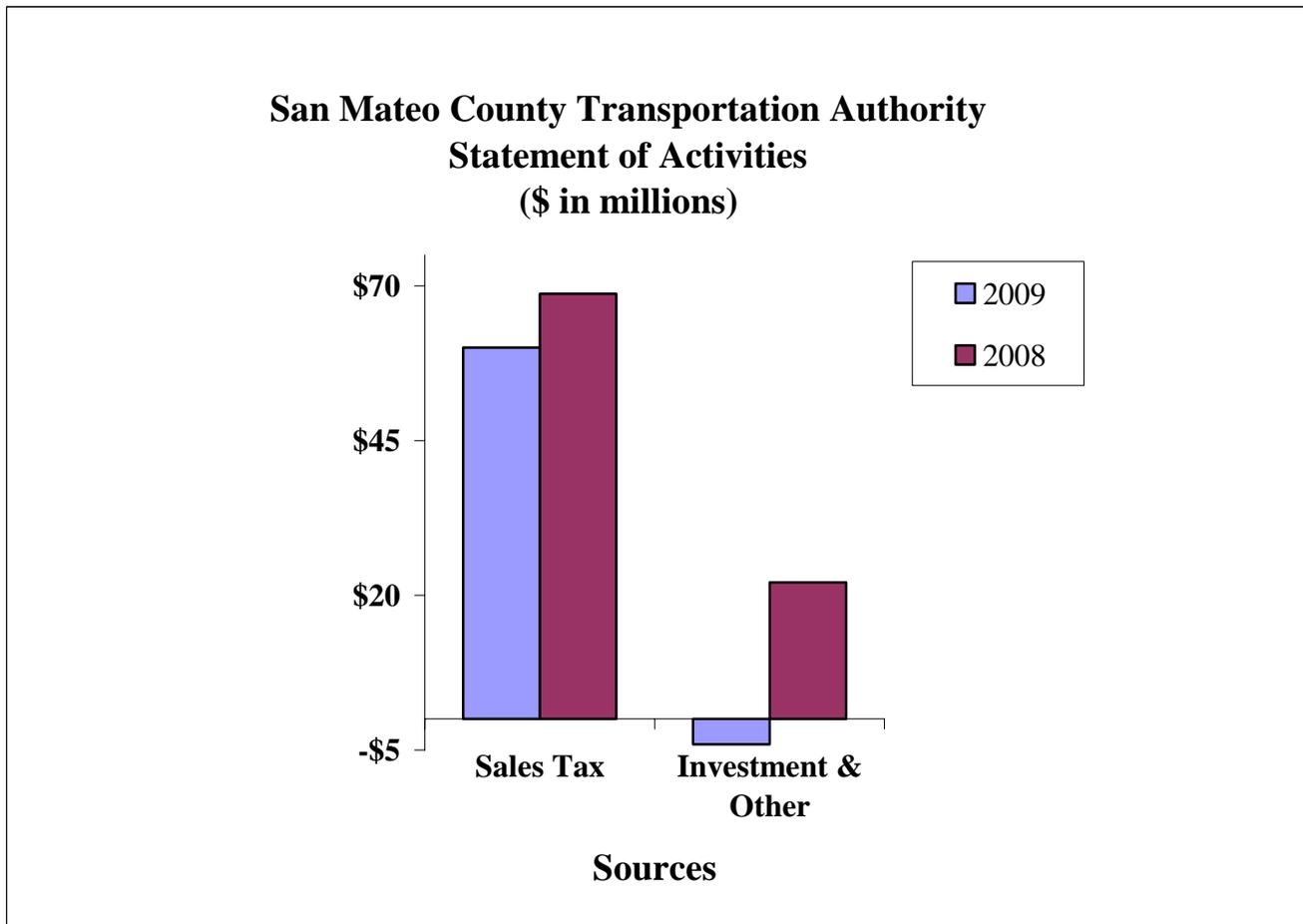
The Financial Section of this report presents the TA's basic financial statements in three components: government-wide financial statements, fund financial statements, and notes to the financial statements. Other supplementary information also appears in addition to the basic financial statements.

Government-wide Financial Statements

The *Statement of Net Assets* presents total assets and total liabilities with the difference between the two reported as net assets. Changes in net assets over time provides an indicator of whether the financial position of the government is improving or deteriorating.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2009**

The *Statement of Activities* reports on the change in net assets during the year. It includes a comparison between direct expenses and related revenues for each program or function. Direct expenses are those specifically associated with and clearly identifiable with a particular program or function. The *Statement of Activities* matches revenues from charges to customers for goods and services to the program and functional expenses with which the revenues are directly related. Revenues not classified as program or functional, such as sales tax, are presented on their own as general revenues. The TA reports all changes in net assets as soon as underlying events occur, regardless of the timing of the related cash flows. Thus, some revenues and expenses reported in the *Statement of Activities* result in cash flows in a future period.



Fund Financial Statements

A *fund* is a set of accounts used to control resources segregated for specific activities or objectives. Funds classified as *major* are reported individually on the financial statements. Funds classified as non-major are grouped and reported in a single column. In the supplemental section of this report, *combining statements* report data for each of the *non-major* funds. The TA uses fund accounting to ensure compliance with various legal requirements, such as the annually adopted budget. Accordingly, certain financial statements in this report provide a comparison between budgeted and actual amounts.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2009**

The TA classifies all of its funds as *governmental*. Unlike the *government-wide* financial statements discussed above, the financial statements for *governmental funds* focus on the inflows, outflows and balances of spendable resources, rather than net assets. This information is useful for evaluating the TA's current financing requirements.

The TA reports the following *major governmental funds* in individual columns:

- The *Special Revenue Fund* which accounts for the proceeds of the one-half cent county sales tax. These funds are legally restricted to expenditures for specific transportation improvement projects authorized in a referendum approved by San Mateo County voters. This referendum is referred to as *Measure A* and the list of eligible projects can be found in the *Transportation Expenditure Plan*.

The TA reports the following *non-major governmental funds* in an aggregated column:

- The *Debt Service Fund* which accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest.
- The *Paratransit Special Revenue Fund* which accounts for the investment earnings of the *Paratransit Permanent Fund* plus occasional allocations from the TA. Upon the advice of the San Mateo County Paratransit Coordinating Council and the District, the TA distributes the resources of this fund to local entities for programs supporting the transportation needs of persons with disabilities.
- The *Paratransit Permanent Fund* which was established pursuant to the *Transportation Expenditure Plan* and maintained a principal balance of \$25.0 million from *Measure A* sales tax revenues. This fund existed in perpetuity and investment earnings on the principal balance were transferred to the *Paratransit Special Revenue Fund*. The management and oversight of this fund became the responsibility of the District in January 2009 per the 1988 Transportation Expenditure Plan.
- The *Transportation System Management (TSM) Special Revenue Fund* which accounts for a *restricted reserve account* established pursuant to Board Resolution No. 1989-12 passed on July 6, 1989. This resolution authorized the transfer of \$6.0 million to an interest-bearing account for a TSM program pursuant to the *Transportation Expenditure Plan (TEP)*. The interest that accrued in this account was used to support TSM activities. On October 7, 1999, Board Resolution No. 1999-20 amended and clarified prior resolutions. The amendment stated that the intent of the TA was to cease making annual allocations for TSM activities from the interest proceeds of the *restricted reserve account* and to make the required annual allocations from the principal of the account. As the 1988 Measure A came to a close on December 31, 2008, the TA reconciled the funds that had been provided to the TSM fund throughout the life of the measure with the original requirements of the TEP, which was 0.7 percent of Measure A funds. The result was that upon expiration of the 1988 Measure A, the TSM fund had received more than its share of 0.7 percent of Measure A funds. The funds remaining in the TSM fund that actually belonged to other programs per the TEP were transferred back to the TA general fund to be used towards the project categories originally intended.

Notes to the Financial Statements

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the *government-wide* and *fund* financial statements. These notes begin on page 18 of this report, immediately following the financial statements to which they refer.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2009**

Other Information

This report also presents certain *required supplementary information* concerning compliance with the TA's annual budget for the *Special Revenue Fund* which is the TA's main operating fund and the equivalent of a *general fund*. This information and associated notes immediately follow the *basic financial statements* and their accompanying notes. Combining statements that present non-major governmental funds appear immediately following the *required supplementary information*.

Government-wide Financial Analysis

At June 30, 2009, total assets were \$446.8 million, a decrease of \$36.2 million or 7.5 percent over June 30, 2008. Cash and investments including restricted assets comprise \$413.3 million of this amount. With only \$14.2 million in total liabilities, the TA is in an excellent position to meet its obligations for current construction projects. As of the end of 2009, existing encumbrances and expected future costs combined for current construction projects are estimated to total \$167.2 million.

Capital assets were \$13.6 million in 2009. There were no changes compared to 2008.

The TA does not record the capital assets created by the construction projects it finances on its own accounting books since these assets are of value only to the local government units in which they are located. For more information on capital assets, please refer to *Note #7- Capital Assets* of the *Notes to the Financial Statements* on page 30 of this report.

	Governmental Activities	
	2009	2008
Current and other assets	\$ 433,191,680	\$ 469,417,680
Capital assets	13,590,975	13,590,975
Total assets	<u>446,782,655</u>	<u>483,008,655</u>
Long-term liabilities outstanding	3,450,000	3,674,256
Other liabilities	10,733,864	9,682,957
Total liabilities	<u>14,183,864</u>	<u>13,357,213</u>
Net assets:		
Invested in capital assets, net of related debt	13,590,975	13,590,975
Restricted	-	25,000,000
Unrestricted	419,007,816	431,060,467
Total net assets	<u>\$ 432,598,791</u>	<u>\$ 469,651,442</u>

Total liabilities increased by \$0.8 million or 6.2 percent to \$14.2 million at June 30, 2009 compared to \$13.4 million at June 30, 2008. The increase was due to higher accruals for capital projects.

Net assets decreased by \$37.1 million or 7.9 percent to \$432.6 million at June 30, 2009, the result of expenses exceeding revenues in 2009.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2009**

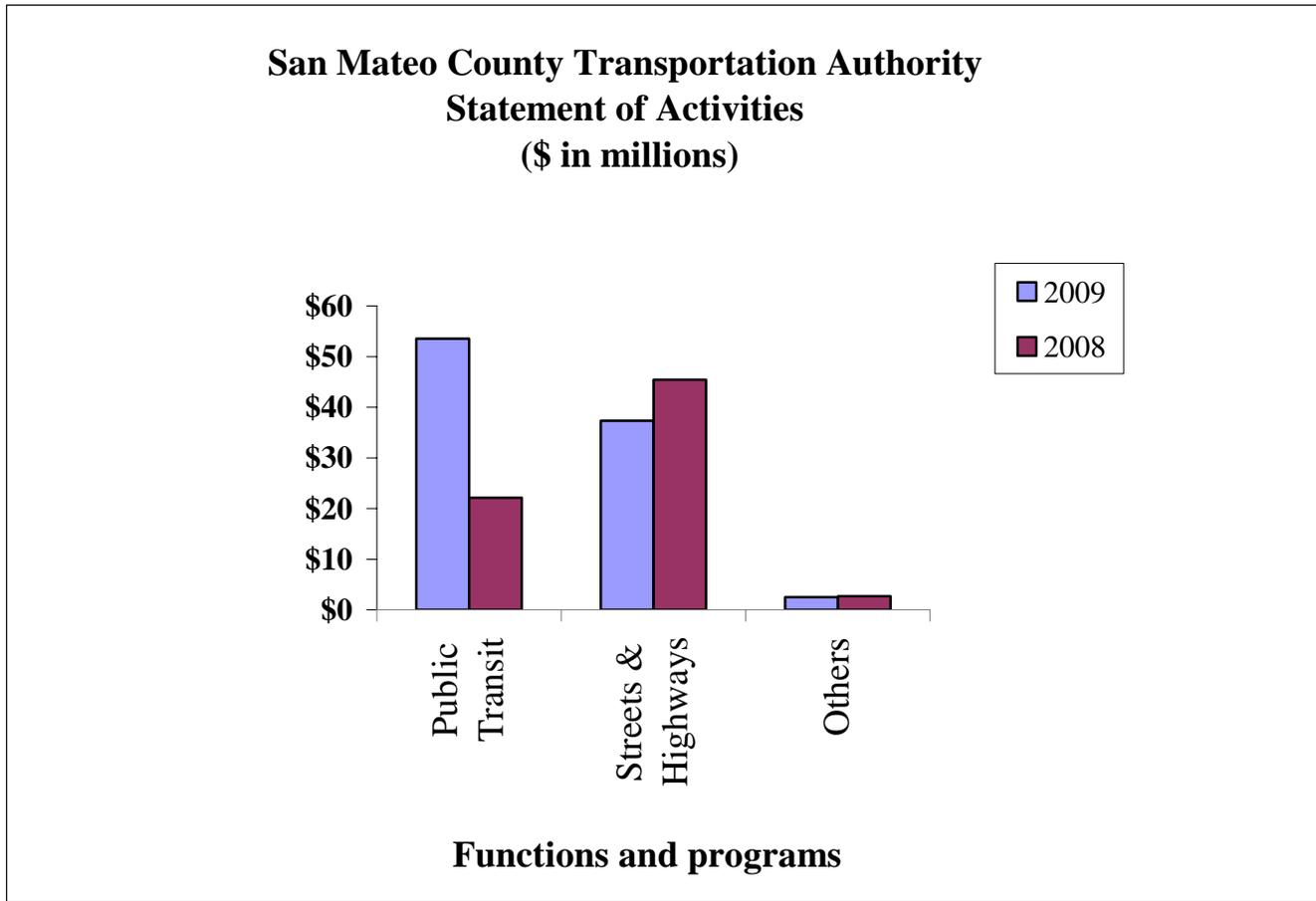
**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
CHANGES IN NET ASSETS**

	Governmental Activities	
	2009	2008
Revenues:		
Program revenues		
Charges for services	\$ 1,076,491	\$ 996,862
Operating grants/contributions	7,419,581	2,969,662
General revenues		
Sales tax	60,022,443	68,669,604
Investment earnings and others	(12,249,132)	18,086,693
Total revenues	<u>56,269,383</u>	<u>90,722,821</u>
Expenses:		
Public transit	53,524,062	22,072,073
Streets and highways	37,251,122	45,368,006
Others	2,546,850	2,738,666
Total expenses	<u>93,322,034</u>	<u>70,178,745</u>
Change in net assets	(37,052,651)	20,544,076
Net assets - July 1,	469,651,442	449,107,366
Net assets - June 30,	<u>\$ 432,598,791</u>	<u>\$ 469,651,442</u>

Governmental Activities

Total expenses for governmental activities were \$93.3 million in 2009, an increase of \$23.1 million or 33.0 percent compared to 2008. The functional components of total expenses are public transit (57.4 percent), streets and highways (39.9 percent) and other programs (2.7 percent). The following are the highlights of the TA's governmental activities:

- Sales tax revenue decreased by \$8.6 million or 12.6 percent to \$60.0 million in 2009 over 2008. Consequently, the TA's distribution of construction funds to local entities, set at 22.5 percent of sales tax revenue, decreased by \$1.1 million to \$12.7 million in 2009 over 2008.
- Investment earnings/(losses) and other revenues of (\$12.2) million in 2009 was \$30.3 million or 167.7 percent lower compared to 2008. This decrease was mostly due to investment losses.
- Expenses for public transit projects in 2009 increased by \$31.5 million to \$53.5 million or 142.5 percent compared to 2008. The large increase was due to the \$25 million transfer of the Paratransit Permanent Fund to the District pursuant to the 1988 Transportation Expenditure Plan.
- Spending for streets and highways in 2009 decreased by \$8.1 million or 17.9 percent to \$37.3 million compared to 2008 mainly due to the current phase of capital projects. Several streets and highway projects completed the construction phase during FY 2008 which is the most expensive phase of work on a project.



Financial Analysis of the TA’s Funds

At June 30, 2009, governmental funds reported combined fund balances of \$417.8 million, a decrease of \$37.4 million or 8.2 percent lower than June 30, 2008. The total unreserved fund balance of \$417.8 million is available for spending at the discretion of the TA’s Board of Directors in accordance with the Transportation Expenditure Plan.

The *Special Revenue Fund* is the operating fund of the TA and equivalent to the general fund of other governmental entities. The fund balance reached \$417.2 million at June 30, 2009, a decrease of \$8.7 million or 2.0 percent over June 30, 2008, as total expenses exceeded total revenues during 2009. The total fund balance at June 30, 2009 of \$417.2 million is unreserved. Since the TA principally passes funding through to other organizations, the most accurate indicator of the TA’s ability to meet its current and future obligations is a comparison of its unreserved fund balance to its future commitments. At June 30, 2009, the estimated cost to complete on-going projects is \$167.2 million or 40.1 percent of unreserved fund balance.

In fiscal year 2008, the TA’s 1997 Series A Limited Tax Bonds matured. The remaining balance in the *Debt Service Fund* at the end of FY 2008 was transferred to the Special Revenue Fund and designated for future Measure A projects.

At June 30, 2009, the combined fund balance of *Other Governmental Funds* is \$0.6 million, which is \$28.7 million or 98.0 percent lower than June 30, 2008. The *Paratransit Permanent Fund* balance of \$25.0 million on

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2009**

June 30, 2008 was transferred to the District in 2009. The balance of the *Other Governmental Funds* combined fund balance is held in the *Transportation Systems Management Special Revenue Fund*.

Special Revenue Fund Budgetary Highlights

GAAP requires a discussion of the budget-to-actual performance for the general fund or its equivalent. In the case of the TA, the *Special Revenue Fund* is the equivalent of a general fund as it is the chief operating fund. The TA classifies this fund as a special revenue fund because the activity of the fund is legally restricted to the special purposes enumerated in the Transportation Expenditure Plan approved by the voters of San Mateo County.

The *Special Revenue Fund* employs the same accounting basis and principles for both its budget and actual revenues and expenditures, except that proceeds from the sale of fixed assets, unrealized investment gains and losses and inter-fund transfers are not included in the budget.

Sales tax represented 115.4 percent of the *Special Revenue Fund's* total budgeted revenue for FY 2009. Actual sales tax revenue for the year was \$58.7 million, which was below the budget by \$4.1 million or 6.5 percent.

Total investment income/(losses) for the *Special Revenue Fund* totaled (\$15.2) million in FY 2009, a difference from the budgeted amount by \$0.3 million or 0.2 percent.

Program administration costs for the *Special Revenue Fund* were slightly under budget.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2009**

The TA spent \$49.1 million or 99.5 percent of its final 2009 budget for capital outlays, which included the cost of completing on-going capital projects. Since capital projects normally span more than one year, the TA carries over unexpended budgets to succeeding years. However, to enhance understanding of the TA's fund balance for the *Special Revenue Fund*, the carry-over amount from 2008 is not included in the 2009 *Budgetary Comparison Schedule*.

Capital Projects

The TA spent \$49.1 million on capital projects in 2009, a decrease of \$1.6 million or 3.2 percent compared to 2008. Following are the major capital expenditures:

- Construction cost for the addition of an auxiliary lane in both directions of Highway 101 between Third Avenue in San Mateo and Millbrae Avenue in Millbrae (\$19.5 million).
- Studies and design costs associated with the grade separation project for San Bruno Avenue in San Bruno and Linden Avenue in South San Francisco (\$4.0 million).
- Studies and design costs associated with the grade separation project for Poplar and Tilton (\$3.7 million).
- Construction cost of improvements on State Route 92 in the City of Half Moon Bay (\$1.4 million).
- Funding for the 2008 local capital match requirement assessed to San Mateo County according to the Caltrain Joint Powers Agreement (\$3.7 million).
- Signal design to improve safety at the rail grade crossings in San Mateo County (\$4.0 million).
- Construction of outside boarding platform and installation of a center-track fence to eliminate the hold-out rule at Burlingame station (\$1.2 million).

More information on the TA's capital project activity appears in *Notes #14 and #15 – Capital Outlay and Construction Commitments* on page 34 in the *Notes to the Financial Statements*.

Debt

In 2008, the TA fully repaid the remaining \$8.9 million on its 1997 Series A Limited Tax Bonds. This reduction represents the final regularly scheduled principal payment made June 1, 2008. The maturity of this bond released: (a) the pledge of sales tax revenues which secured the debt and (b) the reserve fund which secured the semi-annual payment of principal and interest. The TA has subsequently closed its trust accounts which serviced the bond.

The TA retained professional consultants to assist in calculating arbitrage liability, which is typically payable to the federal government every five years while the bonds were outstanding. The cumulative rebate liability on arbitrage earnings as of the end of FY 2008 was \$0.2 million which was paid in July 2008. This payment represented the final arbitrage rebate payment required for the bond.

The balance of an outstanding loan of \$3.5 million from the State of California remains unchanged from the prior year, as no principal payments were made. The loan was initially due on December 31, 2009, but the agreement has been updated and Caltrans has granted the TA an extension through November 7, 2013 to repay the loan. The TA used the proceeds of this non-interest-bearing loan to purchase property from Southern Pacific Transportation Company.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2009**

More information on the TA's long-term debt activity appears in *Note #10 – Long-term Liabilities* beginning on page 31 in the *Notes to the Financial Statements*.

Economic Factors

The nation is experiencing one of the longest recessions on record since World War II and experts cannot agree on how long this recession will last. San Mateo County has not been spared in this national recession. The unemployment rate in San Mateo County began FY 2009 at 5.0 percent and shot up at a tremendous rate ending the fiscal year at 8.9 percent. Job losses were widely dispersed across industries. Growing job losses, rising unemployment, falling personal income and the loss of consumer confidence account for the plummeting of TA's sales tax receipts in FY 2009 by 12.6 percent to \$60.0 million; compared to a record high level in FY 2008 of \$68.7 million. Recovery from this recession is expected to begin in 2010; however, it is expected to move very slowly. The TA understands this strain on sales tax revenues and the resulting effect on project spending and will budget this revenue source accordingly.

Requests for Information

This financial report intends to provide our citizens, taxpayers, customers and creditors with a general overview of the TA's finances and to demonstrate accountability for resources received. If you have questions about this report or need additional financial information, contact the Deputy CEO, 1250 San Carlos Ave., San Carlos, California, 94070-1306.

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BASIC FINANCIAL STATEMENTS
Government-wide Financial Statements

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SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATEMENTS OF NET ASSETS
YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE DATA
FOR THE YEAR ENDED JUNE 30, 2008)

	Governmental Activities	
	2009	2008
ASSETS		
Cash and investments (Notes 1 & 2)	\$ 413,302,074	\$ 447,174,985
Receivables:		
Sales tax (Note 3)	9,742,367	13,046,025
Interest (Note 4)	2,708,459	3,652,895
Note receivable (Note 5)	4,343,404	4,343,404
Other (Note 6)	3,083,992	1,197,071
Prepaid expenses	11,384	3,300
Capital assets (Notes 1 & 7)	13,590,975	13,590,975
Total Assets	<u>\$ 446,782,655</u>	<u>\$ 483,008,655</u>
LIABILITIES		
Accounts payable (Note 8)	\$ 2,009,024	\$ 1,397,824
Accrued liabilities (Note 9)	8,681,850	8,216,741
Deferred revenue	3,892	29,294
Deposits	39,098	39,098
Long-term liabilities (Note 10):		
Due within one year	-	224,256
Due beyond one year	3,450,000	3,450,000
Total Liabilities	<u>14,183,864</u>	<u>13,357,213</u>
NET ASSETS		
Invested in capital assets, net of related debt	13,590,975	13,590,975
Restricted for (Notes 2 & 11):		
Paratransit programs - nonexpendable	-	25,000,000
Unrestricted (Note 11)	419,007,816	431,060,467
Total Net Assets	<u>432,598,791</u>	<u>469,651,442</u>
Total Liabilities and Net Assets	<u>\$ 446,782,655</u>	<u>\$ 483,008,655</u>

The accompanying notes are an integral part of these financial statements.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE DATA
FOR THE YEAR ENDED JUNE 30, 2008)

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
	Expenditures	Charges for Services	Operating Contributions and Grants	2009	2008
GOVERNMENTAL ACTIVITIES:					
Public Transit					
Upgrades and extensions	\$ 9,612,091	\$ -	\$ -	\$ (9,612,091)	\$ (12,481,230)
Grade separations	9,117,772	780,820	2,428,497	(5,908,455)	(3,649,420)
Paratransit	26,071,259	-	-	(26,071,259)	(1,630,794)
Dumbarton spur	6,044,793	295,671	4,991,084	(758,038)	(344,105)
BART	535,629	-	-	(535,629)	-
Caltrain	2,142,518	-	-	(2,142,518)	-
Street and highways					
Distributions to local entities	12,674,026	-	-	(12,674,026)	(13,733,921)
Projects funding	24,577,096	-	-	(24,577,096)	(31,634,085)
Caltrain shuttle program	1,339,250	-	-	(1,339,250)	(1,074,089)
Transportation systems management	461,781	-	-	(461,781)	(482,947)
Program administration	745,819	-	-	(745,819)	(802,890)
Interest on debt	-	-	-	-	(378,740)
Total Governmental Activities	\$ 93,322,034	\$ 1,076,491	\$ 7,419,581	(84,825,962)	(66,212,221)

GENERAL REVENUES:

Sales tax	60,022,443	68,669,604
Unrestricted investment earnings	(12,249,132)	18,313,289
Other income/(loss)	-	(226,596)
Total General Revenues	47,773,311	86,756,297
Change in Net Assets	(37,052,651)	20,544,076
Net Assets at Beginning of Year	469,651,442	449,107,366
Net Assets at End of Year	\$ 432,598,791	\$ 469,651,442

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

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SAN MATEO COUNTY TRANSPORTATION AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009 (WITH COMPARATIVE DATA AS OF JUNE 30, 2008)

	Special Revenue Fund	Permanent Paratransit Fund	Other Governmental Funds	Total Governmental Funds	
				2009	2008
ASSETS					
Cash and investments (Notes 1 & 2)	\$ 412,599,803	\$ -	\$ 702,271	\$ 413,302,074	\$ 447,174,985
Receivables:					
Sales tax (Note 3)	9,275,249	-	467,118	9,742,367	13,046,025
Interest (Note 4)	2,377,673	-	-	2,377,673	3,478,768
Other (Note 6)	3,083,992	-	-	3,083,992	1,197,071
Prepaid	11,384	-	-	11,384	3,300
Total Assets	<u>\$ 427,348,101</u>	<u>\$ -</u>	<u>\$ 1,169,389</u>	<u>\$ 428,517,490</u>	<u>\$ 464,900,149</u>
LIABILITIES					
Accounts payable (Note 8)	\$ 1,440,337	\$ -	\$ 568,687	\$ 2,009,024	\$ 1,397,824
Accrued liabilities (Note 9)	8,681,850	-	-	8,681,850	8,216,741
Deferred rent revenue	3,892	-	-	3,892	29,294
Deposits	39,098	-	-	39,098	39,098
Total Liabilities	<u>10,165,177</u>	<u>-</u>	<u>568,687</u>	<u>10,733,864</u>	<u>9,682,957</u>
FUND EQUITY					
Fund Balances:					
Reserved for (Notes 2 & 11):					
Paratransit programs	-	-	-	-	25,000,000
Unreserved, reported in (Note 11):					
Special revenue fund					
Designated for -					
Current Measure A Projects	167,207,482	-	-	167,207,482	167,218,316
Future Measure A Projects	249,981,771	-	-	249,981,771	258,743,690
Nonmajor special revenue funds					
Designated	-	-	594,373	594,373	4,255,186
Total Fund Balances	<u>417,189,253</u>	<u>-</u>	<u>594,373</u>	<u>417,783,626</u>	<u>455,217,192</u>
Total Liabilities and Fund Balances	<u>\$ 427,354,430</u>	<u>\$ -</u>	<u>\$ 1,163,060</u>	<u>\$ 428,517,490</u>	<u>\$ 464,900,149</u>

The accompanying notes are an integral part of these financial statements.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Amounts reported for governmental activities in the Statements of Net Assets differ due to:		
Fund Balances - Total Governmental Funds	\$ 417,783,626	\$ 455,217,192
Capital assets of governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	13,590,975	13,590,975
Long term note receivable is not a financial resource and, therefore, is not reported in the governmental funds.		
Note receivable	4,343,404	4,343,404
Interest receivable	330,786	174,127
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the governmental funds:		
Cumulative rebate liability	-	(224,256)
Loan from State of California	(3,450,000)	(3,450,000)
Subtotal	<u>(3,450,000)</u>	<u>(3,674,256)</u>
Net Assets of Governmental Activities	<u>\$ 432,598,791</u>	<u>\$ 469,651,442</u>

The accompanying notes are an integral part of these financial statements.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE DATA
FOR THE YEAR ENDED JUNE 30, 2008)**

	Special	Permanent	Other	Total	
	Revenue Fund	Paratransit Fund	Governmental Fund	2009	2008
REVENUES					
Sales tax	\$ 58,709,699	\$ -	\$ 1,312,744	\$ 60,022,443	\$ 68,669,604
Investment income (Note 12)	(11,997,078)	-	(632,969)	(12,630,047)	18,995,295
Rental income	1,076,491	-	-	1,076,491	996,863
Grant proceeds	7,419,581	-	-	7,419,581	1,820,767
Total Revenues	<u>55,208,693</u>	<u>-</u>	<u>679,775</u>	<u>55,888,468</u>	<u>90,482,529</u>
EXPENDITURES					
Administrative:					
Staff support (Note 13)	487,297	-	-	487,297	592,978
Board compensation	6,900	-	-	6,900	7,100
Professional and legal fees	169,792	-	-	169,792	148,027
Other services and supplies	58,861	-	-	58,861	37,208
Travel and meeting	9,799	-	-	9,799	8,559
Debt Service:					
Principal	-	-	-	-	8,855,000
Interest	-	-	-	-	407,331
Subtotal	<u>732,649</u>	<u>-</u>	<u>-</u>	<u>732,649</u>	<u>10,056,203</u>
Distribution to local entities	12,674,026	-	1,533,041	14,207,067	16,996,560
BART	535,630	-	-	535,630	-
Caltrain	2,142,517	-	-	2,142,517	-
Special allocation to Samtrans	-	25,000,000	-	25,000,000	-
Caltrain shuttles program	1,339,250	-	-	1,339,250	1,074,089
Dumbarton corridor maintenance	242,089	-	-	242,089	181,753
Measure A information	13,169	-	-	13,169	14,374
Capital outlays (Note 14)	49,109,663	-	-	49,109,663	50,744,714
Total Expenditures	<u>66,788,993</u>	<u>25,000,000</u>	<u>1,533,041</u>	<u>93,322,034</u>	<u>79,067,693</u>
Excess of Revenues Over Expenditures	<u>(11,580,300)</u>	<u>(25,000,000)</u>	<u>(853,266)</u>	<u>(37,433,566)</u>	<u>11,414,836</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	2,892,209	-	9,676	2,901,885	-
Transfer out	(9,676)	-	(2,892,209)	(2,901,885)	-
Total Other Financing Sources (Uses)	<u>2,882,533</u>	<u>-</u>	<u>(2,882,533)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(8,697,767)	(25,000,000)	(3,735,799)	(37,433,566)	11,414,836
Fund Balances, Beginning of Year	425,887,020	25,000,000	4,330,172	455,217,192	443,802,356
Fund Balances, End of Year	<u>\$ 417,189,253</u>	<u>\$ -</u>	<u>\$ 594,373</u>	<u>\$ 417,783,626</u>	<u>\$ 455,217,192</u>

The accompanying notes are an integral part of these financial statements.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Amounts reported for governmental activities in the Statements of Activities differ due to:		
Net Changes in Fund Balances - Total Governmental Funds	\$ (37,433,566)	\$ 11,414,836
Repayment of Limited Tax Bonds principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	-	8,855,000
Accrual of interest expense on the 1997 bonds is recorded as an expense in the government-wide statement of activities, but is not recorded in the governmental funds.	-	33,944
Accrual of interest revenue on the note receivable for the sale of land is recorded as revenue in the government-wide statement of activities, but is not recorded in the governmental funds.	156,659	174,127
Loss on the sale of the land is recorded as an expense in the government-wide statement of activities, but is not recorded in the governmental funds.	-	(226,596)
Payment of the arbitrage liability was recorded as an expenditure in the government funds but reduces the cumulative liability in the statements of net assets and does not affect the statement of activities.	224,256	517,021
The increase in arbitrage cumulative liability is not recorded as an expenditure in the governmental funds but is recorded as an expenditure in the statement of activities and increases the long-term liability in the statement of net assets.		<u>(224,256)</u>
Change in Net Assets of Governmental Activities	<u>\$ (37,052,651)</u>	<u>\$ 20,544,076</u>

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS
Notes to the Basic Financial Statements

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The TA was formed in June 1988 as a result of the approval of Measure A (one-half cent county sales tax and Transportation Expenditure Plan) by the voters of San Mateo County pursuant to the Bay Area County Traffic and Transportation Funding Act. The TA was responsible for the administration of funds collected through the one-half cent county sales tax for a period of 20 years, initially. In November 2004, the voters reauthorized the TA and its publicly developed expenditure plan for an additional 25 years beyond the original expiration date of 2008. The District was designated as the entity responsible for overall management of the TA.

B. Implementation of Governmental Accounting Standards Board Statements

GASB Statement No. 49 – In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This statement is effective for financial statements with reporting periods beginning after December 15, 2007. This statement did not have an impact on the TA's financial statements.

GASB Statement No. 51 – In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting standards for many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. This statement is effective for financial statements with reporting periods beginning after June 15, 2009. The TA has not determined its effect on the financial statements.

GASB Statement No. 52 – In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. This statement is effective for financial statements with reporting periods beginning after June 15, 2008. This statement did not have an impact on the TA's financial statement.

GASB Statement No. 53 – In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement is intended to improve how State and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements. The statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this statement also addresses hedge accounting requirement and is effective for financial statements with reporting periods beginning after June 15, 2009, with earlier application encouraged. The TA has not determined its effect on the financial statements.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement No. 54 – In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is effective for financial statements with reporting periods beginning after June 15, 2010. The TA has not determined its effect on the financial statements.

C. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities report the financial activities of the TA. The Statement of Activities present a comparison between direct expenses and program revenues for each function of the TA. Direct expenses are those that are specifically associated with a program or a function and therefore, are clearly identifiable to a particular function. Program revenues refer to charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including sales tax revenues, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the TA's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The TA reports the following major governmental funds:

The *Special Revenue Fund* accounts for the proceeds of the one-half cent county sales tax. These funds are legally restricted to expenditures specified in Measure A.

The TA reports the following non-major governmental funds in an aggregated column:

The *Paratransit Special Revenue Fund* accounts for all transactions relating to Paratransit, except for the \$25 million principal balance maintained in the Paratransit Permanent Fund. The Paratransit Special Revenue Fund included allocations for Paratransit augmentation of funds in excess of the principal balance of \$25 million, consumer price index (CPI) adjustments to the principal balance and investment earnings. Funds are allocated to local entities, upon the advice of the Paratransit Coordinating Council and the county, to support the transportation needs of elderly and persons with disabilities (Paratransit Programs).

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

The *Paratransit Permanent Fund* was established as provided in the *Transportation Expenditure Plan* with a principal balance of \$25 million from Measure A Funds. In January 2009, the management and oversight of this fund became the responsibility of the District per the 1988 Transportation Expenditure Plan.

The *Transportation Systems Management (TSM) Special Revenue Fund* accounts for a *restricted reserve account* established pursuant to Board Resolution No. 1989-12 passed on July 6, 1989. The resolution authorized the transfer of a principal amount of \$6 million to an interest-bearing account for a TSM program pursuant to the *Transportation Expenditure Plan*. Interest accrued in the account was allocated for TSM activities prior to October 7, 1999. Thereafter, Board Resolution No. 1999-20 was passed amending Resolution 1989-12 which clarified the intent of the TA to cease making annual allocations for TSM activities from the interest proceeds of the Restricted Reserve Account and instead, make the required annual allocations out of the principal of the account. On December 31, 2008, the TA reconciled the fund and found that the TSM fund had received more than the 0.7 percent of Measure A funds that was required in the Transportation Expenditure Plan. The excess funds were transferred back to the TA general fund to be used towards the project categories originally intended.

D. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place.

Nonexchange transactions, in which the TA gives (or receives) value without directly receiving (or giving) equal value in exchange, include one-half cent county sales tax receipts and distributions to local entities. On an accrual basis, revenues from the one-half cent county sales tax are recognized when the underlying exchange transactions occur.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered available when their receipt occurs within 60 days after the end of the accounting period. Sales tax and investment earnings are recorded when measurable and available. Expenditures are recognized in the accounting period in which the liability is incurred, except that principal and interest on long-term debt are recognized when paid. Capital asset acquisitions are reported as expenditures in governmental funds.

E. Non-current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups but provides for these records to be maintained and incorporates the information into the government-wide Statements of Net Assets.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the Statements of Net Assets.

G. Prepaid Expenditures

Prepaid expenditures represent amounts paid in advance of receiving goods or services. The TA has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The TA has chosen to report the expenditures during the benefiting period.

H. Cash and Investments

All highly liquid investments with maturity of three months or less when purchased are considered cash equivalents.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The custodian or trustee determines fair value using quoted market prices or valuation services, as applicable.

I. Capital Assets

Capital assets are recorded at historical cost. All capital asset purchases are recorded as expenditures at the time of acquisition in the governmental funds. Such amounts are then capitalized and reported in the government-wide financial statements.

Construction projects financed by the TA from the one-half cent county sales tax include highways, streets and grade separations. These infrastructure assets are of value only to the local government units in whose jurisdiction they are constructed and are not recorded as capital assets on the TA's books.

J. Comparative Data

The comparative data for fiscal year ended June 30, 2008 provided in these financial statements is not required for a fair presentation of the financial statements but is presented as additional analytical data.

K. Reclassifications

Certain comparative financial statement amounts from the prior year may have been reclassified to conform to the current year presentation.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #2 – DEPOSITS AND INVESTMENTS

The deposits and investments as of June 30, 2009 and 2008 are as follows:

	Fair Value	
	2009	2008
Cash and Investments		
Special Revenue Fund		
Cash and cash equivalents:		
Bank balance	\$ 564,277	\$ 113,369
Investments	412,035,527	416,975,835
Total Special Revenue Fund	<u>412,599,804</u>	<u>417,089,204</u>
Permanent Paratransit Fund		
Investments	-	25,000,000
Other Governmental Funds		
Cash and cash equivalents:		
Bank balance		
TSM Special Revenue Fund		-
Debt Service Fund	-	76,486
Investment:		
Paratransit Special Revenue Fund	164,120	1,346,849
TSM Special Revenue Fund	538,150	3,662,446
Total Other Governmental Funds	<u>702,270</u>	<u>5,085,781</u>
Total Cash and Investments	<u>\$ 413,302,074</u>	<u>\$ 447,174,985</u>

The TA's cash and investments as of June 30, 2009 and 2008 are as follows

	2009	2008
Deposits with financial institutions	\$ 564,277	\$ 189,855
Investments	412,737,797	446,985,130
	<u>\$ 413,302,074</u>	<u>\$ 447,174,985</u>

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #2 – DEPOSITS AND INVESTMENTS (continued)

Investments Authorized by the California Government Code and the TA’s Investment Policy

In accordance with the California Government Code, the TA may acquire investments as identified in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	15 years	None	None
U.S. Treasury Obligations	15 years	None	None
U.S. Agency Securities or Government Sponsored Enterprises	15 years	None	None
Banker's Acceptances	180 days	15%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	10%	5%
Repurchase Agreements	1 year	None	50%
Reverse Repurchase Agreements	92 days	20% of base value	20%
Medium-term Notes	5 years	30%	10%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-through Securities	5 years	20%	5%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk incurred when market interest rates adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the TA manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The TA monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. With respect to this metric, the TA’s policies are as follows:

- No investment shall be made in securities with a remaining useful life exceeding 15 years
- The weighted average maturity of the portfolio shall not exceed 5 years

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #2 – DEPOSITS AND INVESTMENTS (continued)

The TA's weighted average maturity of its investment portfolio at June 30, 2009 was as follows:

Investment Type	Amount	Weighted Average Maturity (in years)
Repurchase Agreement	\$ 564,277	-
U.S. Treasury Notes	15,015,232	1.16
US Agency Securities	46,480,121	1.85
Corporate Bonds	9,194,361	2.02
Certificates of Deposits	3,214,510	1.76
Investment in County Pool	338,828,171	0.90
Investment in State Pool	5,402	0.64
	<u>\$ 413,302,074</u>	
Portfolio Weighted Average Maturity		1.05

The TA's weighted average maturity of its investment portfolio at June 30, 2008 was as follows:

Investment Type	Amount	Weighted Average Maturity (in years)
Investment in County Pool	\$ 446,980,187	1.20
Investment in State Pool	4,943	0.58
	<u>\$ 446,985,130</u>	
Portfolio Weighted Average Maturity		1.20

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #2 – DEPOSITS AND INVESTMENTS (continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code and the TA’s investment policy and the actual rating as of year end for each investment type.

The TA’s investment portfolio credit rating at June 30, 2009 was as follows:

Investment Type	Amount (in thousands)	Exempt From Rating	Rating as of June 30, 2009	
			AAA	Not Rated
Repurchase Agreement	\$ 564,277		\$ -	\$ 564,277
U.S. Treasury Notes	15,015,232	15,015,232	-	-
US Agency Securities	46,480,121		46,480,121	-
Corporate Bonds	9,194,361		9,194,361	-
Certificates of Deposits	3,214,510	3,214,510	-	-
Investment in County Pool	338,828,171		-	338,828,171
Investment in State Pool	5,402		-	5,402
Total	\$ 413,302,074	\$ 18,229,742	\$ 55,674,482	\$ 339,397,850

The TA’s investment portfolio credit rating at June 30, 2008 was as follows:

Investment Type	Amount (in thousands)	Rating as of June 30, 2008	
		AAA	Not Rated
Investment in County Pool	\$ 446,980,187	\$ -	\$ 446,980,187
Investment in State Pool	4,943	-	4,943
Total	\$ 446,985,130	\$ -	\$ 446,985,130

Concentration of Credit Risk

The investment policy of the TA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5 percent or more of total investments beyond that stipulated by the California Government Code for fiscal years ended June 30, 2009 and 2008.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE #2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the TA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, the TA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the TA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the TA deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. The bank balance reported by the TA includes its share in the managing agency's (the District) bank account balance. The credit risk for the District's bank balance is discussed in its CAFR.

Fair Value of Investments

Accounting pronouncement GASB Statement No. 31 applies to investments purchased with maturities greater than one year, investments in external investment pools (State of California LAIF & county treasury investment pools), mutual funds, and certain investment agreements. Generally, governmental entities need to report the fair value changes for these investments at year-end and record these gains or losses on their income statement.

Methods and assumptions used to estimate fair value: The TA maintains investment accounting records on amortized cost and adjusts those records to "fair value" on an annual basis. Unrealized gains and losses are recorded on an annual basis and the carrying value of its investments is considered "fair value". The TA's investment custodian provides market value on each investment instrument. The investments held by the TA are widely traded in the financial markets and trading values are readily available from numerous published sources. The TA has elected to report its money market investments (those investments with maturities of less than one year) at amortized cost adjusted to fair value on an annual basis.

San Mateo County Treasurer's Investment Pool: The TA holds investments in the County Pool that are subject to adjustment to "fair value". The TA is required to disclose its methods and assumptions used to estimate the fair value of its holdings in the County Pool. The TA relied upon information provided by the County Treasurer in estimating the TA's fair value position of its holdings in the County Pool. The TA had a contractual withdrawal value of \$ 339,905,958 and \$450,026,534 at June 30, 2009 and 2008, respectively, that is recorded at \$338,828,171 and \$446,980,187 on the balance sheet after the adjustment for unrealized gains/losses for years ending 2009 and 2008, respectively. The fair value change in these investments for the year just ended is shown as unrealized gain/losses in the income statement via inclusion in the amount of Investment Income.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #2 – DEPOSITS AND INVESTMENTS (continued)

The San Mateo County Treasurer's Investment Pool is a governmental investment pool managed and directed by the elected San Mateo County Treasurer. The County Pool is not registered with the Securities and Exchange Commission. An oversight committee comprised of local government officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of the pool fall under the auspices of the County Treasurer's office. The TA is a voluntary participant in the investment pool.

On September 15, 2009, Lehman Brothers Holdings filed for Chapter 11 bankruptcy protection. The San Mateo County Pool portfolio included \$155 million of Lehman Brothers Holdings investments at the time, in both commercial paper and floating rate securities. The County Pool wrote off these investments as of September 30, 2009 consequently showing a loss of \$155 million out of the total portfolio of approximately \$2.6 billion. The TA had approximately \$453 million invested through the County Pool as of September 30, 2009 and therefore incurred its percentage share of this loss on October 1, 2009. The loss the TA incurred was approximately \$25.0 million. All funds recovered by the County Pool will be distributed to the pool participants in proportion to their participation in the loss. The most current projected recovery value received by the TA is \$0.17 on the dollar. Based on the TA's participation rate, this equates to approximately \$4.3 million. However, this amount will fluctuate until Lehman Brothers' bankruptcy proceedings are finalized.

State of California State Treasurer's Local Agency Investment Fund (LAIF): The TA holds an investment in LAIF that is subject to "fair value" adjustments. The TA is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The TA relied upon information provided by the State Treasurer in estimating the TA's fair value position of its holdings in LAIF. The TA had a contractual withdrawal value of \$5,402 and \$4,943 at fiscal years ending 2009 and 2008, respectively.

The LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The TA is a voluntary participant in the investment pool.

NOTE #3 – SALES TAX RECEIVABLE

Sales tax receivable consists of sales tax due from the State Board of Equalization for the quarter ended June 30, 2009.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #4 – INTEREST RECEIVABLE

Interest receivable at June 30, 2009 and 2008 are as follows:

	2009	2008
Interest due from deposits and investments	\$ 2,377,673	\$ 3,478,768
Total reported on Governmental Funds Statements	2,377,673	3,478,768
Accrued interest on note receivable	330,786	174,127
Total reported on Government-wide Statements	<u>\$ 2,708,459</u>	<u>\$ 3,652,895</u>

NOTE #5 – NOTE RECEIVABLE

On December 27, 2007, the TA transferred 174,047 square feet of development and railroad corridor property owned by the TA and located at the northeast corner of Holly Street and El Camino Real in the City of San Carlos to the District. The property was originally acquired by the TA for a grade separation project but eventually became excess property. The development portion of the property was transferred in exchange for a promissory note of \$4,343,404 and the railroad corridor property was transferred at no cost; however, the District is obligated to transfer half its interest in the railroad corridor property to the JPB as San Mateo County's share of contributions for future capital projects. The District is required to pay interest on the note at the current rate of return earned by the TA on its investment portfolio until the principal is paid in full and is permitted to pay the principal of the note over time before December 1, 2033. See *Note #7 – Capital Assets*.

NOTE #6 – OTHER RECEIVABLES

Other receivables at June 30, 2009 and 2008, consist of amounts owed by other government agencies and miscellaneous receivable as follows:

	2009	2008
Metropolitan Transportation Commission	\$ 1,109,462	\$ 725,407
San Mateo County Transit District	26,273	92,657
Peninsula Corridor Joint Powers Board	58,268	52,971
Alameda County Transportation Improvement Authority	379,759	128,808
Santa Clara Valley Transportation Authority	293,371	128,600
California State Department of Transportation	1,211,041	68,628
Other	5,818	-
Total Other Receivables	<u>\$ 3,083,992</u>	<u>\$ 1,197,071</u>

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #7 – CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2009 are as follows:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Capital Assets - Land	\$ 13,590,975	\$ -	\$ -	\$ 13,590,975

Land represents the cost of right of way acquisitions for future grade separation projects, as well as for corridor preservation purposes. On December 27, 2007, the TA conveyed right of way on the land located on Holly Street to the District for a promissory note of \$4,343,404. The original acquisition cost of the property was \$4,570,000. See *Note#5 – Note Receivable*.

NOTE #8 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2009 and 2008 are as follows:

	2009	2008
Salaries and benefits	\$ 129,889	\$ 277,511
Capital project	324,662	35,016
Shuttle program	243,007	152,802
Paratransit program	289,695	926,564
Caltrain	878,519	-
Other	143,252	5,931
Total reported on Government-wide Statements	\$ 2,009,024	\$ 1,397,824

NOTE #9 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2009 and 2008 are as follows:

	2009	2008
Disbursements to local entities for transportation projects	\$ 2,538,973	\$ 3,065,111
Capital projects	5,898,839	5,070,255
TSM programs	-	40,229
BART	194,847	-
Other	49,191	41,146
Total	\$ 8,681,850	\$ 8,216,741

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #10 – LONG-TERM LIABILITIES

Cumulative Rebate Liability

The cumulative rebate liability relates to arbitrage. Arbitrage is the excess of interest earned on unexpended tax-exempt bond proceeds over interest paid to bond holders. Federal tax law generally provides that the interest paid to bond holders is tax-exempt only if the issuer rebates any arbitrage earnings from investing bond proceeds to the federal government. The rebate is payable to the federal government every five years for as long as the bonds are outstanding. The first two five-year periods for the limited tax bonds ended on August 1, 2002 and August 1, 2007 when 90 percent of the current cumulative liability became due and was subsequently paid to the federal government.

As of June 30, 2008, the cumulative rebate liability as calculated by the bond counsel was \$224,256 and was recorded as a short-term liability in the government-wide financial statements. On June 1, 2008, the 1997 Series A Limited Tax Bonds matured. Therefore the balance of the cumulative rebate liability came due and was paid to the United States Treasury in July 2008.

Loan from State

The TA obtained a \$3,450,000 non-interest bearing loan from the State of California in FY 1995 to purchase property from Southern Pacific Transportation Company. The loan agreement required the TA to pay the full amount by December 31, 2009. In an updated agreement, Caltrans has granted the TA an extension of time through November 7, 2013 for the TA to repay the loan.

Summary of long- term liabilities as of June 30, 2009, are as follows:

	Balance at July 1, 2008	Adjustments/ Additions	Deletions	Balance at June 30, 2009
GOVERNMENTAL ACTIVITIES				
Cumulative rebate liability on arbitrage earnings	\$ 224,256	\$ -	\$ 224,256	\$ -
Loan payable to the State of California	3,450,000	-	-	3,450,000
Total Long-term Liabilities	\$ 3,674,256	\$ -	\$ 224,256	\$ 3,450,000

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #11 – NET ASSETS/FUND BALANCE

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets into one component of net assets. Outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Assets - This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The restricted net assets consist of the principal amount in the Paratransit Permanent Fund.

Unrestricted Net Assets - This category represents net assets of the TA available for projects and other purposes specified under Measure A. Of the \$419,007,816 unrestricted amount, \$167,207,482 has been appropriated for current Measure A projects as of June 30, 2009.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purpose. The term "reserved" is used to indicate that a portion of reported fund balance is legally restricted for a specific use or not available for appropriation or expenditure. The TA also "designates" portions of fund balance based on tentative spending plans. Should such plans change, the TA may shift the designated fund balance to other uses.

Reserved fund balances consist of the following:

- The reserve for Paratransit programs represents the principal amount in the Paratransit Permanent Fund. The management and oversight of this fund became the responsibility of the District in January 2009 per the 1988 Transportation Expenditure Plan.

The designated fund balance consists of the following:

- \$ 417,189,253 in the major Special Revenue Fund designated for projects and other purposes specified under Measure A. As of June 30, 2009, \$167,207,482 of this amount has been appropriated for current Measure A projects.
- The TSM Special Revenue Fund balance of \$594,373 is set-aside for TSM programs.

The designated fund balances may be redesignated by future Board resolution.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #12 – INVESTMENT INCOME

	<u>2009</u>	<u>2008</u>
Interest income	10,675,094	\$ 18,795,539
Net increase (decrease) in fair value of investments	<u>(22,924,226)</u>	<u>666,648</u>
Investment income - Statements of Activities (see below)	\$ (12,249,132)	19,462,187
Increase in long-term interest receivable	(156,659)	(174,127)
Increase/(decrease) in cumulative rebate liability	<u>(224,256)</u>	<u>(292,765)</u>
Investment income - Statements of Revenues, Expenditures and Changes in Fund Balance	<u>\$ (12,630,047)</u>	<u>\$ 18,995,295</u>
Investment income - Statements of Activities is reported below:		
Interest earned on the restricted \$25 million Paratransit reserve for allocations to Paratransit programs under Measure A	\$ -	\$ 1,148,898
Unrestricted investment earnings	<u>(12,249,132)</u>	<u>18,313,289</u>
	<u>\$ (12,249,132)</u>	<u>\$ 19,462,187</u>

NOTE #13 – STAFF SUPPORT EXPENDITURE

Staff support expenditures for the years ended June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Salaries and benefits	\$ 400,857	\$ 453,668
Other related charges	-	842
Indirect costs	86,440	138,468
Total	<u>\$ 487,297</u>	<u>\$ 592,978</u>

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE #14 – CAPITAL OUTLAY

The expenditures on public transportation projects during FY 2009 were \$53,524,062. Total expenditures on such projects from inception through June 30, 2009 and 2008 are as follows:

Capital Projects	2009	2008
Dumbarton Spur	\$ 26,683,994	\$ 20,881,290
Caltrain	135,170,076	125,557,985
Railroad Grade Separations	157,513,647	148,395,875
Streets and Highways	194,662,691	171,478,255
Oversight and Bicycle	4,323,814	2,931,154
Total	<u>\$ 518,354,222</u>	<u>\$ 469,244,559</u>

The Dumbarton Spur expenditures of \$26,683,994 were partially financed by a state loan of \$3,450,000. Of the total expenditures of \$518,354,222 for capital outlay, \$12,583,440 was funded by contributions from external entities.

NOTE #15 – CONSTRUCTION COMMITMENTS

At June 30, 2009 and 2008, the TA estimated the cost to complete the following unfinished projects:

Capital Projects	2009	2008
Dumbarton Spur	\$ 17,372,222	\$ 23,174,926
Caltrain	38,313,014	17,066,277
Railroad Grade Separations	24,587,688	31,705,459
Streets and Highways	83,248,922	93,633,358
Oversight and Bicycle	3,685,636	1,638,296
Total	<u>\$ 167,207,482</u>	<u>\$ 167,218,316</u>

NOTE #16 – RISK MANAGEMENT

The TA is not exposed to a significant number of risks, as its primary function is to receive and allocate one-half cent county sales tax. All projects funded by the TA are managed by lead agencies such, as Caltrain and various local agencies. The TA is indemnified from and against all liabilities, claims, and lawsuits arising out of or resulting from any acts or omissions by such agencies. During the audit period, the TA and its managing entity, the District, had an aggregate insurance coverage of \$100,000,000.

REQUIRED SUPPLEMENTARY INFORMATION

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**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Fund Balance, Beginning of Year	\$ 463,270,457	\$ 434,278,564	\$ 425,887,020	\$ 8,391,544
Resources (inflows)				
Sales tax	63,844,520	62,813,549	58,709,699	4,103,850
Investment income	10,992,470	(14,937,063)	(15,197,253)	260,190
Rental income	935,210	935,210	1,076,491	(141,281)
Grant proceeds	5,635,000	5,635,000	7,419,581	(1,784,581)
Amounts available for appropriation	81,407,200	54,446,696	52,008,518	2,438,178
Charges to appropriations (outflows)				
Program Administration				
Staff support	572,610	572,610	487,297	85,313
Board compensation	8,400	8,400	6,900	1,500
Professional and legal fees	148,000	148,000	169,792	(21,792)
Other services and supplies	74,767	74,767	58,861	15,906
Travel and meeting	11,000	11,000	9,799	1,201
Total program administration	814,777	814,777	732,649	82,128
Distributions to local entities	17,024,000	16,765,129	12,674,026	4,091,103
Caltrain shuttles program	1,360,942	1,360,942	1,339,250	21,692
Dumbarton corridor maintenance	383,185	383,185	242,089	141,096
Measure A information	31,500	31,500	13,169	18,331
Capital outlays	46,336,000	49,336,000	49,109,663	226,337
Other Financing (Source) Use				
Transfer in	-	(2,892,209)	(2,892,209)	-
Transfer out	-	9,676	9,676	-
Total charges to appropriations	65,950,404	65,799,324	61,228,313	4,580,687
Fund Balance, End of Year	\$ 478,727,253	\$ 422,925,936	\$ 416,667,225	\$ 15,410,409

Explanation of differences between budgetary inflows and GAAP revenues

Actual amounts available for appropriation - budgetary basis from above	\$ 52,008,518
Unrealized gains under GASB 31	3,200,175
Total revenues in the Statement of Revenues, Expenditures and Changes in Fund Balances - GAAP basis	<u>\$ 55,208,693</u>

The accompanying notes are an integral part of this required supplementary information

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE
JUNE 30, 2009**

NOTE #1 – BUDGETS AND THE BUDGETARY PROCESS

The TA Board adopts an annual operating budget in accordance with Section 131265(a) of the Public Utilities Code. Budget amounts may be revised by Board Resolutions. The budget adopted by the TA includes amounts for the major Special Revenue Fund. This fund's budget and actual revenues and expenditures are presented as required supplementary information. The basis the TA uses to prepare the budget is consistent with the basis used to reflect the actual revenues and expenditures, except that proceeds from sale of fixed assets and unrealized gains and losses under GASB Statement No. 31 are not included in the budget for the major Special Revenue Fund.

NOTE #2 – EXPENDITURES IN EXCESS OF BUDGET

Management is authorized to exceed budget for individual categories provided the total expenditures do not exceed the total budget.

OTHER SUPPLEMENTAL INFORMATION

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**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009 (WITH COMPARATIVE DATA AS OF JUNE 30, 2008)**

	Special Revenue			Debt Service Fund	Total Nonmajor Governmental Funds	
	Paratransit Fund	Transportation Systems Management			2009	2008
		Fund	Total			
ASSETS						
Cash and investments	\$ 164,120	\$ 538,151	\$ 702,271	\$ -	\$ 702,271	\$ 30,009,295
Receivables:						
Sales tax	389,695	77,423	467,118	-	467,118	-
Total Assets	<u>\$ 553,815</u>	<u>\$ 615,574</u>	<u>\$ 1,169,389</u>	<u>\$ -</u>	<u>\$ 1,169,389</u>	<u>\$ 30,221,979</u>
LIABILITIES						
Accounts payable	\$ 553,815	\$ 14,872	\$ 568,687	\$ -	\$ 568,687	\$ 926,564
Accrued liabilities	-	-	-	-	-	40,229
Total Liabilities	<u>553,815</u>	<u>14,872</u>	<u>568,687</u>	<u>-</u>	<u>568,687</u>	<u>966,793</u>
FUND BALANCES						
Reserved	-	-	-	-	-	25,000,000
Unreserved:						
Designated	-	594,373	594,373	-	594,373	4,255,186
Total Fund Balances	<u>-</u>	<u>594,373</u>	<u>594,373</u>	<u>-</u>	<u>594,373</u>	<u>29,255,186</u>
Total Liabilities and Fund Balances	<u>\$ 553,815</u>	<u>\$ 609,245</u>	<u>\$ 1,163,060</u>	<u>\$ -</u>	<u>\$ 1,163,060</u>	<u>\$ 30,221,979</u>

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE DATA
FOR THE YEAR ENDED JUNE 30, 2008)

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds	
	Transportation Systems Management		Total		2009	2008
	Paratransit Fund	Fund				
REVENUES						
Sales tax	\$ 1,071,259	\$ 241,485	\$ 1,312,744	\$ -	\$ 1,312,744	\$ -
Investment income	(632,969)	-	(632,969)	-	(632,969)	1,210,793
Total Revenues	438,290	241,485	679,775	-	679,775	1,210,793
EXPENDITURES						
Distributions to local entities	1,071,259	461,782	1,533,041	-	1,533,041	3,262,639
Excess of Revenues Over Expenditures	(632,969)	(220,297)	(853,266)	-	(853,266)	(2,051,846)
OTHER FINANCING USES AND SOURCES						
Transfer in	-	-	-	9,676	9,676	-
Transfer out	-	(2,807,547)	(2,807,547)	(84,662)	(2,892,209)	-
Total Other Financing Sources (Uses)	-	(2,807,547)	(2,807,547)	(74,986)	(2,882,533)	-
Net change in fund balances	(632,969)	(3,027,844)	(3,660,813)	(74,986)	(3,735,799)	(2,051,846)
Fund Balances, Beginning of Year	632,969	3,622,217	4,255,186	74,986	4,330,172	31,307,032
Fund Balances, End of Year	\$ -	\$ 594,373	\$ 594,373	\$ -	\$ 594,373	\$ 29,255,186

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, Beginning of Year	\$ -	\$ -	\$ 74,986	\$ 74,986
Resources (inflows)				
Sales tax	-	-	-	-
Investment income	-	-	-	-
Amounts available for appropriation	-	-	-	-
Charges to appropriations (outflows)				
Bond principal payment	-	-	-	-
Bond interest expense	-	-	-	-
Other services	-	-	-	-
Other Financing (Source) Use				
Transfer in	-	-	(9,676)	(9,676)
Transfer out	-	-	84,662	84,662
Total charges to appropriations	-	-	74,986	74,986
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE PARATRANSIT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, Beginning of Year	\$ 912,792	\$ 812,533	\$ 632,969	\$ (179,564)
Resources (inflows)				
Sales tax	1,264,000	1,245,161	1,071,259	(173,902)
Interest income	846,090	(812,533)	(812,533)	-
Amounts available for appropriation	2,110,090	432,628	258,726	(173,902)
Charges to appropriation (outflows)				
Distributions to local entities	3,022,882	1,245,161	1,071,259	173,902
Total charges to appropriations	3,022,882	1,245,161	1,071,259	173,902
Fund Balance, End of Year	\$ -	\$ -	\$ (179,564)	\$ (179,564)
Explanation of differences between budgetary inflows and GAAP revenues				
Actual amounts available for appropriation - budgetary basis from above				\$ 258,726
Unrealized gains under GASB 31				179,564
Total revenues in the Statement of Revenues, Expenditures and Changes in Fund Balances - GAAP basis				\$ 438,290

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
NON-MAJOR GOVERNMENTAL FUNDS
TRANSPORTATION SYSTEMS MANAGEMENT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance, Beginning of Year	\$ 547,574	\$ 3,622,217	\$ 3,622,217	\$ -
Resources (inflows)				
Sales tax	261,480	311,290	241,485	(69,805)
Amounts Available for Appropriation	261,480	311,290	241,485	(69,805)
Charges to appropriations (outflows)				
Distributions to local entities	669,800	661,387	461,782	199,605
Other Financing (Source) Use				
Transfer in	-	-	-	-
Transfer out	-	2,807,547	2,807,547	-
Total charges to appropriations	669,800	3,468,934	3,269,329	199,605
Fund Balance, End of Year	\$ 139,254	\$ 464,573	\$ 594,373	\$ 129,800

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Section III

STATISTICAL

Financial Trends

- **Net Assets and Changes in Net Assets**
- **Governmental Funds Fund Balances and Changes in Fund Balances**

Revenue Capacity

- **Revenue Base and Revenue Rate**
- **Principal Revenue Payers**

Debt Capacity

- **Ratios of Outstanding Bonds**
- **Bonded Debt**
- **Direct and Overlapping Debt and Debt Limitations**
- **Pledged Revenue Coverage**

Demographics and Economic Information

- **Population and Income**
- **Unemployment Rates**
- **Principal Employers**

Operating Information

- **Capital Outlay**
- **Employees**
- **Capital Assets**

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STATISTICAL SECTION

The Statistical Section of the TA's CAFR presents detailed information as a context for understanding the information in the financial statements, notes disclosure, required supplementary information and other supplemental information and assessing the TA's economic condition.

Financial Trends

These schedules contain trend information to assist readers in understanding and assessing how the TA's financial position has changed over time.

Revenue Capacity

These schedules contain information to assist readers in understanding and assessing the factors affecting the TA's ability to generate its most significant local revenue source, sales tax.

Debt Capacity

These schedules assist readers in understanding and assessing the TA's debt burden and its capacity to issue future debt.

Demographic and Economic Information

These schedules present socioeconomic indicators to assist readers in understanding the environment within which the TA's financial activities take place.

Operating Information

These schedules contain contextual information about the TA's operations and resources to assist readers in using financial statement information as a tool to understand and assess the TA's economic condition.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
FINANCIAL TRENDS – NET ASSETS AND CHANGES IN NET ASSETS
FISCAL YEARS 2003 THROUGH 2009 (in thousands)

Fiscal year	2009	2008	2007	2006
GOVERNMENTAL ACTIVITIES:				
PROGRAM REVENUES				
Grade Separations	\$ 3,209	\$ 876	\$ 731	\$ 731
Paratransit	-	1,149	1,411	636
Dumbarton Spur	5,287	1,942	620	1,310
Caltrain Shuttle Program	-	-	-	-
Total Program Revenues	8,496	3,967	2,762	2,677
PROGRAM EXPENDITURES				
Upgrades and Extension	9,612	12,481	8,136	9,275
Grade Separations	9,118	4,525	1,867	5,016
Paratransit	26,071	2,780	2,542	2,358
Dumbarton Spur	6,045	2,286	852	1,595
BART	535	-	-	-
Caltrain	2,142	-	-	-
Distribution to local entities	12,674	13,734	13,240	12,762
Projects funding	24,577	31,634	19,928	6,690
Caltrain Shuttle Program	1,339	1,075	1,064	1,010
Transportation Systems Management	462	483	476	408
Program Administration	746	803	670	1,133
Interest on debt	-	379	764	1,121
Total Program Expenditures	93,321	70,180	49,539	41,370
NET REVENUES (EXPENDITURES)	(84,825)	(66,213)	(46,777)	(38,692)
General revenues				
Sales tax	60,022	68,670	66,202	63,811
Unrestricted investment earnings	(12,249)	18,313	20,564	9,549
Other income	-	(227)	-	161
CHANGE IN NET ASSETS	(37,052)	20,543	39,989	34,829
Net Asset Components				
Invested in capital assets, net of related debt	13,591	13,591	18,161	18,161
Restricted	-	25,000	35,413	35,403
Unrestricted	419,008	431,060	395,533	355,553
NET ASSETS	\$ 432,599	\$ 469,651	\$ 449,107	\$ 409,117

Source: CAFRs.

This table presents Governmental activity program revenues and expenditures, general revenues, sales tax and other income.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
FINANCIAL TRENDS – NET ASSETS AND CHANGES IN NET ASSETS
FISCAL YEARS 2003 THROUGH 2009 (in thousands)

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 878	\$ 713	\$ 542
692	51	1,195
507	158	174
86	-	-
<u>2,163</u>	<u>922</u>	<u>1,911</u>
14,436	3,624	8,544
4,698	1,398	776
880	2,836	3,042
649	1,314	477
-	-	-
-	-	-
11,991	11,079	10,971
10,427	18,559	14,708
712	835	623
400	392	414
551	509	583
1,458	1,917	2,088
<u>46,201</u>	<u>42,464</u>	<u>42,226</u>
(44,037)	(41,542)	(40,315)
59,953	55,394	54,855
9,591	1,089	16,856
<u>1</u>	<u>1,054</u>	<u>296</u>
<u>25,509</u>	<u>15,995</u>	<u>31,692</u>
18,161	11,505	11,505
35,395	35,395	35,398
320,732	295,224	279,226
<u>\$ 374,289</u>	<u>\$ 342,124</u>	<u>\$ 326,129</u>

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
FINANCIAL TRENDS – GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

Fiscal year	2009	2008	2007	2006	2005
REVENUES					
Sales tax	\$ 60,022	\$ 68,670	\$ 66,202	\$ 63,811	\$ 59,953
Investment income	(12,630)	18,995	21,985	10,306	10,400
Rental income	1,076	997	902	892	994
Grant proceeds	7,420	1,821	449	1,149	479
Non-operating reimbursements	-	-	-	-	-
Other income	-	-	-	-	-
Total Revenue	55,888	90,483	89,538	76,159	71,825
EXPENDITURES					
Administrative:					
Staff support	487	593	500	418	350
Board compensation	7	7	6	6	7
Professional and legal fees	170	148	112	115	122
Other services and supplies	59	37	51	63	39
Travel and meeting	10	9	5	4	6
Debt Service:					
Principal	-	8,855	8,475	8,115	7,780
Interest	-	407	789	1,146	1,480
Subtotal	733	10,056	9,938	9,867	9,784
Distributions to local entities	14,207	16,997	16,257	15,529	13,271
BART	536	-	-	-	-
Caltrain	2,143	-	-	-	-
Special allocation to Samtrans	25,000	-	-	-	-
Caltrain shuttles program	1,339	1,074	1,064	1,010	712
Dumbarton corridor maintenance	242	182	265	246	231
Measure A information	13	14	3	11	32
2004 Election	-	-	-	521	-
Capital outlay	49,110	50,745	30,518	22,330	29,979
Total Expenditures	93,323	79,068	58,045	49,514	54,008
Excess Revenues Over Expenditures	(37,435)	11,415	31,493	26,644	17,817
OTHER FINANCING SOURCES (USES)					
Transfer in	2,902	-	-	-	-
Transfer out	(2,902)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change In Fund Balance	(37,435)	11,415	31,493	26,644	17,817
Fund Balance					
Reserved	-	25,000	35,414	35,403	35,395
Unreserved	417,784	430,217	408,389	376,907	350,270
Total Ending Fund Balance	\$ 417,784	\$ 455,217	\$ 443,803	\$ 412,310	\$ 385,665

Source: CAFRs.

This table presents revenues, expenditures, other financing sources and changes in fund balance.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
FINANCIAL TRENDS – GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

	2004	2003	2002	2001	2000
\$	55,394	\$ 54,855	\$ 57,161	\$ 66,746	\$ 63,062
	1,251	17,672	17,712	21,674	11,219
	870	715	635	526	489
	1,060	293	-	-	-
	-	-	-	-	21
	-	4	1	358	2
	<u>58,575</u>	<u>73,538</u>	<u>75,509</u>	<u>89,304</u>	<u>74,792</u>
	359	450	480	374	381
	6	7	7	5	6
	89	61	52	53	63
	53	58	54	62	84
	7	7	7	5	4
	7,465	7,175	6,890	6,625	6,370
	1,794	2,088	2,371	2,636	2,890
	<u>9,773</u>	<u>9,846</u>	<u>9,861</u>	<u>9,759</u>	<u>9,797</u>
	14,307	14,428	13,925	16,250	14,393
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	835	623	176	-	-
	287	270	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	24,608	28,348	30,138	16,976	20,633
	<u>49,811</u>	<u>53,514</u>	<u>54,100</u>	<u>42,985</u>	<u>44,824</u>
	<u>8,765</u>	<u>20,024</u>	<u>21,409</u>	<u>46,319</u>	<u>29,968</u>
	1,795	2,091	-	2,300	-
	<u>(1,795)</u>	<u>(2,091)</u>	<u>-</u>	<u>(2,300)</u>	<u>-</u>
	-	-	-	-	-
	<u>8,765</u>	<u>20,024</u>	<u>21,409</u>	<u>46,319</u>	<u>29,968</u>
	35,395	35,398	35,397	35,389	35,655
	332,454	323,686	303,663	282,262	235,677
\$	<u><u>367,849</u></u>	<u><u>359,084</u></u>	<u><u>339,060</u></u>	<u><u>317,651</u></u>	<u><u>271,332</u></u>

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SAN MATEO COUNTY TRANSPORTATION AUTHORITY
REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

Fiscal year ended	Special Revenue Fund		
	Reserved	Designated	Total
2009	\$ -	\$ 417,189	\$ 417,189
2008	-	425,887	425,887
2007	8,031	402,081	410,112
2006	8,031	372,326	380,357
2005	8,031	345,281	353,312
2004	8,031	322,239	330,270
2003	8,031	308,509	316,540
2002	8,031	284,569	292,600
2001	8,031	262,535	270,566
2000	8,031	217,796	225,827

Fiscal year ended	All Other Governmental Funds		
	Reserved	Designated	Total
2009	\$ -	\$ 594	\$ 594
2008	25,000	4,330	29,330
2007	27,383	6,307	33,690
2006	27,372	4,580	31,952
2005	27,364	4,989	32,353
2004	27,364	10,215	37,579
2003	27,367	15,177	42,544
2002	27,366	19,094	46,460
2001	27,358	19,728	47,086
2000	27,336	18,169	45,505

Source: CAFRs.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

Fiscal year	2009	2008	2007	2006
The TA's Sales Tax Rate	0.5%	0.5%	0.5%	0.5%
Total Sales Tax Revenue	\$ 60,022	\$ 68,670	\$ 66,202	\$ 63,811
Total Taxable Sales in San Mateo County	\$ 12,004,489 ^[1]	\$ 13,733,921 ^[1]	\$ 13,326,306	\$ 12,900,391

Source: California State Board of Equalization

[1] Estimates for fiscal year 2008 and 2009 are based on sales tax revenue received.

This table presents total sales tax and total taxable sales in San Mateo County.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
\$ 59,953	\$ 55,394	\$ 54,855	\$ 57,161	\$ 66,746	\$ 63,062
\$ 12,451,350	\$ 11,808,074	\$ 11,358,439	\$ 11,614,809	\$ 12,859,589	\$ 14,044,016

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
REVENUE CAPACITY – PRINCIPAL REVENUE PAYERS
FISCAL YEARS 2009 AND 2001 (in thousands)

Principal Revenue Payers	2009			2001		
	Rank	Percent of Taxable Sales	Amount	Rank	Percent of Taxable Sales	Amount
Total all other outlets	1	29.2%	\$ 3,937,226	1	33.7%	\$ 4,710,908
Other retail stores	2	11.4%	1,537,179	3	12.0%	1,680,495
Automobile, boat, motorcycle and plane	3	10.7%	1,438,850	2	13.2%	1,839,587
General merchandise stores	4	10.1%	1,358,858	4	9.0%	1,250,564
Eating/drinking	5	9.5%	1,276,493	5	7.2%	999,003
Service stations	6	7.9%	1,068,760	6	5.8%	813,817
Building materials and farm implements	7	6.0%	810,547	7	5.7%	794,908
Business and personal services	8	5.0%	668,717	8	4.5%	629,613
Home furnishings and appliances	9	3.8%	513,869	9	3.4%	479,495
Food stores	10	3.3%	445,192	10	3.0%	412,230
Apparel stores	11	3.2%	426,676	11	2.5%	350,957
Total		100.0%	\$ 13,482,367		100.0%	\$ 13,961,577

Source: California State Board of Equalization

This table ranks the top 11 principal tax payers by industry.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
DEBT CAPACITY – RATIOS OF OUTSTANDING BONDS
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

Fiscal Year	Limited Tax Revenue Bonds for SMCTA	Personal Income for San Mateo County	As a Percent of Personal Income
2009	\$ -	\$ 53,413,393 [1]	0.00%
2008	-	51,857,663 [1]	0.00%
2007	8,855	50,347,246	0.02%
2006	17,330	46,881,900	0.04%
2005	25,445	42,846,390	0.06%
2004	33,225	39,408,618	0.08%
2003	40,690	36,466,977	0.11%
2002	47,865	36,736,603	0.13%
2001	54,755	39,395,344	0.14%
2000	61,380	41,730,460	0.15%

Note: Personal income data is from the U.S. Department of Commerce, Bureau of Economic Analysis, calendar year figures.

[1] Data for 2008 and 2009 is based on an estimated three percent annual increase over 2007.

This table presents the relationship between the limited tax revenue bonds and the total personal income of San Mateo County residents.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
DEBT CAPACITY – BONDED DEBT
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

Fiscal Year	Limited Tax Revenue Bonds for SMCTA	Total Taxable Sales in San Mateo County	As a Percent of Taxable Sales in San Mateo County
2009	\$ -	\$ 12,004,489 ^[1]	0.00%
2008	-	13,733,921 ^[1]	0.00%
2007	8,855	13,326,306	0.07%
2006	17,330	12,900,391	0.13%
2005	25,445	12,451,350	0.20%
2004	33,225	11,808,074	0.28%
2003	40,690	11,358,439	0.36%
2002	47,865	11,614,809	0.41%
2001	54,755	12,859,589	0.43%
2000	61,380	14,044,016	0.44%

[1] 2008 and 2009 taxable sales are estimates based on sales tax revenues received.

Source: CAFRs & California State Board of Equalization

This table presents the ability of the TA to issue revenue bonds based on the total taxable sales in San Mateo County.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
DEBT CAPACITY – DIRECT AND OVERLAPPING DEBT AND DEBT LIMITATION
YEAR ENDED JUNE 30, 2009**

Enabling legislation (Measure A as approved by the voters in 1988 and reauthorized in 2004) specifically authorized the TA to issue limited tax bonds from time to time, not to exceed \$643,200,000. Limited tax bonds are secured by a gross pledge of the TA's 80 percent shares of the one-half cent Measure A sales tax revenues.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
DEBT CAPACITY – PLEDGED REVENUE COVERAGE
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

Fiscal Year	Pledged Sales Tax Revenue *	Debt Service			Coverage
		Principal	Interest	Total	
2009	\$ 48,018	\$ -	\$ -	\$ -	-
2008	54,936	8,855	407	9,262	6
2007	52,962	8,475	789	9,264	6
2006	51,049	8,115	1,146	9,261	6
2005	47,962	7,780	1,480	9,260	5
2004	44,315	7,465	1,794	9,259	5
2003	43,884	7,175	2,088	9,263	5
2002	45,729	6,890	2,371	9,261	5
2001	53,397	6,625	2,635	9,260	6
2000	50,450	6,370	2,890	9,260	5

* This amount represents 80 percent of the TA's total sales tax revenue from San Mateo County through December 31, 2008 and 77.5 percent as of January 1, 2009.

Source: CAFRs.

This table presents the relationship between total sales tax revenue, debt service payments and the TA's ability to meet its debt obligations. The bonds were fully paid in 2009 and accordingly, no revenues were pledged.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
 DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION AND INCOME
 FISCAL YEARS 2007 AND 2000**

	2007	2000	Percentage Change 2000 - 2007
Total Population	706,984	707,161	0.0%
Persons Per Household	2.82	2.74	2.9%
Median Household Income	\$ 82,913	\$ 70,819	17.1%
Personal Income (in millions)	\$ 50,347 ^[1]	\$ 41,730	20.7%
Per Capita Income	\$ 71,753 ^[1]	\$ 58,905	21.8%
Minority Population:			
Black	23,292	24,840	-6.2%
Hispanic	162,508	154,708	5.0%
Asian	170,528	141,684	20.4%
Native American	3,480	3,140	10.8%
Total	<u>359,808</u>	<u>324,372</u>	<u>10.9%</u>
Percent of Minority Population to Total Population	50.9%	45.9%	10.9%
Population by Age:			
4 years and younger	47,076	45,374	3.8%
5 to 17 years	157,575		N/A
5 to 19 years		131,912	N/A
18 to 64 years	409,243		N/A
20 to 64 years		441,790	N/A
65 Plus	93,090	88,085	5.7%
Percent of Employed Residents to Total Population	80.1%	52.9%	51.4%
Percent of Residents Working Outside of San Mateo County	42.9% ^[2]	41.8% ^[2]	2.6%
Percent of People Commuting to San Mateo County for Work	41.0% ^[3]	41.5% ^[2]	-1.2%

[1] Bureau of Economic Analysis, BEARFACTS 1997 - 2007, San Mateo, California [06081], most current information available.

[2] Metropolitan Transportation Commission

[3] San Francisco Business Times, "Transit agencies try to do more with less", August 29, 2008.

Source: United States Census Bureau, American Community Survey and Bureau of Economic Analysis.

This table highlights San Mateo County's total population, mean household income, per capita income, population by age and percentage of employed residents.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
DEMOGRAPHICS AND ECONOMIC INFORMATION – UNEMPLOYMENT RATES
FISCAL YEARS 2000 THROUGH 2009**

Year	Unemployment Rates
2009	9.0% ^[1]
2008	4.7%
2007	3.8%
2006	3.7%
2005	4.3%
2004	4.9%
2003	5.8%
2002	5.7%
2001	3.8%
2000	2.9%

[1] 2009 rate is as of June 2009.

Source: California Employment Development Department

This table presents the unemployment rates in San Mateo County for the past 10 years.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
 DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS
 FISCAL YEARS 2009 AND 1999**

Employers in San Mateo County	2009			1999		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
United Airlines	9,600	1	2.76%	17,400	1	4.46%
Genentech Inc.	8,250	2	2.37%	2,839	7	0.73%
Oracle Corporation	5,642	3	1.62%	14,000	2	3.59%
County of San Mateo	5,443	4	1.56%	4,761	3	1.22%
Kaiser Permanente	3,780	5	1.09%			
Safeway Inc.	2,273	6	0.65%	1,973	10	0.51%
Electronic Arts	2,000	7	0.57%			
San Mateo County Community College District	1,950	8	0.56%			
Mills-Peninsula Health	1,800	9	0.52%			
United States Postal Service	1,671	10	0.48%	2,937	4	0.75%
Raychem Corporation				2,900	5	0.74%
American Airlines				2,700	8	0.69%
Franklin Templeton Corporation				2,849	6	0.73%
CHW West Bay Hospital				2,373	9	0.61%
Total	42,409		12.18%	54,732		14.03%

Source: County of San Mateo.

This table presents the top 10 principal employers in San Mateo County for 2009 and 1999.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
OPERATING INFORMATION – CAPITAL OUTLAY
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

Cumulative Capital Outlay	2009	2008	2007	2006
Dumbarton Spur	\$ 26,684	\$ 20,881	\$ 18,777	\$ 18,190
Caltrain-Downtown Extension	135,170	125,558	113,077	104,941
Railroad Grade Separations	157,514	148,396	143,871	142,003
Streets and Highways	194,663	171,478	140,360	120,900
Oversight and Bicycle	4,324	2,931	2,415	1,947
Total	<u>\$ 518,355</u>	<u>\$ 469,244</u>	<u>\$ 418,500</u>	<u>\$ 387,981</u>

Source: CAFRs

This table presents the total cumulative capital outlay on public transportation projects for the past 10 years.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
OPERATING INFORMATION – CAPITAL OUTLAY
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

2005	2004	2003	2002	2001	2000
\$ 16,841	\$ 16,377	\$ 15,350	\$ 15,143	\$ 7,863	\$ 7,847
95,666	81,322	77,699	69,154	61,697	53,209
136,987	125,647	124,249	120,082	115,255	112,019
114,399	102,752	84,825	69,651	59,077	53,840
1,758	962	330	73	73	73
<u>\$ 365,651</u>	<u>\$ 327,060</u>	<u>\$ 302,453</u>	<u>\$ 274,103</u>	<u>\$ 243,965</u>	<u>\$ 226,988</u>

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**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
 OPERATING INFORMATION – EMPLOYEES
 FISCAL YEARS 2002 THROUGH 2009**

DIVISION	FULL-TIME EQUIVALENTS							
	2009	2008	2007	2006	2005	2004	2003	2002
EXECUTIVE	0.80	0.60	0.60	-	-	-	0.40	0.82
ADMINISTRATION	0.80	0.15	0.10	0.19	0.19	0.12	0.40	0.36
COMMUNICATIONS	0.75	0.90	1.00	1.95	3.27	1.69	0.28	0.35
DEVELOPMENT	11.14	8.00	8.83	6.12	4.99	5.66	6.44	6.87
FINANCE	0.90	0.80	1.05	1.03	3.07	3.25	2.75	3.21
OPERATIONS	0.25	0.15	0.20	0.21	0.19	0.59	-	-
TOTAL EMPLOYEES	14.64	10.60	11.78	9.50	11.71	11.31	10.27	11.61

Note: Employee counts are for full-time equivalents (FTEs) charged to the TA. Data for 2000 through 2001 was not available.

Source: TA's annual operating and capital budgets.

This table presents total full-time equivalents by division.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
OPERATING INFORMATION – CAPITAL ASSETS
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Capital Assets:					
Land	\$ 13,591	\$ 13,591	\$ 18,161	\$ 18,161	\$ 18,161
Furniture and equipment	-	-	-	-	-
Total	<u>\$ 13,591</u>	<u>\$ 13,591</u>	<u>\$ 18,161</u>	<u>\$ 18,161</u>	<u>\$ 18,161</u>

Source: CAFRs.

This table presents capital assets for the past 10 years.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
OPERATING INFORMATION – CAPITAL ASSETS
FISCAL YEARS 2000 THROUGH 2009 (in thousands)

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 11,505	\$ 11,505	\$ 8,115	\$ 3,746	\$ 3,641
-	-	-	40	40
<u>\$ 11,505</u>	<u>\$ 11,505</u>	<u>\$ 8,115</u>	<u>\$ 3,786</u>	<u>\$ 3,682</u>

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Section IV

INTERNAL CONTROL AND COMPLIANCE

Auditor's Report on Internal Control, Compliance and Other Matters

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of the
San Mateo County Transportation Authority
San Carlos, California

We have audited the basic financial statements of the San Mateo County Transportation Authority (TA) of California, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered TA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the TA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the TA's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the TA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the TA's financial statements that is more than inconsequential will not be prevented or detected by the TA's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the TA's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the TA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management, federal granting agencies and the Controller of the State of California, and is not intended to be and should not be used by anyone other than these specified parties.

Vawrinek Trine Day + Co. LLP

Palo Alto, California
November 30, 2009

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Michael J. Scanlon
Executive Director

FROM: Mark Simon
Executive Officer, Public Affairs

SUBJECT: **2010 STATE AND FEDERAL LEGISLATIVE PROGRAM**

ACTION

Staff proposes Board adoption of the attached legislative program to guide the Authority's advocacy efforts in Sacramento and Washington, D.C. over the course of the 2010 calendar year.

SIGNIFICANCE

The 2010 State and Federal Legislative Program sets forth the principles that will guide the authority's State and Federal advocacy efforts through the remainder of the State Legislative session and the 111th Congress. The program is intended to be broad enough to cover the wide variety of issues that will likely be considered and flexible enough to allow the Authority, its staff, and its legislative advocates to respond swiftly and effectively to unanticipated developments. Adoption of the program provides our legislative delegation and our transportation partners with a Board-approved statement of the Authority's priorities.

The 2010 Legislative Program is divided into a State Section and also a Federal one.

Each section of the program consists of a summary of the key policy issues and a series of related goals and advocacy strategies.

The State Legislative Program is organized around five primary issues:

- State Budget and Transportation Funding
- Transportation Program Structure
- Climate Change and Air Quality Regulation
- Peninsula Rail Program
- Projects Delivery

The Federal Legislative Program is organized around eight primary issues:

- Surface Transportation Authorization
- Fiscal Year 2011 Transportation Appropriations
- Climate Change
- High Speed Rail

- Economic Recovery
- Transit Safety and Security
- Lease In Lease Out (LILO)/Sale In Sale Out (SILO) Transactions
- Troubled Asset Relief Program (TARP) Assistance for Local Government

In order to advance these goals, Government Affairs staff will work closely with the Board and the Authority's State and Federal legislative consultants to implement a comprehensive advocacy approach. This approach will include:

1. Direct, consistent Board advocacy efforts with policymakers and their staff to encourage steps that will advance the Authority's legislative priorities with an emphasis on funding.
2. Participation in coordinated advocacy efforts in collaboration with the California Transit Association (CTA), the American Public Transportation Association (APTA) and other advocacy organizations
3. Creation of broad-based coalitions of local, regional and statewide stakeholders in support of targeted policy objectives
4. Efforts to educate and build awareness among stakeholders and the public to foster support for legislative goals

BUDGET IMPACT

There is no impact on the budget.

BACKGROUND

Staff actively monitors State and Federal legislative activity and will seek Board positions on selected bills as appropriate to further the Authority's legislative objectives and to provide support for our advocacy efforts. Staff will supply updated reports summarizing relevant legislative and regulatory activities, allowing the Board to track legislative developments and providing opportunities to take appropriate action on pending legislation.

Prepared by: Seamus Murphy, Manager, Government Affairs

650-508-6385

2010 LEGISLATIVE PROGRAM

S T A T E

<i>Issue</i>	<i>Goals and Background</i>	<i>Strategy</i>
1. State Budget and Transportation Funding	<p>A. Protect and restore traditional sources of transportation funding</p> <p>Given the State’s worsening fiscal condition, protecting transportation dollars for their intended purpose will once again be a top priority in 2010. The State continues to divert transportation funding to fulfill General Fund obligations and as the State’s budget shortfall increases, transportation funding is increasingly at risk of being cut. Since 2007, over \$3.4 billion has been diverted from the Public Transportation Account (PTA) and funding for the State Transit Assistance (STA) program has been eliminated until the 2012-13 fiscal year. The success of the California Transit Association’s (CTA) lawsuit against the diversion of spillover revenues presents an opportunity to gain some relief, but several steps are needed to implement its intended result.</p>	<ul style="list-style-type: none"> ● Support the full transfer of state gasoline sales tax revenues to the Transportation Investment Fund (TIF) ● Oppose the loan, transfer or diversion of the four core funding sources of funding for the PTA which include: Proposition 42, state sales tax on the Proposition 111 gas tax increase, state sales tax on diesel fuel and “spillover” revenue ● Support the CTA’s efforts to restore Public Transportation Account (PTA) funding for mass transportation purposes, including the STA program, and seek repayment of past diversions ● Advocate for the timely issuance, annual allocation and possible acceleration of funding from transportation bonds including those authorized through approval of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) and the Safe, Reliable High-Speed Passenger Train Bond Act (Proposition 1A)
	<p>B. Secure enhanced funding for public transportation</p> <p>California is suffering from an overall underinvestment in transportation infrastructure. The cost of constructing projects continues to increase while the gas tax, the historic foundation of transportation funding, has remained constant and therefore substantially eroded in value and purchasing power. Legislative proposals and policies are needed to ensure that adequate levels of funding are available for operating, maintaining, rehabilitating, and improving California’s transportation infrastructure.</p>	<ul style="list-style-type: none"> ● Support legislation that would increase and index the State’s gas tax so that it is adjusted for inflation ● Support legislation to impose an additional ¼% increase statewide for purposes of dedicating resources, as defined, pursuant to the Transportation Development Act (TDA) ● Support efforts to lower the two-thirds voter approval requirement for ballot measures that provide increased tax revenue for transportation purposes ● Support efforts that allow Mello-Roos Community Facilities Districts to finance public transit facilities and public transit services, including, but not limited to, operational expenses and maintenance of public transit equipment

2010 LEGISLATIVE PROGRAM

2. Transportation Program Structure	A. State Transportation Improvement Program (STIP) reform SB 45 (Kopp) brought about various changes to the process for programming transportation dollars through the STIP. In general, this legislation simplified the programming process by consolidating nine separate state transportation funding pots into two broad categories, and devolving a significant amount of programming responsibility from the California Transportation Commission (CTC) to regional transportation planning agencies (RTPAs).	Support reforms that: <ul style="list-style-type: none"> • Allow county shares and programming capacity to be calculated based on the STIP Fund Estimate by eliminating the four year county share period • Strengthen language in the existing law that compels the CTC to accept or reject Regional Transportation Improvement Plan's (RTIP) in their entirety • Establish clear criteria as to when the CTC may reject an RTIP • Allow local agencies to bond against their STIP county shares
	B. Public Transportation Account (PTA) reform Revenues in the PTA are derived primarily from four sources: (1) sales tax on diesel fuel; (2) sales tax on 9 cents of the state excise tax on gasoline; (3) Proposition 42; and (4) spillover. On the expenditure side, how PTA revenues are allocated varies by funding source. In addition, these funds have been a primary source of diversion toward General Fund purposes.	Support reforms that: <ul style="list-style-type: none"> • Clarify the definition of public transit to ensure that PTA dollars can only be used for mass transportation purposes and not for other expenditures historically covered by the General Fund • Establish a uniform method for PTA revenue distribution, regardless of funding source • Enact STA eligibility criteria/farebox recovery ratio formula improvements
3. Climate Change and Air Quality Regulation	Ensure equitable implementation of AB 32 and SB 375 In 2006 AB 32 (Nunez), the Global Warming Solutions Act, was passed making California the first state in the nation to attempt to cap its greenhouse gas emissions. AB 32 empowers the California Air Resources Board (CARB) to adopt rules and regulations to achieve this. Two years later, SB 375 (Steinberg) was enacted to put in place a framework for cutting vehicle miles traveled as a strategy for reducing greenhouse gas emissions from the transportation sector. Implementation planning for these regulations is ongoing.	Support implementation that: <ul style="list-style-type: none"> • Reinforces the overarching goal to reduce greenhouse gas emissions from the transportation sector by promoting the use of clean transportation alternatives • Provides funding to support the role that public transportation and transit oriented development will play in meeting the State emissions mandates • Provides dedicated funding necessary to enable transportation planning agencies to meet specified emissions reduction targets and to accommodate increased service demand resulting from vehicle miles traveled (VMT) reduction efforts • Addresses and accounts for the potential erosion of a traditional transportation funding base through the reduction of taxable fuel consumption

2010 LEGISLATIVE PROGRAM

<p>4. High Speed Rail</p>	<p>Advance coordinated planning and funding efforts for the Peninsula Rail Program (PRP)</p> <p>The PRP was organized through an agreement between the Peninsula Corridor Joint Powers Board (Caltrain) and the California High Speed Rail Authority (CHSRA) to deliver high speed rail between San Jose and San Francisco. Recent voter approval of a statewide \$9 billion bond measure and unprecedented federal commitment in the form of economic recovery funds and annual appropriations offer substantial opportunity for the PRP to benefit.</p>	<ul style="list-style-type: none"> • Advocate that the FY 2010-11 State Budget include full funding for the CHSRA and support the full appropriation of funding included in the FY 2009-10 State Budget • Advocate for legislation that promotes the successful implementation of high speed passenger rail and improved commuter rail service along the Caltrain corridor between San Jose and San Francisco • Advocate for policies that help facilitate PRP public participation and community involvement efforts
<p>5. Project Delivery</p>	<p>Improve State transportation project delivery, financing, management and oversight policies</p> <p>Project delivery continues to be an area of focus. Oftentimes, transportation projects can take a considerable amount of time to complete. Project sponsors must maneuver through a multi-stage development and review process and delays are common. Therefore, it is important to explore different and innovative ways to expedite the delivery of transportation projects in order to control costs and provide the benefits of transportation improvements to the system's users more quickly.</p>	<ul style="list-style-type: none"> • Support legislation that would enhance transportation agencies' ability to benefit from public private partnerships • Support efforts to preserve and enhance innovative contracting alternatives available to transportation agencies • Support policies that streamline and expedite State approval processes, including Caltrans' exception process for improvements along State roadways

F E D E R A L

<i>Issue</i>	<i>Goals and Background</i>	<i>Strategy</i>
<p>1. Surface Transportation Authorization</p>	<p>A. Timing: Secure predictable federal transportation funding levels in advance of authorization</p> <p>Since the expiration of SAFETEA-LU in 2009, Congress enacted several extensions of the current authorization as they have struggled to address challenges before considering a six-year bill.</p>	<ul style="list-style-type: none"> • Support efforts to gain swift approval of a full, multi-year surface transportation authorization act • If necessary, support extension of the prior authorization in a manner that minimizes funding uncertainty and enhances overall infrastructure investment

2010 LEGISLATIVE PROGRAM

<p>B. Funding: Ensure that authorized funding will support long term transportation investment needs</p> <p>Under SAFETEA-LU, the overall funding level for highways, public transit, highway safety, motor carrier safety, and transportation research during the legislation’s six-year life was \$286.4 billion. While this amount was greater than previous authorizations, it fell far short of the level of federal investment needed to maintain the nation’s existing transportation infrastructure, as well as to expand its capacity in order to keep up with the steadily growing demand for transportation.</p> <p>According to a report issued by the National Surface Transportation Policy and Revenue Study Commission in January 2008: “Any effort to address the future transportation needs of the United States must come to grips with the sobering financial reality of such an undertaking. Estimates indicate that the U.S. needs to invest at least \$225 billion annually for the next 50 years to upgrade our existing transportation network to a good state of repair and to build the more advanced facilities we will require to remain competitive. We are spending less than 40 percent of this amount, and the current fuel-tax-based revenue mechanisms probably cannot be relied upon alone to raise the needed sums.”</p>	<p>Support American Public Transportation Association (APTA) principles including:</p> <ul style="list-style-type: none"> ● Authorization that more than doubles federal investment in public transportation, ensures that public transportation receives no less than 20 percent of federal surface transportation funding and provides no less than \$123 billion over the six year authorization period with a goal of doubling ridership in that time ● Funding guarantees that promote long range planning, financing and leveraging by ensuring that authorized funding is appropriated each year ● Efforts to reinforce the integrity of the Highway Trust Fund (HTF) by: <ul style="list-style-type: none"> ○ Increasing the purchasing power of the federal motor fuels user fee ○ Expanding the fee to alternative fuels to support a significant increase in federal public transportation investment ○ Restoring interest earning qualities to the HTF ○ Promote the establishment of innovative financing models including public private partnerships, tolling and revenues generated through greenhouse gas and vehicle mileage reduction efforts to supplement traditional federal transportation funding sources ○ Support dedicating a portion of a potential future nationwide sales or consumption tax to fund the Mass Transportation Account (MTA) ● Incentives to promote increased state and local transportation investment ● Provisions that allow for temporary operations funding that is additive to capital investment programs and available provided that certain conditions are met
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2010 LEGISLATIVE PROGRAM

	<p>C. Programs: Establish program structure modifications and project delivery enhancements</p> <p>For the most part, SAFETEA-LU respected the basic program structure that existed previously. This program structure consists of a core highway program that is primarily formula-based, a core public transit program comprised of both formula and discretionary elements, and flexible funding programs that allow the states and metropolitan planning organizations (MPOs), such as MTC in the Bay Area, to move funds around in a manner that best meets local and regional mobility needs.</p>	<p>Support APTA principles including:</p> <ul style="list-style-type: none"> • Modification of the Bus and Bus Facilities Program to allow 50 percent of funds to be delivered by formula • A new Clean Fuels Aging Bus Replacement program at no less than \$100 million in its first year to fund alternative fuel bus procurements. Eliminate local match requirements for procurements • A simplified, two-tiered Fixed Guideway Modernization Program • A simplified New Starts/Small Starts Program with escalated funding thresholds and a streamlined approval process • Combining the New Freedom Initiative, Elderly and Disabled Program and Jobs Access and Reverse Commute Program to create a new Coordinated Mobility Initiative to address growing and evolving mobility needs • New funding to promote transportation workforce development efforts • Creation of a High Speed and Intercity Passenger Rail title with eligibility for peripheral commuter rail benefits, and funded at no less than \$50 billion • Strengthen public transportation’s role in regional planning efforts <p>Also support:</p> <ul style="list-style-type: none"> • Exploring the creation of a national infrastructure bank to fund projects of regional and national significance including high speed rail
	<p>D. Sustainability & Livability: Establish policies that reflect public transportation’s role in greenhouse gas reduction</p> <p>States continue to enact transportation and land use planning policies that encourage mixed-use, higher density, walkable development near transit. In addition, federal agencies have announced new partnerships intended to reduce VMT by promoting these goals on a national scale.</p>	<ul style="list-style-type: none"> • Advocate for the inclusion of funding that supports a Sustainable Communities Initiative partnership between the U.S. Department of Transportation, the U.S. Department of Housing and Urban Development and the U.S. Environmental Protection Agency to support coordinated integration of housing, transportation and land use planning and investment • Support the permanent extension of the 50-cent per gallon alternative fuel tax credit
<p>2. FY 2011 Transportation Appropriations</p>	<p>Secure full appropriation for public transportation programs at authorized levels and maximize discretionary funding opportunities</p> <p>Every year, Congress adopts at least 12 separate appropriations bills, including one for transportation. These measures provide the authority for federal agencies to spend money during the upcoming fiscal year for the programs they administer. In the case of surface transportation, the annual appropriations process is guided by funding and programs authorized in SAFETEA-LU until successor legislation is enacted.</p>	<ul style="list-style-type: none"> • Support a minimum appropriations level for federal surface transportation programs equal to the guaranteed spending levels authorized in SAFETEA-LU or its successor • Advocate for the highest possible levels of funding for individual programs within the highway and transit titles of SAFETEA-LU or its successor • Work with Congressional delegation to seek discretionary funding as appropriate

2010 LEGISLATIVE PROGRAM

<p>3. Climate Change</p>	<p>Ensure that federal climate change legislation provides funding to expand clean transportation programs and services</p> <p>Congress continues to work to pass legislation that would address climate change by reducing greenhouse gas emissions. Early indications are that this legislation will include a cap and trade system where emissions allowances would be traded in a market based system. A portion of the revenues generated through the sale of these allowances could be used to fund clean transportation projects. The transportation sector produces approximately one-third of the greenhouse gas emissions in this country, primarily in the form of carbon dioxide (CO2) emissions generated by automobiles.</p>	<ul style="list-style-type: none"> • Advocate that climate change legislation includes a funding strategy that reflects the opportunity for greenhouse gas reduction through new investment in clean transportation alternatives • Support dedicated formula funding that promotes energy efficiency in transit operations • Support funding for planning and capital investment related to the promotion of transit oriented development opportunities and sustainable land use strategies that result in VMT reduction • Advocate that transportation planning and infrastructure receive its fair share of revenue from a cap-and-trade system, while also emphasizing that such revenue must be supplemental to, and not a substitute for, a robust federal surface transportation program
<p>4. High Speed Rail</p>	<p>Maximize federal investment in California’s High Speed Train Project with a focus on funding for the PRP</p> <p>With \$ 8 billion in funding for high speed passenger rail approved as a part of the American Recovery and Reinvestment Act of 2009 (ARRA) and additional funding likely to be approved in annual appropriations and the next surface transportation reauthorization act, California’s high speed rail project and the PRP have an opportunity to benefit.</p>	<ul style="list-style-type: none"> • Work with the California High Speed Rail Authority (CHSRA) to support the State’s application for a portion of \$8 billion included in the American Recovery and Reinvestment Act of 2009 (ARRA). • Advocate for CHSRA efforts to secure additional funding provided through annual appropriations including \$2.5 billion appropriated in FY 2010 • Advocate for the inclusion of at least \$50 billion for High Speed and Intercity Passenger Rail in the next surface transportation authorization act along with continued annual appropriations.
<p>5. Economic Recovery</p>	<p>Ensure that significant transportation infrastructure investment is included in any additional economic recovery or jobs creation legislation</p> <p>With high nationwide unemployment levels, Congress is likely to consider new economic stimulus measures designed to create jobs.</p>	<ul style="list-style-type: none"> • Advocate for the use of Troubled Asset Relief Program (TARP) funds to provide supplemental infrastructure investment in transportation capital programs • Work with APTA and the American Association of State Highway and Transportation Officials (AASHTO) in their efforts to support infrastructure investment by identifying potential jobs creating transportation projects • Demonstrate the jobs creation opportunities presented by transportation investment generally
<p>6. Transit Safety and Security</p>	<p>A. Monitor new proposed federal transit safety proposals</p> <p>The U.S. Department of Transportation recently announced a new safety program intended to provide more uniform regulation of light rail systems, but with potential to expand the program to cover bus transit operators as well.</p>	<ul style="list-style-type: none"> • Monitor newly proposed Federal Transit Administration (FTA) safety regulations including the Public Transportation Safety Program Act of 2009 • Gauge potential impacts on agency operations and priorities and respond accordingly

2010 LEGISLATIVE PROGRAM

	<p>B. Secure full appropriation of authorized transit security grants and maximize discretionary funding opportunities</p> <p>Security is a top priority for public transit agencies across the United States. Since the terrorist attacks of September 11, 2001, public transit agencies have spent more than \$2 billion on security and emergency preparedness programs from their own budgets. Although state and local governments, as well as public transit agencies, are doing what they can to improve security, it is important for the federal government to be a full partner in efforts to ensure the security of the nation's public transit users.</p>	<ul style="list-style-type: none"> • Promote appropriation of transit security grants in the FY 2011 U.S. Department of Homeland Security Appropriations Bill at authorized levels, separate from existing federal transit programs • Federal public transit security and safety funding should be provided at a 100 percent federal share with no match requirement • Work with Congressional delegation to seek discretionary funds as appropriate • Encourage consideration of transferring administration of transit security grant programs to the U.S. Department of Transportation • Allow agencies to be direct recipients of grant funding to encourage timely award and receipt of funds.
<p>7. LILO-SILO Transactions</p>	<p>Secure passage of legislation to minimize risk to affected public agencies</p> <p>Due to the recent financial crisis, several large financial firms experienced an unanticipated downgrade of credit ratings. Some of these firms served as guarantors of LILO and SILO transactions now in technical default due to the reduced ratings. Many of these transactions were encouraged and recommended by the FTA, and with dozens of transit agencies involved, legislative action is needed to resolve the situation without leaving transit agencies at risk.</p>	<p>Work with a coalition of affected transit agencies to promote legislation that would impose a 100 percent excise tax on penalties collected through transactions in technical default</p>
<p>8. TARP Assistance for Local Government</p>	<p>Seek TARP funding for reimbursement of local government losses resulting from the collapse of financial institutions</p> <p>Many transit agencies suffered huge investment losses during the 2008 financial collapse. While TARP funds were authorized to minimize these losses, no funds have been used for this purpose.</p>	<p>Promote legislation that would compel Treasury to reimburse local governments for losses as authorized in TARP</p>

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Michael J. Scanlon
Executive Director

FROM: Mark Simon
Executive Officer, Public Affairs

SUBJECT: STATE AND FEDERAL LEGISLATIVE UPDATE

ACTION

This report is for information only. No Board action is required.

SIGNIFICANCE

Staff will provide regular updates to the Board consistent with the approved Legislative Program.

STATE ISSUES

Local Taxpayer, Public Safety and Transportation Protection Act of 2010

In December, the California Attorney General's office released the Title and Summary for the initiative sponsored by the California Transit Association (CTA), the California League of Cities and the California Alliance for Jobs. The Title and Summary, which will describe the ballot measure in petitions during signature-gathering and in voter education materials, reads:

**PROHIBITS THE STATE FROM TAKING FUNDS USED FOR
TRANSPORTATION OR LOCAL GOVERNMENT PROJECTS AND
SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.**

Prohibits the State from shifting, taking, borrowing, or restricting the use of tax revenues dedicated by law to fund local government services, community redevelopment projects, or transportation projects and services. Prohibits the State from delaying the distribution of tax revenues for these purposes even when the governor deems it necessary due to a severe State fiscal hardship.

Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Significant constraints on State authority over city, county, special district, and redevelopment agency funds.

As a result, higher and more stable local resources, potentially affecting billions of dollars in some years. Commensurate reductions in State resources, resulting in major decreases in state spending and/or increases in State revenues.

Receipt of the Title and Summary allows the initiative's sponsors to begin signature gathering efforts. Over 700,000 valid signatures will need to be submitted prior to April 23, 2010 in order for the initiative to qualify for the November 2010 ballot. It is expected that transit agency governing boards will receive requests from the campaign to endorse the measure shortly.

California Transit Association Lawsuit

On December 9, the Superior Court of California issued its "Judgment After Remittitur" in the CTA's lawsuit, *Shaw v. Chiang*, over transit funding diverted as part of the 2007-08 State budget agreement. The document follows the Supreme Court's recent rejection of the State's petition to appeal the appellate court ruling that the diversions were illegal. While it declares that the State must make arrangements to restore the \$1.19 billion of spillover funding that was raided in the 07-08 budget, the judgment merely serves as a legal guide for ultimate resolution of the case. In practical terms, the final settlement is still subject to negotiations between the CTA and State officials. In conjunction with its legal team, the CTA has been working to draft the parameters of a proposed settlement. The judgment continues the trend of legal rulings in favor of public transportation, but the final outcome is yet to be determined.

In the interim, the Administration has set aside \$1.9 billion in funding for the Public Transportation Account, but officials also have indicated they will continue to look for opportunities to utilize these revenues to address general fund obligations where feasible and permissible. The CTA's objective is to restore and provide predictable and reliable funding, with an emphasis on acquiring revenue for operations following the State's elimination of the State Transit Assistance program through at least FY2012-13.

High-Speed Rail

On December 14, the California High Speed Rail Authority (CHSRA) released a revised business plan in accordance with the State's 2009 Budget Act. The plan outlines new federal funding opportunities and provides revised project cost and revenue projections. Unlike the previous plan, the project cost is expressed based on year-of-expenditure estimates totaling \$42.6 billion. In addition, the business plan provides a revenue projection based on a scenario that assumes a ticket price that is 83 percent of the average airline ticket rather than the 50 percent assumption used in the previous plan. Under this scenario, the project would generate \$950 million in revenue in the first year of service and \$2.87 billion per year by 2035.

The Senate Transportation and Housing Committee will review the business plan in a joint meeting with the Budget Subcommittee No. 2 on Resources Environmental Protection, Energy and Transportation on January 14 and in a subsequent meeting in Palo Alto on January 21. The Assembly Transportation Committee is scheduled to review the plan on January 11.

FEDERAL ISSUES

Jobs for Main Street Act of 2010 – (H.R. 2847)

Prior to adjourning for the holiday recess, the House approved the Jobs for Main Street Act of 2010. The legislation authorizes and appropriates \$75 billion intended to provide a second economic stimulus and help to reverse growing unemployment trends. The legislation is funded through revenues related to the Troubled Asset Relief Program (TARP) and contains \$37.3 billion in funding for U.S. Department of Transportation programs including:

- \$8.4 billion for Federal Transit Administration (FTA) programs
- \$27.5 billion in Federal Highway Administration (FHWA) programs

The legislation includes several other notable provisions:

- Enables recipients to use 10 percent of their formula apportionment in H.R. 2847 for operating costs
- Extends SAFETEA-LU through the end of FY2010
- Allows for 100 percent federal funding for projects funded during FY2010
- Restores interest-earning qualities to the Highway Trust Fund (HTF) and transfers \$19.5 billion from the General Fund of the Treasury to the HTF, with \$14.7 billion to the Highway Account and \$4.8 billion to the Mass Transit Account (MTA) to restore revenues from prior year interest

Senate leaders have indicated that they will consider jobs legislation when the Senate returns from the holiday recess period in January 2010.

Transportation Housing and Urban Development (THUD) Appropriations – (H.R. 3288)

On December 13, Congress approved the final FY2010 THUD appropriations bill as a part of a \$1.07 trillion omnibus appropriations package using the THUD bill as the legislative vehicle. The bill, which was signed by the President shortly after its passage, includes a record \$10.7 billion in funding for transit programs. The bill also includes:

- \$1.25 million for Caltrain's Positive Train Control (PTC) project
- \$50 million in rail safety grants for nationwide PTC projects
- \$2.5 billion for High Speed and Intercity Passenger Rail

Surface Transportation Authorization Act (STAA) – (H.R. XXXX)

On December 19 Congress approved, and the President signed, another extension of SAFETEA-LU funding levels as a part of the FY2010 Defense Appropriations Bill (H.R. 3326). The extension ensures that Federal transportation funding programs will continue through February 28, 2010. In addition, the House approved a separate, one-year extension of SAFETEA-LU as a part the Jobs for Main Street Act. Staff will continue to work with our Federal advocates and the American Public Transportation Association (APTA) as Congress crafts a long-term strategy for new surface transportation authorization.

Prepared By: Seamus Murphy, Manager, Government Affairs

650-508-6388