



2014 BOARD OF DIRECTORS

KARYL MATSUMOTO, CHAIR
DAVID CANEPA, VICE CHAIR
ROSANNE FOUST
CAROLE GROOM
DON HORSLEY
TERRY NAGEL
NAOMI PATRIDGE

MICHAEL J. SCANLON
EXECUTIVE DIRECTOR

AGENDA

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

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

February 6, 2014 – Thursday

5:00 p.m.

1. Pledge of Allegiance
2. Swearing-in of Don Horsley, Board of Supervisors Representative
3. Call to Order/Roll Call
4. Report of the Citizens Advisory Committee
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 January 9, 2014
 - b. Acceptance of Statement of Revenues and Expenditures for December 2013
6. Public Comment
Public comment by each individual speaker shall be limited to one minute
7. Chairperson's Report RESOLUTION
 - a. Resolution of Appreciation to Outgoing Chair Carole Groom
8. SamTrans Liaison Report – Meeting of February 5, 2014 INFORMATIONAL
9. Joint Powers Board Report
10. Report of the Executive Director
11. Finance MOTION
 - a. Authorize Acceptance of Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended December 31, 2013
 - b. Fiscal Year 2013 Comprehensive Annual Financial Report INFORMATIONAL
12. Program INFORMATIONAL
 - a. Program Report: Transit – Caltrain Modernization: Corridor Electrification

- b. Approval of the 2014 Legislative Program
- c. Update on State and Federal Legislative Program

MOTION
INFORMATIONAL

13. Requests from the Authority

14. Written Communications to the Authority

15. Report of Legal Counsel

16. Date/Time of Next Meeting: Thursday, March 6, 2014, 5 p.m. at
San Mateo County Transit District Administrative Building,
Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue,
San Carlos, CA 94070

17. 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 ECR, 260, 295 and 398. Additional transit information can be obtained by calling 1-800-660-4287 (TTY 650-508-6448) or 511.

The Transportation Authority (TA) meets regularly on the first Thursday of the month at 5 p.m. 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 TTY 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.

MINUTES OF JANUARY 9, 2014

MEMBERS PRESENT: D. Canepa, R. Foust, D. Horsley, K. Matsumoto, T. Nagel,
N. Patridge

MEMBERS ABSENT: C. Groom

STAFF PRESENT: J. Averill, T. Bartholomew, L. Bhuller, J. Cassman, A. Chan,
E. Goode, G. Harrington, C. Harvey, J. Hurley, N. McKenna,
D. Miller, S. Murphy, M. Scanlon, M. Simon, J. Slavit

Vice Chair Karyl Matsumoto called the meeting to order at 5:03 p.m. and led the Pledge of Allegiance.

SWEARING IN

Martha Martinez, Authority Secretary, administered the oath of office to Directors David Canepa and Naomi Patridge for a two-year term to the TA.

ELECTION OF 2014 OFFICERS

A motion (Horsley/Foust) to elect Director Matsumoto chair was approved unanimously.

A motion (Patridge/Nagel) to elect Director Canepa vice chair was approved unanimously.

CITIZENS ADVISORY COMMITTEE (CAC) REPORT

CAC Chair Barbara Arietta reported on the meeting of January 7, 2014 (see attached).

CONSENT CALENDAR

- a. Approval of Minutes of December 5, 2013
- b. Acceptance of Statement of Revenues and Expenditures for November 2013

A motion (Foust/Patridge) to approve the Consent Calendar was approved unanimously.

PUBLIC COMMENT

None

CHAIRPERSON'S REPORT – KARYL MATSUMOTO

None

SAMTRANS LIAISON REPORT – KARYL MATSUMOTO

No discussion.

JOINT POWERS BOARD (JPB) REPORT

Michael Scanlon, Executive Director, reported:

- Director Tom Nolan was elected chair and Director Jerry Deal was elected vice chair.

- The Silicon Valley Community Foundation was thanked for sponsoring the Caltrain Holiday Train. A video on the Holiday Train was shown.
- The 150th Anniversary of the rail service will take place on January 18 at the Santa Clara Station.
- Key Caltrain Performance Statistics
 - Monthly Performance Statistics – November 2013 compared to November 2012
 - Total Ridership was 1,325,955, an increase of 8.1 percent.
 - Average Weekday Ridership was 51,991, an increase of 9.9 percent.
 - Total Revenue was \$5,839,024, an increase of 10.8 percent.
 - On-time Performance was 93.5 percent, an increase of 2.7 percent.
 - Caltrain Shuttle Ridership was 9,222, an increase of 5 percent.
 - Year-to-date Performance Statistics – November 2013 compared to November 2012
 - Total Ridership was 7,115,414, an increase of 7.8 percent.
 - Average Weekday Ridership was 53,374, an increase of 8 percent.
 - Total Revenue was \$31,438,851, an increase of 7.1 percent.
 - On-time Performance was 91.5 percent, an increase of 2.3 percent.
 - Caltrain Shuttle Ridership was 7,422, a decrease of 16.3 percent.
- Extra service:
 - San Jose Sharks games averaged about 1,100 riders per game.
 - The San Francisco 49ers game carried approximately 2,300 additional riders.
 - The Fight Hunger Bowl carried approximately 2,300 additional riders.
 - New Year's Eve carried approximately 10,000 additional riders.
 - The San Francisco Giants Fan Fest will be February 1 and extra service will be provided.
- A Saturday schedule with eight additional trains will operate on Presidents' Day.
- Extensive public outreach continues regarding the San Mateo Bridges Replacement Project.
- Some complications have come up with the transit-oriented development project at the Hayward Park Station and staff will have to re-solicit proposals.
- The Caltrain Electrification Draft Environmental Impact Report (DEIR) will be released in February and presented to the Board in March.
- The Board:
 - Presented a Resolution of Appreciation to outgoing chair Ken Yeager.
 - Issued a proclamation to Marcia Skelton on behalf of the Native Sons of the Golden West honoring the 150th anniversary of passenger rail service along the Caltrain corridor.
 - Approved the Statement of Revenues and Expenses for November. Revenues are better than budget and expenses are lower than budget.
 - Authorized the executive director to negotiate the purchase of 11 rail cars from Southern California Regional Rail Authority (Metrolink) for an amount not to exceed \$4 million. If the sale goes through, it will cost about \$4 million and six month's work to retrofit the cars. After the retrofit, these 11 cars would be switched out with 11 existing cars for state of good

- repair. It may take up to a year to complete this project. If new rail cars were purchased it would cost about \$40 million.
- Authorized the award of contract to URS Corporation Americas for program management support services for the Caltrain Modernization Program for a not-to-exceed amount of \$10,167,109 for a three-year base term.
 - Authorized the rejection of the proposal submitted for a systems safety specialist for the Caltrain Modernization Program. Staff is looking at opportunities to get safety covered through existing contracts.
 - Authorized the rejection of all proposals for train dispatch voice communication systems upgrade services. The proposals were nonresponsive. Staff feels they can keep the system running for the foreseeable future and can get parts from other sources.
 - Authorized the rejection of all proposals for contracted shuttle services. After the notice of award was published, a protest was received from the current service provider, Parking Company of America (PCAM). Staff realized that information provided by PCAM relating to the number of current employees was flawed. This is important because it helps proposers size the scope of what to bid in their proposal and under California Labor Law, the JPB is required to give 10 bonus points to a proposer that agrees to keep the current workforce. Staff will go out to bid again.
 - Authorized amending the Fiscal Year (FY) 2014 Operating Budget in the amount of \$513,582 from \$119,991,971 to \$120,505,553. This was to recognize increased revenue.
 - Authorized amending the FY2014 Capital Budget in the amount of \$8,350,000 from \$190,564,950 to \$198,914,950. This was to recognize some other revenues that will be coming in and corresponding expenses.
 - Authorized the adoption of a ticket policy governing distribution of tickets and passes received by the JPB to officials and employees.
 - Received an update on the Los Gatos Creek Bridge Replacement Project. This will be a stretched out, expensive, and complicated project due to issues with environmental issues.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Scanlon reported:

- Applications are being accepted through January 17 for the Bicycle and Pedestrian Program Call for Projects (CFP) for FY2014 and FY2015. The TA hosted a well-attended workshop December 11 that provided an overview of the program criteria. Redwood City Mayor Jeff Gee will serve on the evaluation panel. Mayor Gee was also elected SamTrans Board chair.
- The Route 92/El Camino Real Interchange DEIR will be released for public review and comment the week of Jan. 13. It will be available at San Mateo City Hall, the city library and the California Department of Transportation website. The TA allocated \$600,000 for the environmental phase of the project. On January 29, there will be an open house at San Mateo City Hall to provide information and solicit input from the public.

- The Daly City Bayshore Shuttle service kickoff went well and the service is off to a good start.

Director Canepa thanked Mr. Scanlon and said he was the best transit operator in the country. Director Canepa thanked the TA board for supporting Daly City. He thanked Mark Simon, Executive Officer, Public Affairs, Seamus Murphy, Director, Government and Community Affairs, Joel Slavitt, Manager, Programming and Monitoring, and Ms. Martinez for their support.

FINANCE

Authorize Amendment of FY2014 Budget to Increase Budget Expenditures by \$3.9 Million for a Revised Total of \$122,235,286

Eva Goode, Manager, Budgets, said this increase is due to a projected increase in sales tax revenue collections for the year and the corresponding increase in various expenditure plan categories.

A motion (Foust/Canepa) to approve the amendment to the FY2014 budget was approved unanimously by roll call.

PROGRAM

Adoption of the Tickets Policy Governing the Distribution of Tickets and Passes Received by the TA to Officials and Employees

Ms. Martinez said this policy complies with the regulations set forth by the California Fair Political Practices Commission. The policy would govern the distribution of tickets the TA receives that are distributed to the Board and staff. If individuals receive a ticket today, they would report it on their Form 700 as a gift. This policy gives the Executive Director the authority to distribute and disclose tickets on Form 802. She said a person reviewing the tickets provided to the TA can look at one Form 802 instead of individual Form 700s. Form 802 will be available to the public.

Director Nagel asked what prompted this policy. Ms. Martinez said the San Mateo County Transit District and the JPB approved this policy and the TA is being asked to do the same to be consistent and manage the tickets with the same standards.

Director Nagel asked if there is a limit or a maximum number that a person can receive. Ms. Martinez said there is not, as long as they follow the criteria in the policy.

A motion (Horsley/Patridge) to approve the tickets policy was approved unanimously by roll call.

Program Report: Measure A Ferry Program

April Chan, Executive Officer, Programming and Development, said this is a six-month update. In December 2008, the TA allocated \$15 million in capital funds to construct the South San Francisco Ferry Terminal. She said \$7 million has been returned; \$8 million was used. The operating dollars are being provided from fare revenue and Regional Measure 2 (RM2) funds allocated by the Metropolitan Transportation Commission (MTC). The only TA requirement was that the service be operated for five years. The

MTC requires the service achieve a 40 percent farebox recovery ratio by the end of the third year.

Ms. Chan said the operating cost per passenger in Quarter 1 FY2013 was \$78.87, and now it is down to \$33.72, a decrease of 57 percent. The farebox ratio recovery was less than 10 percent in the first quarter, FY2013, and now it is 19 percent, a 111 percent increase. The average boardings per trip, the average weekday ridership, and the total ridership also increased.

The Water Emergency Transportation Authority (WETA) added midday excursions on Wednesdays and Fridays, and an afternoon commute trip to increase ridership. The approximate annual cost was \$3.4 million before adding the extra service and now it is \$3.6 million.

Ms. Chan said the Bay Area Rapid Transit (BART) strike and the Bay Bridge closure boosted ridership. She said the farebox recovery ratio is only about 20 percent and WETA has until June of 2015 to reach the 40 percent requirement.

Ms. Chan said Genentech is now fully subsidizing the cost of its employees to ride the ferry.

Director Nagel asked what the ridership goal was when the project started, and what the ideal ridership is to achieve the farebox recovery. Ms. Chan said the bottom line is they need to achieve a 40 percent recovery ratio. Mr. Scanlon said if operations costs stayed the same they would need to double ridership.

Director Nagel asked what WETA's plans are to reach that goal. Ms. Chan said WETA's marketing service has been beefed up over the last six months, and they have been working with employers and improving the service.

Director Nagel asked if they have conducted surveys to determine what they need to do to improve service. Ms. Chan said they did surveys in April 2013 and their service increased based on those results.

Director Nagel asked if they have looked into connecting with mass transit using shuttles. Ms. Chan said two shuttles connect the ferry to various places in South San Francisco and Caltrain. She said shuttle ridership is not great either.

Director Nagel asked what the outcome will be if they don't meet their goal, and if other entities supporting the ferry have an escape clause. Ms. Chan said WETA will have to answer to the MTC.

Director Foust said when WETA comes to the TA Board meeting she would like to understand what they're doing with the Google private ferry that is operating between San Francisco and Redwood City. She said this is the time for WETA to provide the service. She said this is an example of private industry solving problems the government does not solve adequately.

Chair Matsumoto said some Genentech employees stopped taking the ferry and went back to the Genentech bus because they like the idea of not having to transfer.

Director Patridge said she can't believe the numbers. She said this seems to be wasted money and more needs to be done.

Director Nagel said if this is not successful it seems unlikely the TA would fund a Redwood City ferry. She said the county needs more solutions because public transportation is maxed out and there is too much congestion.

Director Canepa said the farebox recovery ratio went from 9 percent to 19 percent and it is trending upward. Ms. Chan said they have to reach 40 percent by their third year otherwise MTC will take the RM2 funding away.

Director Nagel said average weekday ridership is back down to where it was last June and is no longer 19 percent. Ms. Chan said it is no longer 19 percent, but it has improved.

Public Comment

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce, said the city of South San Francisco sent out postcards to every resident making them aware of the service. He said the Wednesday and Friday service is designed to provide more ridership especially to retirement groups, schools, and the Convention and Visitors' Bureau. He said people are trying and it is a work in progress.

Program Report: Transit – Shuttles

Mr. Slavitt presented:

- Four percent of the Measure A Program is set aside for shuttles, totaling \$60 million over the 25-year life of the program.
- The program provides matching funds for the operation of local shuttle service.
- A minimum 25 percent match has been required for the program.
- There have been two shuttle CFPs on two-year cycles.
- Approximately \$7.5 million of Measure A funds have been allocated from the past two CFPs.
- Thirty shuttles were allocated Measure A funds in FY2013 and FY2014. Total operating cost is projected to be \$9.4 million, \$4.7 million from Measure A and \$4.7 million in matching funds.
- Types of shuttles include 23 commuter, six community, and one combination commuter/community.
- There were 28 shuttles in operation in FY2013. Sponsors are required to submit progress reports with information on ridership, operating costs and number of passengers per service hour.
- Total monthly ridership averaged around 70,000 passengers per month in FY2013 or about 817,000 for the fiscal year.
- The average operating cost per passenger in FY2013 for commuter shuttles was \$6 and for community shuttles, \$17.
- There was an average of 17 passengers per service hour for the commuter shuttles and seven for the community shuttles.

Director Nagel asked if there is a way to get shuttles to go across city borders. Mr. Slavitt said some shuttles cross jurisdictions, such as the Lincoln Center and Mariners Island that serve San Mateo and Foster City.

Director Nagel asked if the shuttles can be more flexible like the new SamTrans FLX buses. Mr. Scanlon said the Brisbane shuttle is the commuter and community shuttle. Chuck Harvey, Deputy CEO, said the Bayshore/Brisbane shuttle has a set schedule in the morning and connects people to transportation centers. During the rest of the day, customers can call and ask to be picked up in the zone the shuttle operates in.

Joint TA and C/CAG San Mateo County Shuttle Program Call for Projects

Mr. Slavitt presented:

- The San Mateo County Shuttle Program is a joint CFP with the TA's Measure A Local Shuttle Program and the City/County Association of Government's (C/CAG) Local Transportation Services Shuttle Program.
- The purpose is to provide matching funds for the operation of local shuttle services.
- Eligible costs include operations, marketing, and the administration of shuttles.
- Eligibility requirements:
 - Sponsors must be public agencies.
 - Shuttles must serve county residents and employees.
 - Shuttles must provide access to regional transit and/or meet local mobility needs.
 - Shuttles must be open to the public and comply with the Americans with Disabilities Act.
 - Funds must supplement other funding sources.
 - A letter from SamTrans is required to confirm the shuttle route does not duplicate existing fixed-route service or other shuttle service.
 - A resolution is required from the sponsor's governing board to ensure local support for the project.
- Staff is proposing to release the joint funding call with C/CAG on January 13.
 - The call will provide funding for the operation of shuttles over the next two fiscal years with \$6 million from Measure A and \$1 million from C/CAG.
 - A minimum 25 percent match is required.
 - There is one set of program guidelines, one application process and one evaluation panel.
- Evaluation criteria:
 - Need and readiness: 40 – 50 percent
 - Effectiveness: 15 – 25 percent
 - Funding leverage: 20 percent
 - Policy consistency and sustainability: 15 percent
- Schedule:
 - A public workshop will be held on January 21.
 - The application deadline is February 14.
 - The Draft Program of Projects will be presented to the Board and CAC in April.
 - The Board will be asked to approve the projects in May.

Update on State and Federal Legislative Program

Mr. Murphy provided the following update.

State

The governor released his plan for the State budget and there is a proposal to allocate revenues from the Cap and Trade Program. He said \$100 million would be for sustainable community strategy implementation. The MTC has approved a framework for distributing those funds and some of the funds would go toward transit operations. He said \$200 million would go for low carbon transportation projects that would include light-duty zero-emission vehicles, \$250 million would be for high-speed rail (HSR) and \$50 million would be for connectivity projects related to the HSR program. This is not enough to remedy the deficiencies found in the financing plan, but the governor has said there will be a 30-year proposal for the allocation of Cap and Trade revenues, which would have enough revenue to resolve some of the deficiencies.

Federal

Mr. Murphy said the pretax benefit for transit riders would be reduced from \$245 to \$130 a month, substantially lower than the benefit drivers receive. Staff will be pushing to establish permanent parity. He said this will reduce or slow the growth of ridership around the country.

Chair Matsumoto asked what the status is on the court cases regarding HSR. David Miller, Legal Counsel, said he is waiting for an opinion on the town of Atherton case, which has to do with the adequacy of the environmental document and that opinion should be coming down any day. He said California High-speed Rail Authority has the other cases under advisement to deal with the bond authorization issue and financing plan. He said he will be able to report more on these cases next month after he meets with their legal counsel.

REQUESTS FROM THE AUTHORITY

None

WRITTEN COMMUNICATIONS TO THE AUTHORITY

No discussion

REPORT OF LEGAL COUNSEL

No report.

DATE AND PLACE OF NEXT MEETING

February 6, 2014 at 5 p.m. in the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd floor, 1250 San Carlos Avenue, San Carlos CA 94070

Meeting adjourned at 6:48 p.m.

Good evening Madam Chair and members of the Board. On behalf of the CAC, I would like to extend our New Year's greetings, not only to the Board, but also to our Executive Director, our legal staff and also to all of our District staff members.

Our CAC Agenda on Tuesday evening was a rather brief one.

Our initial action on Tuesday evening was the election of 2014 CAC officers. Upon the CAC's acceptance of the recommendations from CAC Nominating Committee members Jeff Londer, Rich Hedges and Jim Whittemore, the CAC re-elected both Laurie Simonson as the Vice Chair and myself as the Chair for the 2014CAC term.

Following the elections, we proceeded to review tonight's Agenda and I have the following to report concerning same:

(TA Item 6a) - The CAC had no questions or comments in reference to the Board Minutes of December 5, 2013.

(TA Item 6b) - The CAC supported the acceptance of the Statement of Revenues and Expenditures for November 2013.

(TA Item 12a) - The CAC supported the authorization to amend Fiscal Year 2014 Budget to Increase Budget Expenditures by \$3,900,000 for a Revised Total of \$122,235,286.

(TA Item 13a) - The CAC supported the Adoption of the Tickets Policy Governing the Distribution of Tickets and Passes Received by the TA to officials and employees with the understanding that this does not affect members of the CAC. Overall, the CAC agrees with the implementation of such a policy and believes it is a good business practice to have this in place.

(TA Item 13b) - The CAC received a 6 month update of the Measure A Ferry Program from April Chan, Executive Officer, Planning and Development. The CAC was pleased to see that ridership has increased in the past 6 months and hopes to see a continuing increase moving forward, noting that the July BART strike and the Bay Bridge closure appeared to have raised public awareness and usage of the ferry service.

However, members of the CAC did express some concerns about the continuing and growing competition from private bus transportation services by high tech firms that are covering some of the same areas as the public ferries.

It is also to be noted that, with the recently reported launch on Monday, January 6th, of a 1 month test program catamaran ferry by Google to Redwood City, concerns about competition between private and public modes of transportation, especially in light of this new catamaran ferry development possibly impacting the projected ridership of the future planned extension of the public

ferries to Redwood City, continue to develop.

(TA Item 13c) - As part of a series of program reports on each of the TA's six program areas, Joel Slavit, Manager of Programming and Monitoring, delivered a highly informative PowerPoint presentation to the CAC highlighting the status of the Local Shuttle Program.

However, in reviewing the performance metrics of the local shuttle program it was noted that even though the Pacifica Weekend Community Shuttle, at present, shows low ridership, that figure is expected to change dramatically upon the opening of the new Devil's Slide Trail in March, at which point it is anticipated that the public, due to a lack of available parking space, will utilize the shuttle more and more as an alternate source of transportation in getting to and from the entrance of the trail.

(TA Item 13d) - Joel Slavit, also informed the CAC about the San Mateo County Shuttle Program Joint Call For Projects. The CAC was pleased to see that the application funding process has been streamlined and is consistent with the recommendations from the 2012 Shuttle Business Practices Study, which was a joint effort undertaken by the TA, C/CAG, the Peninsula Congestion Relief Alliance and Samtrans, to improve shuttle business practices throughout the county.

(TA Item 13e) - The CAC received no updates on State and Federal Legislative Programs, as there was nothing to report, due to the current recess periods of the Legislatures.

In my own report to the CAC, I advised the following:

* I attended the launch of the new free shuttle service in Daly City's Bayshore Community on January 6th...a service which has been much needed and a long time coming... Speaking at the event were Daly City's new Mayor and TA Executive Board member, David Canepa, TA Chair Carole Groom, TA Public Affairs spokesperson, Mark Simon, as well as several other elected officials and local community leaders.

*The \$2 million Devil's Slide Trail Project, which is converting a 1.3 mile stretch of State Highway 1, south of Pacifica, into a recreational trail for bikers, hikers, birdwatchers and nature lovers, is planned to be open in March.

*Friends of Caltrain conducted a Strategic Planning meeting on December 16th. The primary vision coming out of that meeting was: more frequent all-day service, level boarding for faster service and better transfers, grade separations for safety and reliability and the availability of wi-fi on all trains.

*Caltrain will celebrate it's 150th Anniversary of passenger rail service between SF and San Jose on January 18th at the Santa Clara station, with speeches from local leaders, exhibits, and live music.

*Samtrans will launch comprehensive service changes on January 26th by "doing more of what works,

less of what doesn't and trying new things." One of those new things will be the launch of FLX pilot services in both San Carlos and Pacifica, wherein buses will circulate within their respective communities and serve major gathering spots and mainline transit service. The buses will also be able to deviate from their fixed routes to meet the needs of would-be riders.

*In concluding my report to the CAC, I advised that the MTC, on December 18th, provisionally decided on how to divide \$3 billion in Transportation funds from the state's Cap and Trade program over the next 26 years, in preparation for what is expected to be a budget battle in Sacramento this Spring.

Caltrain and Sam Trans did proportionally okay, according to analysts, with each receiving 3%. This won't fix Caltrain's operating gap, but will be helpful if the funding materializes.

The biggest operators (Muni-42%, BART - 13%, AC Transit -18% and VTA - 16%) are getting the most certain and soonest funding, based on the arguments that these operators will serve the largest amount of the region's growth. However, it was pointed out that this vote was bit of an exercise in "counting unhatched chickens", since Cap and Trade funding for Transportation, which is planned to be available in 2015, is not a sure thing. There are no guarantees.

In Joe's report, he extended congrats to both Laurie Simonson and myself on our re-elections to it's leadership and spoke a little bit about what we can look forward to in the year to come, including the Call for Projects on Bike and Pedestrian projects and Shuttle programs, as well as start of construction of the Route 1 San Pedro Creek Bridge and 101/Broadway I/C Capital Projects.

Respectfully submitted,

Barbara Arietta
Chair, San Mateo County Transportation Authority, CAC

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT

TO: 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 DECEMBER 31, 2013**

ACTION

Staff proposes the Board accept and enter into the record the Statement of Revenues and Expenditures for the month of December 2013 and supplemental information.

SIGNIFICANCE

Revenues: Year-to-date *Total Revenue* (\$45,937,762 - line 7) is **better** than staff projections by \$9,804,420 or 27.1 percent. *Miscellaneous Income* (\$6,319,505 - line 3), is attributable to an unbudgeted recovery payout from the Lehman Brothers bankruptcy. The loss was recorded in Fiscal Year 2009. *Interest Income* (\$1,550,830 - line 2) is \$93,580 or 6.4 percent **better** than projections due to higher than budgeted returns and *Rental Income* (\$604,001 - line 4) is \$25,141 or 4.3 percent **better** than staff projections.

Total Revenue (\$45,937,762 - line 7) is \$4,336,158 or 10.4 percent **better** than prior year performance. *Interest Income* (\$1,550,830 - line 2) and *Grant Proceeds* (\$36,640 - line 5) combined is \$2,509,569 or 61.3 percent **worse** than prior year and is slightly offset by *Rental Income* (\$604,001 - line 4) which is \$40,275 or 7.1 percent **better**.

Expenditures: *Total Administrative* (\$427,981 - line 22) is **better** than staff projections by \$28,449 or 6.2 percent. Within total administrative, *Staff Support* (\$282,349 - line 18) is \$15,197 or 5.1 percent **better** than staff projections.

Budget Amendment: There are no budget revisions for the month of December 2013.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES
Fiscal Year 2014
December 2013

% OF YEAR ELAPSED: **50.0%**

	MONTH	YEAR TO DATE				ANNUAL		
	CURRENT ACTUAL	PRIOR ACTUAL	CURRENT ACTUAL	STAFF PROJECTION	% OF PROJ	ADOPTED BUDGET*	STAFF PROJECTION**	% OF PROJ
REVENUES:								
1 Sales Tax	8,672,552	35,969,127	37,426,785	34,074,999	109.8%	68,000,000	68,000,000	50.1%
2 Interest Income	243,809	2,019,990	1,550,830	1,457,250	106.4%	2,821,040	2,821,040	51.7%
3 Miscellaneous Income	0	971,712	6,319,505 (A)	0	0.0%	0	0	0.0%
4 Rental Income	91,242	563,726	604,001	578,860	104.3%	1,168,300	1,168,300	51.7%
5 Grant Proceeds	4,208	2,077,049	36,640	22,233	164.8%	3,800,500	3,800,500	1.0%
6								
7 TOTAL REVENUE	9,011,810	41,601,604	45,937,762	36,133,342	127.1%	75,789,840	75,789,840	60.6%
EXPENDITURES:								
11 Annual Allocations	3,165,481	13,128,731	13,660,777	12,437,374	109.8%	24,820,000	24,820,000	55.0%
13 Program Expenditures	3,468,651	15,035,950	18,659,937	44,727,501	41.7%	86,780,000	92,130,000	20.3%
15 Oversight	213,017	200,608	639,864	242,500	263.9%	485,000	485,000	131.9%
17 Administrative								
18 Staff Support	44,691	212,134	282,349	297,546	94.9%	565,152	565,152	50.0%
19 Measure A Info-Others	-	-	143	143	100.3%	16,500	16,500	0.9%
20 Other Admin Expenses	18,046	107,631	145,489	158,741	91.7%	318,634	318,634	45.7%
22 Total Administrative	62,737	319,765	427,981	456,430	93.8%	900,286	900,286	47.5%
23								
24 TOTAL EXPENDITURES	6,909,887	28,685,054	33,388,558 (1)	57,863,805	57.7%	112,985,286	118,335,286	28.2%
25								
26 EXCESS (DEFICIT)	2,101,923	12,916,550	12,549,204	(21,730,463)		(37,195,446)	(42,545,446)	
27								
28 BEGINNING FUND BALANCE	Not Applicable	444,581,025	445,209,646	445,209,646		415,823,164	445,209,646	
29								
30 ENDING FUND BALANCE	Not Applicable	457,497,575	457,758,850 (2)	423,479,183		378,627,718	402,664,200	

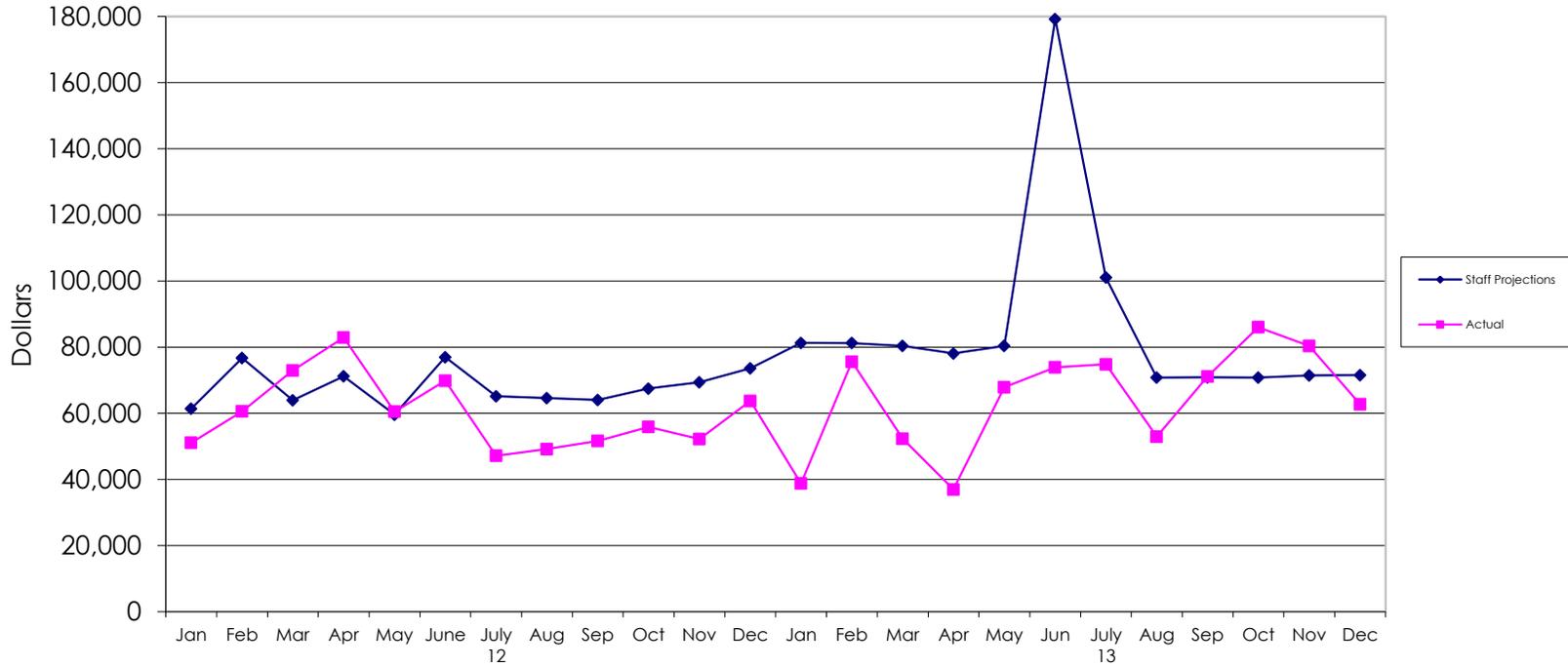
33 Includes the following balances:							
34 Cash and Liquid Investments		379,505		FY 2013 Carryover of Commitments (Audited)		278,517,658	
35 Current Committed Fund Balance		363,464,386 (3)		FY 2014 Additional Commitments (Budgeted)		112,985,286	
36 Undesignated Cash & Net Receivable		93,914,959		Reso #2013-24		5,350,000	
37 Total		<u>457,758,850 (2)</u>		Less: Current YTD expenditures		<u>(33,388,558) (1)</u>	
38				Current Committed Fund Balance		<u>363,464,386 (3)</u>	

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

45
46 * The TA Adopted Budget is the Board adopted budget effective June 5, 2013.
47 ** The TA Staff Projection is the adopted budget including year to date budget transfers.

48
49 (A) Unbudgeted recovery payout from Lehman Brothers bankruptcy.

SMCTA Administrative Expenses



Current Year Data

	Jul '13	Aug '13	Sep '13	Oct '13	Nov '13	Dec '13	Jan '14	Feb '14	Mar '14	Apr '14	May '14	Jun '14
MONTHLY EXPENSES												
Staff Projections	101,007	70,766	70,869	70,768	71,472	71,548						
Actual	74,774	52,917	71,137	86,030	80,385	62,737						
CUMULATIVE EXPENSES												
Staff Projections	101,007	171,773	242,642	313,410	384,882	456,430						
Actual	74,774	127,691	198,829	284,859	365,244	427,981						
Variance-F(U)	26,233	44,082	43,813	28,551	19,638	28,449						
Variance %	25.97%	25.66%	18.06%	9.11%	5.10%	6.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



BOARD OF DIRECTORS 2013

CAROLE GROOM, CHAIR
 KARYL MATSUMOTO, VICE CHAIR
 DAVID CANEPA
 ROSEANNE FOUST
 DON HORSLEY
 TERRY NAGEL
 NAOMI PATRIDGE

MICHAEL J. SCANLON
 EXECUTIVE DIRECTOR

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

CAPITAL PROJECT RESERVES

AS OF DECEMBER, 2013

TYPE OF SECURITY		MATURITY DATE	INTEREST RATE	PURCHASE PRICE	MARKET VALUE
County Pool #3	*	Liquid Cash	0.560%	\$ 242,686,734	\$ 242,686,734
Local Agency Investment Fund	**	Liquid Cash	0.264%	\$ 7,883,936	\$ 7,883,936
Investment Portfolio	***	Liquid Cash	0.885%	\$ 189,740,843	\$ 164,175,693
Other		Liquid Cash	0.000%	\$ 447,517	\$ 447,517
				<u>\$ 440,759,031</u>	<u>\$ 415,193,881</u>

Accrued Earnings for December, 2013	\$ 251,328.79
Cumulative Earnings FY2014	\$ 1,606,685.87

* County Pool average yield for the month ending December 31, 2013 was 0.560%. As of December, 2013 the amortized cost of the Total Pool was \$3,467,275,911.35 and the fair market value per San Mateo County Treasurer's Office was \$3,461,808,419.80.

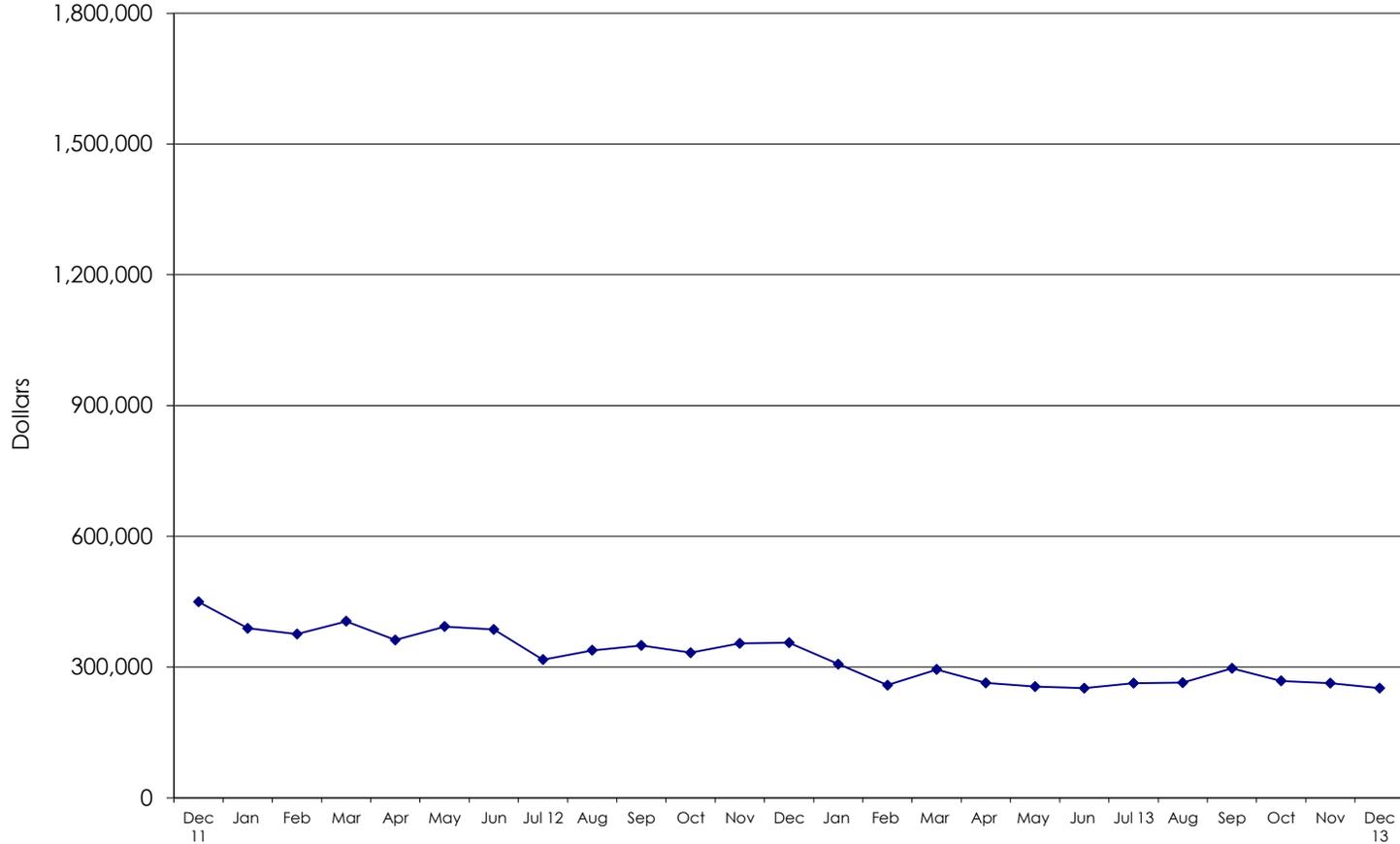
** The market value of Local Agency Investment Fund (LAIF) is calculated annually and is derived from the fair value factor as reported by LAIF for quarter ending June 30th each year.

*** 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
DECEMBER 2013**

FY2014	CURRENT MONTH TOTAL	FISCAL YEAR TO DATE TOTAL
JULY	263,024.35	263,024.35
AUGUST	264,079.37	527,103.72
SEPTEMBER	297,053.11	824,156.83
OCTOBER	268,126.19	1,092,283.02
NOVEMBER	263,074.06	1,355,357.08
DECEMBER	251,328.79	1,606,685.87
JANUARY		
FEBRUARY		
MARCH		
APRIL		
MAY		
JUNE		

SMCTA Interest Income



SAN MATEO COUNTY TRANSPORTATION AUTHORITY
INTEREST ON INVESTMENTS
December 31, 2013

DESCRIPTION	TOTAL INVESTMENT 12-31-13	INTEREST RECEIVABLE 11-30-2013	PREPAID INT RECEIVABLE 11-30-2013	INTEREST EARNED 12-31-13	INTEREST RECEIVED 12-31-13	ADJ.	INTEREST RECEIVABLE 12-31-13
LAIF	7,883,936.20	3,642.23	0.00	3,886.96	0.00	0.00	7,529.19
COUNTY POOL	242,686,734.31	256,717.32	0.00	113,326.65	0.00	0.00	370,043.97
BANK OF AMERICA	379,505.13	0.00	0.00	0.00	0.00	0.00	0.00
WELLS FARGO	52,194.39	0.00	0.00	0.00	0.00	0.00	0.00
INVESTMENT PORTFOLIO	189,740,843.13	331,510.54	49,622.25	134,337.12	65,000.00	(221.94)	450,247.97
	<u>440,743,213.16</u>	<u>591,870.09</u>	<u>49,622.25</u>	<u>251,550.73</u>	<u>65,000.00</u>	<u>(221.94)</u>	<u>827,821.13</u>

DECEMBER 2013 -- SUMMARY OF INTEREST & CAPITAL GAIN

Interest Earned Per R 12/31/13	251,328.79
Add:	
Less:	
Management Fees	(7,520.01)
Amortized Premium/Discount	(33,410.88)
Capital Gain(Loss)	0.00
Total Interest & Capital Gain(Loss)	<u>210,397.90</u>

YEAR TO DATE -- SUMMARY

Interest Earned	1,606,685.87
Add:	
Less:	
Management Fees	(45,120.21)
Amortized Premium/Discount	(188,385.57)
Capital Gain(Loss)	(10,735.73)
Total Interest	<u>1,362,444.36</u>

Balance Per Ledger as 12/31/13	
Exp. Acct. 530011 - Prem/Disc	(188,385.57)
Int Acct. 409100 - Co. Pool	814,174.08
Int Acct. 409100 - LAIF	15,023.86
Int Acct. 409101 - Portfolio Funds	732,367.72
Gain(Loss) Acct. 405210	(10,735.73)
	<u>1,362,444.36</u>

Extraordinary one time items:

Misc. Income	
- Lehman Brothers Recovery	6,318,005.44

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
INVESTMENT PORTFOLIO
December 31, 2013**

TYPE OF SECURITY	CUSIP #	SETTLE DATE	ORIGINAL	MARKET	MATURITY DATE	INT RATE	RATE/ DAY	APPL. DAYS	INTEREST	PREPAID	INTEREST	INTEREST RECEIVED	ADJ.	INTEREST	INT REC'VBLE	PAR VALUE
			PURCHASE PRICE	VALUE 12/31/13					REC'VBLE 11/30/13	INT REC'VBLE 12/31/13	REC'VBLE 12/31/13			LESS PREPAID 12/31/13		
<u>SECURITIES MANAGED BY INVESTMENT ADVISOR:</u>																
<u>U.S. TREASURY NOTES AND BONDS</u>																
US TREASURY NOTE	912828TX8	02/01/13	14,998,828.13	15,008,850.00	11-15-15	0.375%	156.2500	31	2,486.19		4,843.75		(26.76)	7,303.18	7,303.18	15,000,000
US TREASURY NOTE	912828VL1	12/19/13	6,017,343.75	6,007,500.00	07-15-16	0.625%	104.1667	13	15,998.64	15,998.64	1,354.17		(29.44)	17,323.37	1,324.73	6,000,000 11.08%
<u>U.S. GOVERNMENT AGENCIES</u>																
FHLMC	3137EACR8	02-08-11	18,901,470.00	19,034,770.00	02-25-14	1.375%	725.6944	30	69,666.67		21,770.83			91,437.50	91,437.50	19,000,000
FHLMC	3137EACB3	03-30-11	13,932,270.00	13,599,900.00	04-23-14	2.500%	937.5000	30	35,625.00		28,125.00			63,750.00	63,750.00	13,500,000
FHLMC	3134G4ER5	08-19-13	10,001,100.00	10,009,200.00	08-19-15	0.500%	138.89	30	14,166.67		4,166.67		(0.01)	18,333.33	18,333.33	10,000,000
FHLMC	3134G3SD3	03-28-12	9,996,000.00	10,014,100.00	09-28-15	0.750%	208.3333	30	13,125.00		6,250.00			19,375.00	19,375.00	10,000,000
FNMA	31398A4M1	09-13-13	10,221,000.00	10,218,500.00	10-26-15	1.625%	451.39	30	15,798.61		13,541.67			29,340.28	29,340.28	10,000,000
FHLMC	3134G4HZ4	10-28-13	9,999,500.00	10,011,200.00	10-28-15	0.500%	138.89	30	4,583.33		4,166.67			8,750.00	8,750.00	10,000,000
FHLMC	3134G34B3	01-30-13	9,998,500.00	9,988,100.00	01-28-16	0.500%	138.8889	30	17,083.33		4,166.67			21,250.00	21,250.00	10,000,000
FNMA	3135G0UB7	12-23-13	10,000,000.00	9,983,700.00	02-22-16	0.520%	144.4444	8	17,477.78	17,477.78	1,155.56		(0.01)	18,633.33	1,155.55	10,000,000
FNMA	3135G0UM3	05-29-13	4,394,560.50	4,391,571.90	02-26-16	0.520%	63.4833	30	6,030.92		1,904.50			7,935.42	7,935.42	4,395,000
FNMA	3135G0VH3	05-30-13	15,149,117.50	15,137,212.20	03-04-16	0.750%	313.9583	30	27,314.38		9,418.75			36,733.13	36,733.13	15,070,000
FHLMC	3134G3SE1	03-21-12	12,007,500.00	12,018,480.00	03-21-16	1.000%	333.3333	30	23,333.33		10,000.00			33,333.33	33,333.33	12,000,000
FNMA	3135G0VA8	05-13-13	24,041,832.00	23,974,080.00	03-30-16	0.500%	333.3333	30	20,333.33		10,000.00			30,333.33	30,333.33	24,000,000
FNMA	3135G0XP3	12-10-13	9,959,800.00	9,930,700.00	07-05-16	0.375%	104.1667	21	16,145.83	16,145.83	2,187.50			18,333.33	2,187.50	10,000,000 83.38%
<u>U.S. TREASURY INFLATION PROTECTED SECURITIES</u>																
US INFLATION INDEXED	912828KM1	01-21-10	10,122,021.25	10,551,690.55	04-15-14	1.250%	364.0446	31	16,963.78		11,285.38		(165.72)	28,083.44	28,083.44	10,484,485 5.53%
<u>CASH INVESTMENT</u>																
Federated Funds Money Market	3134G3Y20	12-28-12							15,000.00					15,000.00		
Federated Funds Money Market	3135G0RX3	12-07-12							50,000.00					50,000.00		
MATURED/CALLED																
TOTAL			189,740,843.13	189,879,554.65					381,132.79	49,622.25	134,337.12	65,000.00	(221.94)	450,247.97	400,625.72	189,449,486.00
17-Jan-14						Weighted Average Interest Rate		0.8849%								

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
 1/2 CENT SALES TAX RECEIPTS AND PROJECTIONS
 FY2013 & FY2014
 DECEMBER 2013

1/27/14 9:31 AM

Approved Budget		Receipts		Over/(Under)	Current
Date	Amount	Date	Amount	Budget/Projection	Projection
FY2013:					
1st Quarter	16,181,800	1st Quarter	18,855,990	2,674,190	18,855,990
2nd Quarter	17,084,000	2nd Quarter	18,948,926	1,864,926	18,948,926
3rd Quarter	17,782,200	3rd Quarter	17,439,496	(342,704)	17,439,496
4th Quarter	16,952,000	4th Quarter	18,613,375	1,661,375	18,613,375
FY2013 Total	68,000,000	FY2013 Total	73,857,787	5,857,787	73,857,787
FY2014:					
Jul. 13	4,400,000	Sep. 13	5,504,500	1,104,500	5,504,500
Aug. 13	4,400,000	Oct. 13	5,504,500	1,104,500	5,504,500
Sep. 13	6,100,000	Nov. 13	7,339,400	1,239,400	7,339,400
1st Qtr. Adjustment	1,650,000	Dec. 13	735,085	(914,915)	735,085
3 Months Total	16,550,000		19,083,485	2,533,485	19,083,485
Oct. 13	4,700,000	Dec. 13	5,518,300	818,300	5,518,300
Nov. 13	4,700,000	Jan. 14			4,700,000 (1)
Dec. 13	6,330,000	Feb. 14			6,330,000 (1)
2nd Qtr. Adjustment	1,795,000	Mar. 14			1,795,000 (1)
6 Months Total	34,075,000		24,601,785	3,351,785	37,426,785
Jan. 14	5,140,000	Mar. 14			5,140,000
Feb. 14	5,140,000	Apr. 14			5,140,000
Mar. 14	5,600,000	May 14			5,600,000
3rd Qtr. Adjustment	1,500,000	Jun. 14			1,500,000
9 Months Total	51,455,000		24,601,785	3,351,785	54,806,785
Apr. 14	4,500,000	Jun. 14			4,500,000
May 14	4,500,000	Jul. 14			4,500,000
Jun. 14	5,900,000	Aug. 14			5,900,000
4th Qtr. Adjustment	1,645,000	Sep. 14			1,645,000
FY2014 Total	68,000,000	FY2014 Total	24,601,785	3,351,785	71,351,785
	19,083,485	1st Quarter			
	18,343,300	2nd Quarter			
		3rd Quarter			
		4th Quarter			
	<u>37,426,785</u>	YTD Actual Per Statement of Revenue & Expenses			

(1) Accrued

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
CASH AND INVESTMENTS AS OF DECEMBER 31, 2013

12/31/2013

Cash -- Bank of America Checking Account	379,505.13
Cash -- Wells Fargo Lockbox Account	68,012.12
LAIF	7,883,936.20
County Pool	242,686,734.31
Investment Portfolio	189,740,843.13
	<hr/>
Total	<u><u>440,759,030.89</u></u>

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
CHECKS WRITTEN -- DECEMBER 2013

Unif	Reference	Name	Date	Sum Amount	Method	Description
SMCTA	000892	SAN MATEO COUNTY TRANSIT DISTRICT	12/9/2013	2,394.05	WIR	Capital Programs ¹
SMCTA	000893	PENINSULA CORRIDOR JOINT POWERS BOARD	12/16/2013	1,310,210.30	WIR	Capital Programs ²
SMCTA	000894	MATSUMOTO, KARYL M.	12/16/2013	100.00	WIR	Board of Directors Compensation
SMCTA	000895	GROOM, CAROLE	12/16/2013	100.00	WIR	Board of Directors Compensation
SMCTA	000896	NAGEL, TERRY	12/16/2013	100.00	WIR	Board of Directors Compensation
SMCTA	000897	CANEP, DAVID	12/16/2013	100.00	WIR	Board of Directors Compensation
SMCTA	000898	SAN MATEO COUNTY TRANSIT DISTRICT	12/23/2013	867,215.73	WIR	Capital, Caltrain & Redi-Wheels Serv.
SMCTA	000899	PENINSULA CORRIDOR JOINT POWERS BOARD	12/30/2013	2,263,242.97	WIR	Capital Programs ³
SMCTA	003618	CHAN, APRIL	12/2/2013	640.89	CHK	Seminar & Training
SMCTA	003619	COPY COPIES, INC.	12/2/2013	143.43	CHK	Printing and Information Svcs
SMCTA	003620	GREEN CARPET LANDSCAPING	12/2/2013	9,850.00	CHK	Grounds Maintenance Service
SMCTA	003621	HNTB CORPORATION	12/2/2013	5,606.28	CHK	Consultant
SMCTA	003622	JACOBS ENGINEERING GROUP, INC.	12/2/2013	2,477.71	CHK	Consultant
SMCTA	003623	KEECH, MAX A	12/2/2013	595,000.00	CHK	Capital Programs ⁴
SMCTA	003624	PENINSULA TRAFFIC CONGESTION RELIEF	12/2/2013	158,338.76	CHK	Capital Programs ⁵
SMCTA	003625	BIANCHINI'S CATERING	12/9/2013	461.62	CHK	Miscellaneous
SMCTA	003626	HARRIS ELECTRIC	12/9/2013	3,798.00	CHK	Capital Programs ⁶
SMCTA	003627	HURLEY, JOSEPH	12/9/2013	590.44	CHK	Business Travel & Meeting
SMCTA	003628	JACOBS ENGINEERING GROUP, INC.	12/9/2013	3,972.95	CHK	Consultant
SMCTA	003629	REDWOOD CITY KIA	12/9/2013	6,748.90	CHK	Security Deposit Reimbursement
SMCTA	003630	DMJM HARRIS/MARK THOMAS JV	12/16/2013	4,821.84	CHK	Capital Programs ⁷
SMCTA	003631	FOUST, ROSANNE	12/16/2013	100.00	CHK	Board of Directors Compensation
SMCTA	003632	PATRIDGE, NAOMI	12/16/2013	100.00	CHK	Board of Directors Compensation
SMCTA	003633	S3, INC.	12/16/2013	3,000.00	CHK	Consultants
SMCTA	003634	URS CORPORATION	12/16/2013	49,890.34	CHK	Capital Programs ⁴
SMCTA	003635	FEDERAL EXPRESS CORPORATION	12/23/2013	25.18	CHK	Capital Programs ⁴
SMCTA	003636	FOSTER CITY, CITY OF	12/23/2013	631,420.73	CHK	Capital Programs ⁸
SMCTA	003637	GOVERNMENT FINANCE OFFICERS ASSN	12/23/2013	505.00	CHK	Dues and Subscriptions
SMCTA	003638	HOLLAND & KNIGHT LLP	12/23/2013	10,500.00	CHK	Legislative Advocate
SMCTA	003639	JACOBS ENGINEERING GROUP, INC.	12/23/2013	3,447.09	CHK	Consultant
SMCTA	003640	SHAW/YODER & ANTWIH, INC.	12/23/2013	3,795.00	CHK	Legislative Advocate
SMCTA	003641	URS CORPORATION	12/23/2013	142,286.55	CHK	Capital Programs ⁴
SMCTA	003642	WELLS FARGO INSURANCE SERVICES USA, INC	12/23/2013	1,005.00	CHK	Premium - Other Insurance-Gen.
SMCTA	003643	WOODSIDE, TOWN OF	12/23/2013	3,817.00	CHK	Capital Programs ⁹
SMCTA	003644	ARRANGED4COMFORT	12/30/2013	530.92	CHK	Office Equipment
SMCTA	003645	ATKINS NORTH AMERICA, INC	12/30/2013	183,007.66	CHK	Consultant
SMCTA	003646	DMJM HARRIS/MARK THOMAS JV	12/30/2013	64,837.45	CHK	Capital Programs ¹⁰
SMCTA	003647	HANSON, BRIDGETT, MARCUS, VLAHOS & RUDY	12/30/2013	49,105.58	CHK	Legal Services
SMCTA	003648	OFFICEMAX	12/30/2013	28.91	CHK	Office Supplies
				<u>6,383,316.28</u>		

Footnotes:¹ Streets & Highway - Last Mile Connection Pilot² San Bruno Grade Separation \$994,837.67, Downtown Extension \$7,707.58, San Bruno Archway Study \$23,448.84, CBOSS \$185,653.28, CalMod \$98,562.93³ San Bruno Grade Separation \$1,998,611.90, San Bruno Archway Study \$5,829.37, CBOSS \$207,925.83, CalMod \$50,875.87⁴ Streets & Highways - Route 101 Broadway Interchange⁵ FY 14 Local Shuttles Project⁶ Dumbarton Project⁷ Streets & Highway - CCAG Ramp Metering Study \$3,871.99; Route 92/EI Camino \$949.85⁸ Streets & Highways - Foster City Triton Drive Widening⁹ FY 14 Call for Project - Bike & Ped¹⁰ Streets & Highway - Route 92/EI Camino \$8,704.55; Route 1 Fassler to Westport \$56,132.90

**AGENDA ITEM # 8
FEBRUARY 6, 2014**

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

TO: Transportation Authority

FROM: Karyl Matsumoto
SamTrans Board Liaison to the Transportation Authority

SUBJECT: **SAMTRANS LIAISON REPORT – MEETING OF FEBRUARY 5, 2014**

The summary report will be made available at the Board meeting.

Prepared By: Martha Martinez

650-508-6242

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Michael J. Scanlon
Executive Director

FROM: Gigi Harrington
Deputy CEO

SUBJECT: **QUARTERLY INVESTMENT REPORT AND
FIXED INCOME MARKET REVIEW AND OUTLOOK**

ACTION

Staff recommends the Board accepts and enters into the record the Quarterly Investment Report and Fixed Income Market Review and Outlook for the quarter ended December 31, 2013.

SIGNIFICANCE

The San Mateo County Transportation Authority (TA) Investment Policy contains a requirement for a quarterly report to be transmitted to the Board within 30 days of the end of the quarter. This staff report was forwarded to the Board of Directors under separate cover on January 14, 2014 in order to meet the 30-day requirement.

BUDGET IMPACT

As this reports on the Quarterly Market Review and Outlook, there is no budget impact.

BACKGROUND

The TA is required by state law to submit quarterly reports within 30 days of the end of the quarter covered by the report to the Board of Directors. The report is required to include the following information:

1. Type of investment, issuer, date of maturity, par and dollar amount invested in all securities, investments and money held by the local agency;
2. Description of any of the local agency's funds, investments or programs that are under the management of contracted parties, including lending programs;
3. For all securities held by the local agency or under management by any outside party that is not a local agency or the State of California Local Agency Investment Fund (LAIF), a current market value as of the date of the report and the source of this information;
4. Statement that the portfolio complies with the Investment Policy or the manner in which the portfolio is not in compliance; and,
5. Statement that the local agency has the ability to meet its pool's expenditure requirements (cash flow) for the next six months or provide an explanation as to why sufficient money shall or may not be available.

A schedule, which addresses the requirements of 1, 2, and 3 above, is included in this report on page 5 and 6. The schedule separates the investments into two groups: The Investment Portfolio, which is managed by SunTrust Banks, doing business as CSI Capital a SunTrust Group (CSI); and Liquidity funds, which are managed by TA staff. The Investment Policy governs the management and reporting of the Investment Portfolio and Liquidity funds.

CSI provides the TA a current market valuation of all the assets under its management for each quarter. The valuation is provided by FT Interactive Data, the major operating division of Interactive Data Corporation (IDC). IDC is a leading provider of global securities data. They offer one of the largest information databases with current and historical prices on securities traded in all major markets including daily evaluations for more than 2.5 million fixed income securities.

Due to the nature of securities which are bought and sold in a principal market, such as fixed income securities, multiple market values may exist for a given security at any given time. CSI has chosen IDC as an unbiased estimator of these prices based on their leading role as a provider of end of the day pricing, an evaluation of their methodology and the experience of their evaluation staff. Unfortunately, given the recent volatility in the markets, not every security is currently supported or accurately reflected by IDC. Therefore at the end of the quarter, CSI surveyed a number of Wall Street firms to get an accurate market value of the securities held in the TA's portfolio. These surveys reflect the levels at which someone is actually willing to purchase the securities held by the TA. In the case of money market instruments, which are not supported by IDC, CSI uses adjusted cost.

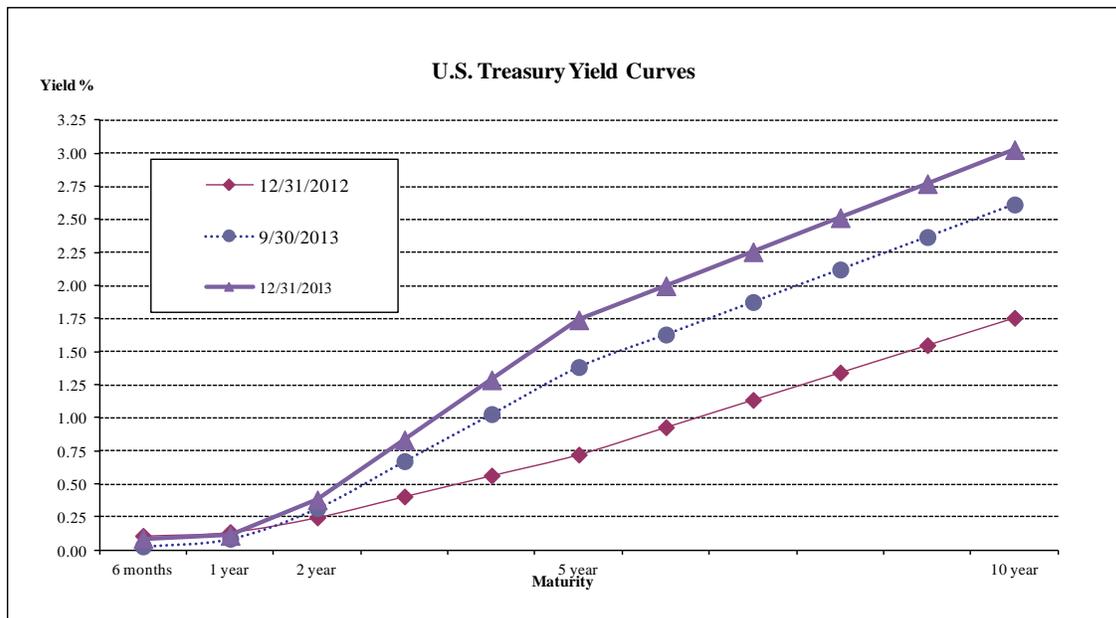
The Liquidity funds managed by TA staff are considered to be cash equivalents and therefore market value is considered to be equal to book value (i.e. cost). The shares of beneficial interest generally establish a nominal value per share. Because the Net Asset Value is fixed at a nominal value per share, book and market value are equal and rate of income is recalculated on a daily basis.

The portfolio and this Quarterly Investment Report comply with the Investment Policy and the provisions of Senate Bill 564 (1995). The TA has the ability to meet its expenditure requirements for the next six months.

DISCUSSION

Fixed Income Market Review and Outlook

Stronger than expected news on the economy, a better than expected compromise on the Federal Budget Deficit and the announcement of a reduction in the pace of long-term bond purchases by the Federal Reserve drove interest rates higher in the fourth quarter of 2013. As can be seen in the graph below, for both the quarter and the year, the character of recent rate increases has been for long-term rates to move higher while short-term rates remain anchored.



Data Source: Bloomberg Finance L.P.

Interest rates on long-term bonds are being driven primarily by expectations for the Federal Reserve Board's (Fed) tapering of its purchases of longer-term Treasury bonds and mortgage backed securities. Late in the quarter, the Fed announced its intention to reduce the pace of its recent purchases from \$85 billion per month to \$75 billion per month beginning in January of 2014. Although this might appear as a rather modest reduction, the market expects the pace of the Fed's bond purchases to continue to decline throughout the year.

Interest rates on short-term bonds are being driven by expectations for the Fed's eventual increase in the level of the Federal Funds Rate. Earlier expectations had been for the Fed to begin to raise the Fed Funds rate by the middle of 2015. At most, recent events have pushed these expectations out by a few months. The timing and pace of any increases in the Fed Funds rate will be highly influenced by the employment situation. Most market participants believe the Fed will refrain from raising short-term interest rates until the unemployment rate is near 6 percent. Currently the national rate is 7 percent.

Going forward, the direction of interest rates will continue to revolve around the changing expectations for monetary policy. Monetary policy, in turn, will hinge on the pace of economic growth and improvement in the labor market. CSI remains optimistic that growth will pick up and there will be continued modest employment growth as we move through 2014. Barring an external shock, stronger growth should lead to higher rates.

Strategy

Over the foreseeable future, CSI expects interest rates to move gradually higher. They continue to caution that the current low rates leave no room for a sudden rise in interest rates, which would result in negative returns.

Given CSI's outlook and the current level of uncertainty in the markets, CSI is comfortable with keeping the portfolio's exposure to a change in interest rates below that of the benchmark.

As of the end of the quarter, the Transportation Authority's portfolio consisted of approximately 83.3 percent Agency Securities and 16.7 percent US Treasury securities (see Exhibit 5).

Budget Impact

The portfolio's performance is reported on a total economic return basis. This method includes the coupon interest, amortization of discounts and premiums, capital gains and losses and price changes (i.e., unrealized gains and losses). For the quarter ending December 31, the portfolio returned 0.12 percent. This compares to the benchmark return of -0.01 percent. The Performance graph in Exhibit 3 shows the relative performance of the Authority since inception. The Growth of a Thousand Dollars graph in Exhibit 4 shows the cumulative performance over this same time frame for the Authority's portfolio.

The portfolio's yield to maturity, the return the portfolio will earn in the future if all securities are held to maturity is also reported. This calculation is based on the current market value of the portfolio including unrealized gains and losses. For the quarter ending December 31, the portfolio's yield to maturity or call was 0.40 percent. The benchmark's yield to maturity was 0.77 percent.

Another method of measuring the portfolio's yield to maturity is the yield of the portfolio at cost. This calculation is based on the value of the portfolio at cost and does not include any unrealized gains or losses as part of its computation. As of the end of the quarter the portfolio's rate of return on investments, at cost, was 0.81 percent.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
REPORT OF INVESTMENTS
FOR QUARTER ENDED DECEMBER 31, 2013**

TYPE	CUSIP NUMBER	DATE OF MATURITY	PAR VALUE	CARRYING AMOUNT	MARKET VALUE	ACCRUED INTEREST	MARKET VALUE +ACCR. INT.
<u>FUNDS MANAGED BY SUNTRUST BANK/CSI GROUP</u>							
<u>INVESTMENT PORTFOLIO:</u>							
TREASURY SECURITIES							
U.S. Treasury Note	912828TX8	11-15-15	15,000,000	14,998,828	15,008,850	7,303	15,016,153
U.S. Treasury Note	912828VL1	07-15-16	6,000,000	6,017,344	6,007,500	17,323	6,024,823
GOVERNMENT BONDS							
FHLMC	3137EACR8	02-25-14	19,000,000	18,901,470	19,034,770	91,438	19,126,208
FHLMC	3137EACB3	04-23-14	13,500,000	13,932,270	13,599,900	63,750	13,663,650
FHLMC	3134G4ER5	08-19-15	10,000,000	10,001,100	10,009,200	18,333	10,027,533
FHLMC	3134G3SD3	09-28-15	10,000,000	9,996,000	10,014,100	19,375	10,033,475
FNMA	31398A4M7	10-26-15	10,000,000	10,221,000	10,218,500	29,340	10,247,840
FHLMC	3134G4HZ4	10-28-15	10,000,000	9,999,500	10,011,200	8,750	10,019,950
FHLMC	3134G34B3	01-28-16	10,000,000	9,998,500	9,988,100	21,250	10,009,350
FNMA	3135G0UB7	02-22-16	10,000,000	9,983,700	9,983,700	18,633	10,002,333
FNMA	3135G0UM3	02-26-16	4,395,000	4,394,561	4,391,572	7,935	4,399,507
FNMA	3135G0VH3	03-04-16	15,070,000	15,149,118	15,137,212	36,733	15,173,945
FHLMC	3134G3SE1	03-21-16	12,000,000	12,007,500	12,018,480	33,333	12,051,813
FNMA	3135G0VA8	03-30-16	24,000,000	24,041,832	23,974,080	30,333	24,004,413
FNMA	3135G0XP3	07-15-16	10,000,000	9,959,800	9,930,700	18,333	9,949,033
TREASURY INFLATION PROTECTED SECURITIES							
US Inflation Indexed Note	912828KM1	04-15-14	10,484,485	10,122,021	10,551,691	28,083	10,579,774

EXHIBIT 1

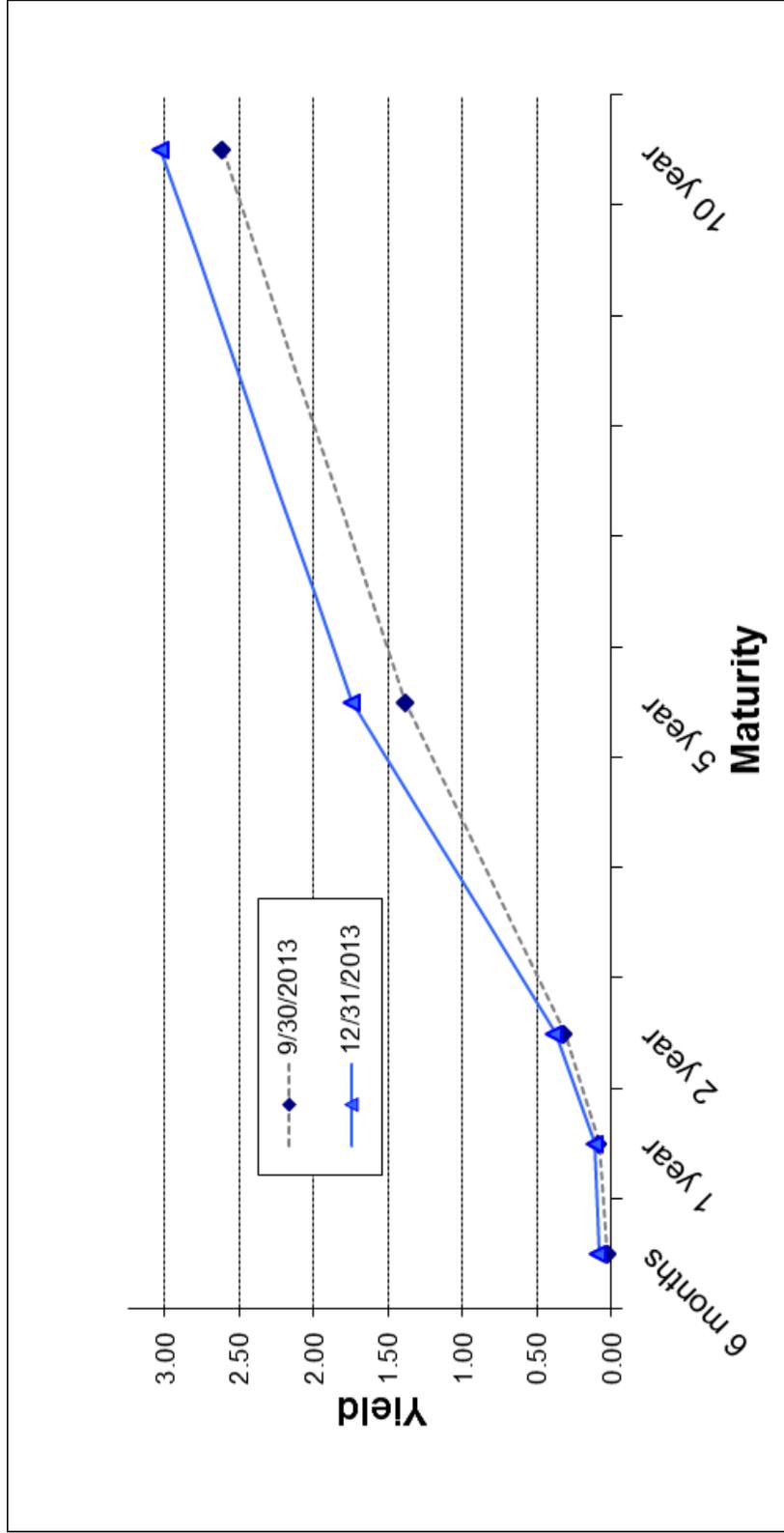
SAN MATEO COUNTY TRANSPORTATION AUTHORITY
 REPORT OF INVESTMENTS (Continued)
 FOR QUARTER ENDED DECEMBER 31, 2013

TYPE	CUSIP NUMBER	DATE OF MATURITY	PAR VALUE	CARRYING AMOUNT	MARKET VALUE	ACCRUED INTEREST	MARKET VALUE + ACCR. INT.
FUNDS MANAGED BY SUNTRUST BANK/CSI GROUP (Cont'd.)							
TREASURY INFLATION PROTECTED SECURITIES							
US Inflation Indexed Note	912828KM1	04-15-14	10,484,485	10,122,021	10,551,691	28,083	10,579,774
TOTAL FUNDS MANAGED BY SUNTRUST BANK/CSI GROUP			189,449,485	189,724,543	189,879,555	450,248	190,329,803

LIQUIDITY FUNDS MANAGED BY DISTRICT STAFF:

BANK OF AMERICA CHECKING	379,505	0	379,505				379,505
LAIF	7,883,936	7,529	7,883,936				7,891,465
SAN MATEO COUNTY POOL	242,686,734	370,044	242,686,734				243,056,778
TOTAL FUNDS MANAGED BY DISTRICT STAFF	250,950,175	377,573	250,950,175				251,327,748
TOTAL AS OF DECEMBER 31, 2013	440,674,718	827,821	440,829,730				441,657,551

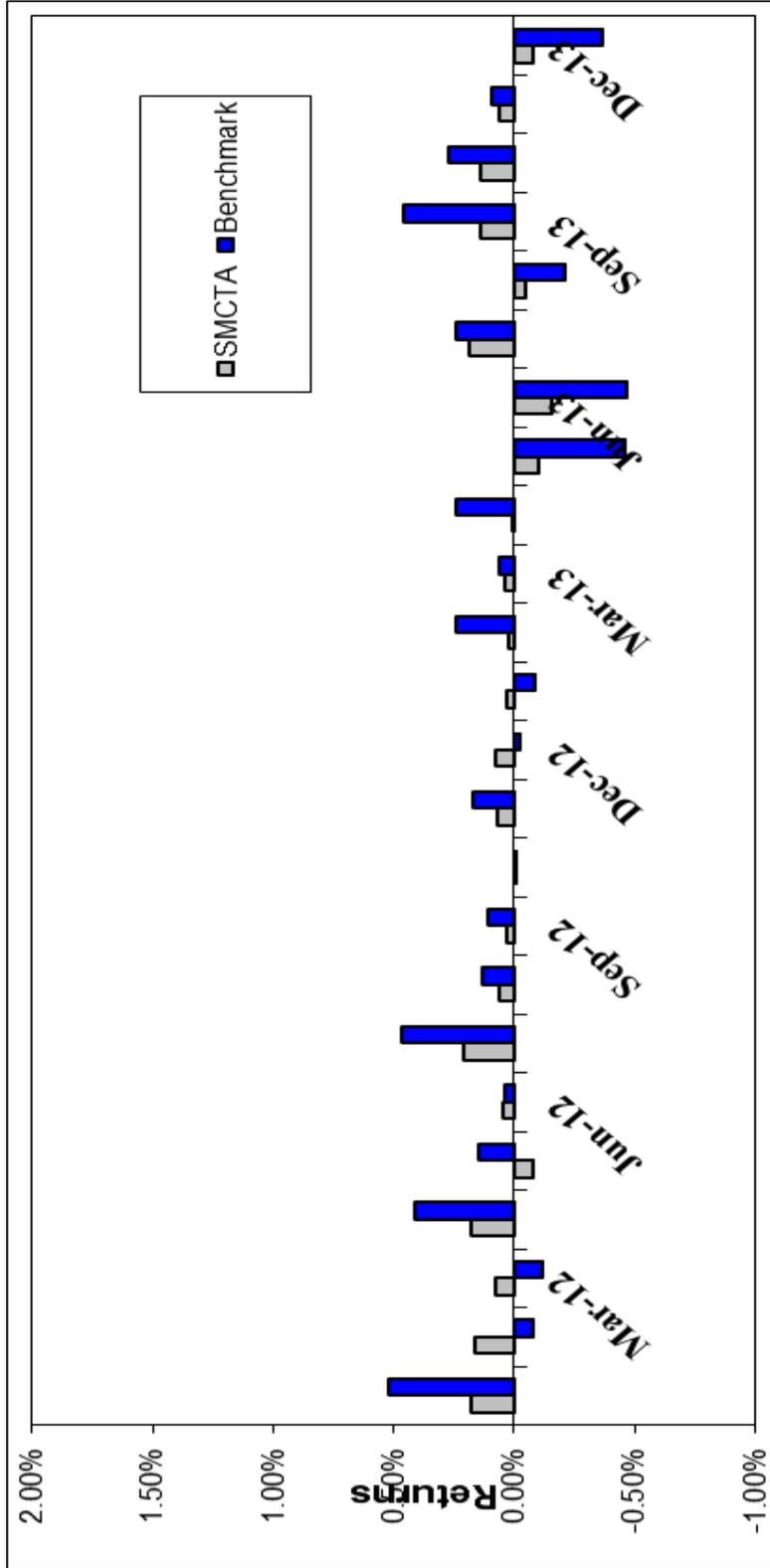
San Mateo County Transportation Authority
 Historical Yield Curve



Data Source: Bloomberg

CSI Capital, a SunTrust Group

San Mateo County Transportation Authority
 Monthly Review – Account vs. Benchmark
 Rolling 24 Months



Trailing 12 Months	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Trailing 12
MONTHLY PERFORMANCE DATA													
SMCTA	0.03%	0.02%	0.04%	0.01%	-0.10%	-0.16%	0.19%	-0.05%	0.14%	0.14%	0.06%	-0.08%	0.24%
Benchmark	-0.09%	0.24%	0.06%	0.24%	-0.46%	-0.47%	0.24%	-0.21%	0.46%	0.27%	0.09%	-0.37%	-0.01%

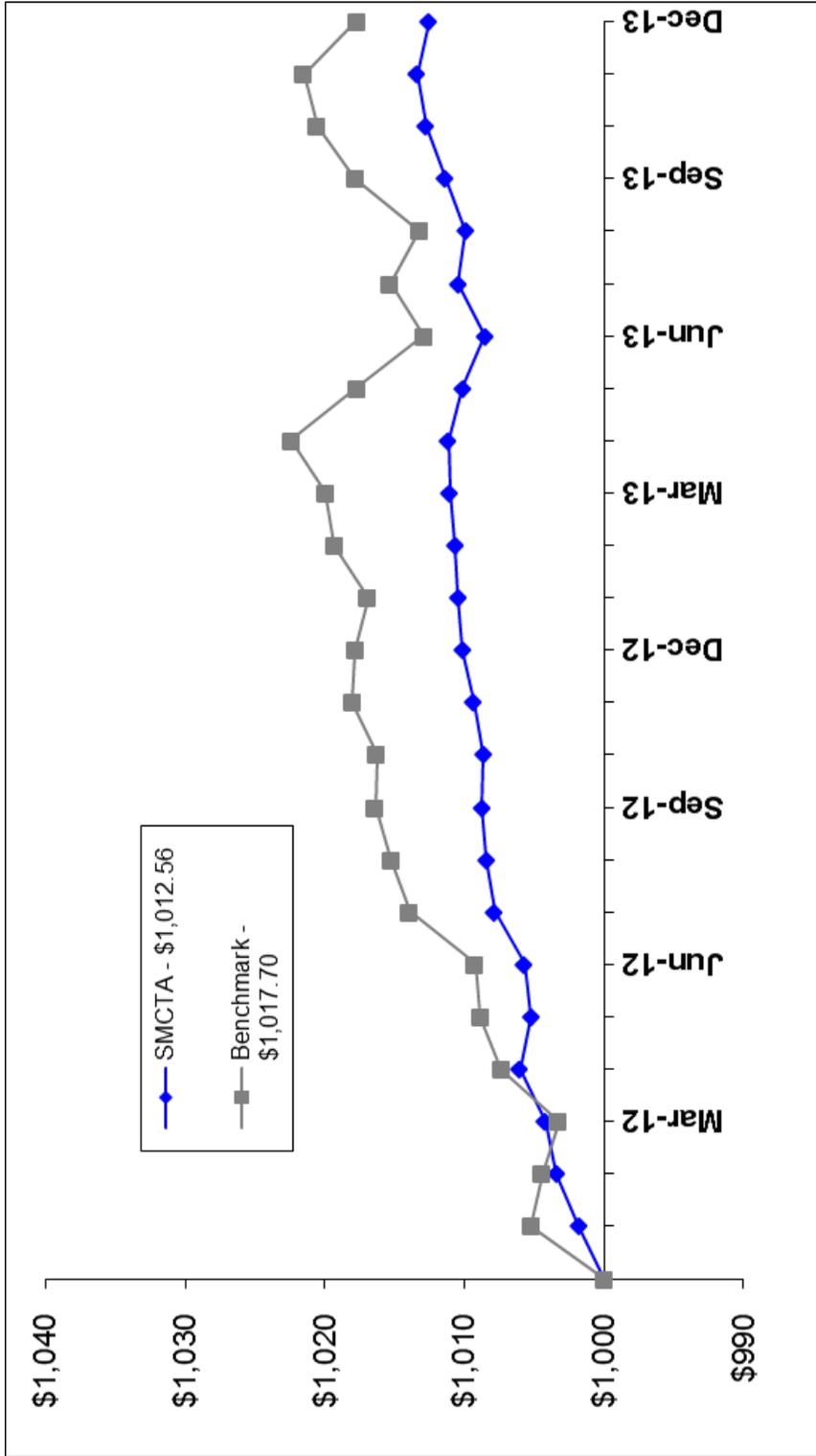
EXHIBIT 3

CSI Capital, a SunTrust Group

San Mateo County Transportation Authority

Growth of a Thousand Dollars

Rolling 24 Months



CSI Capital, a SunTrust Group

San Mateo County Transportation Authority

Duration vs. Benchmark

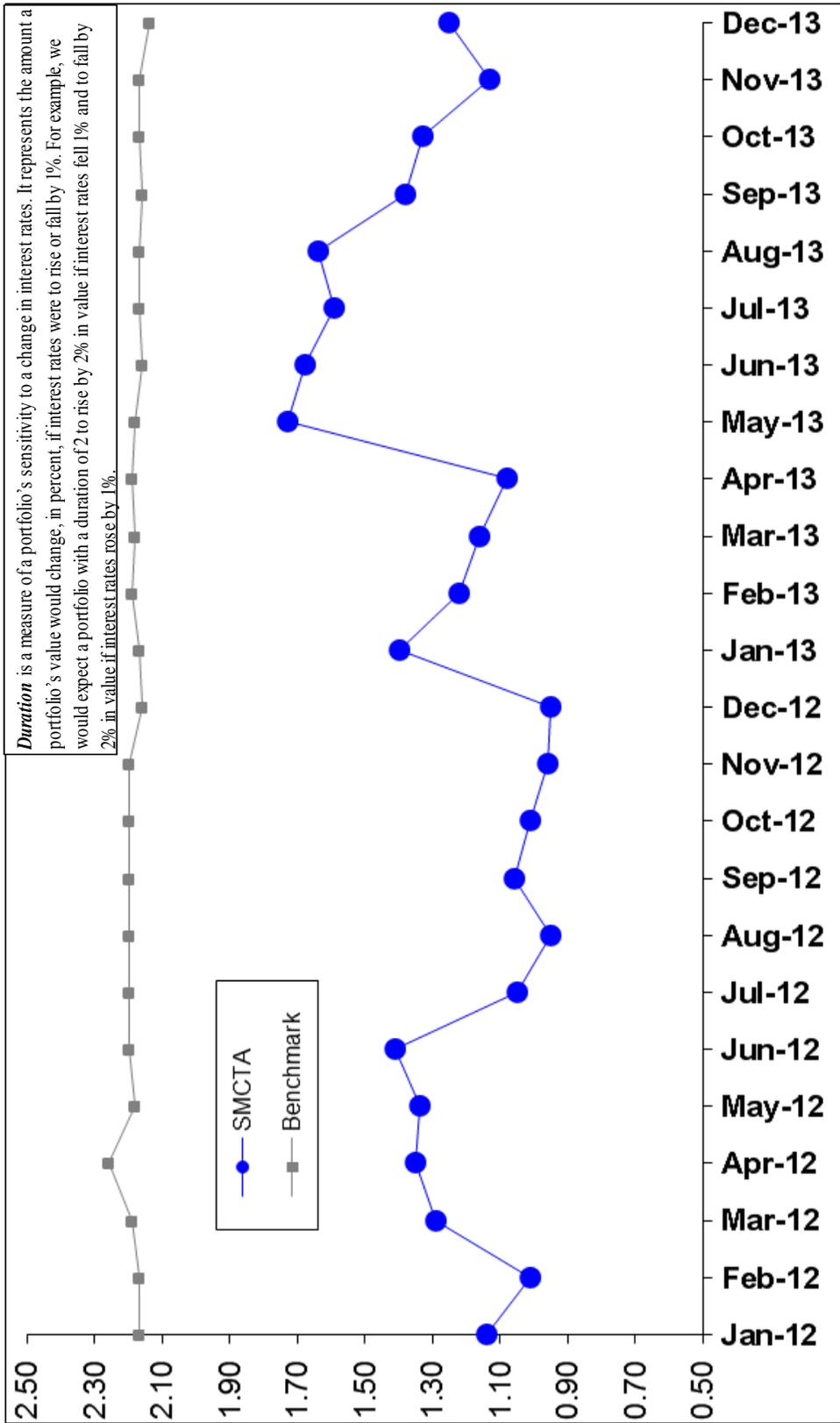


EXHIBIT 5

CSI Capital, a SunTrust Group

San Mateo County Transportation Authority

Percent of Assets Held by Type

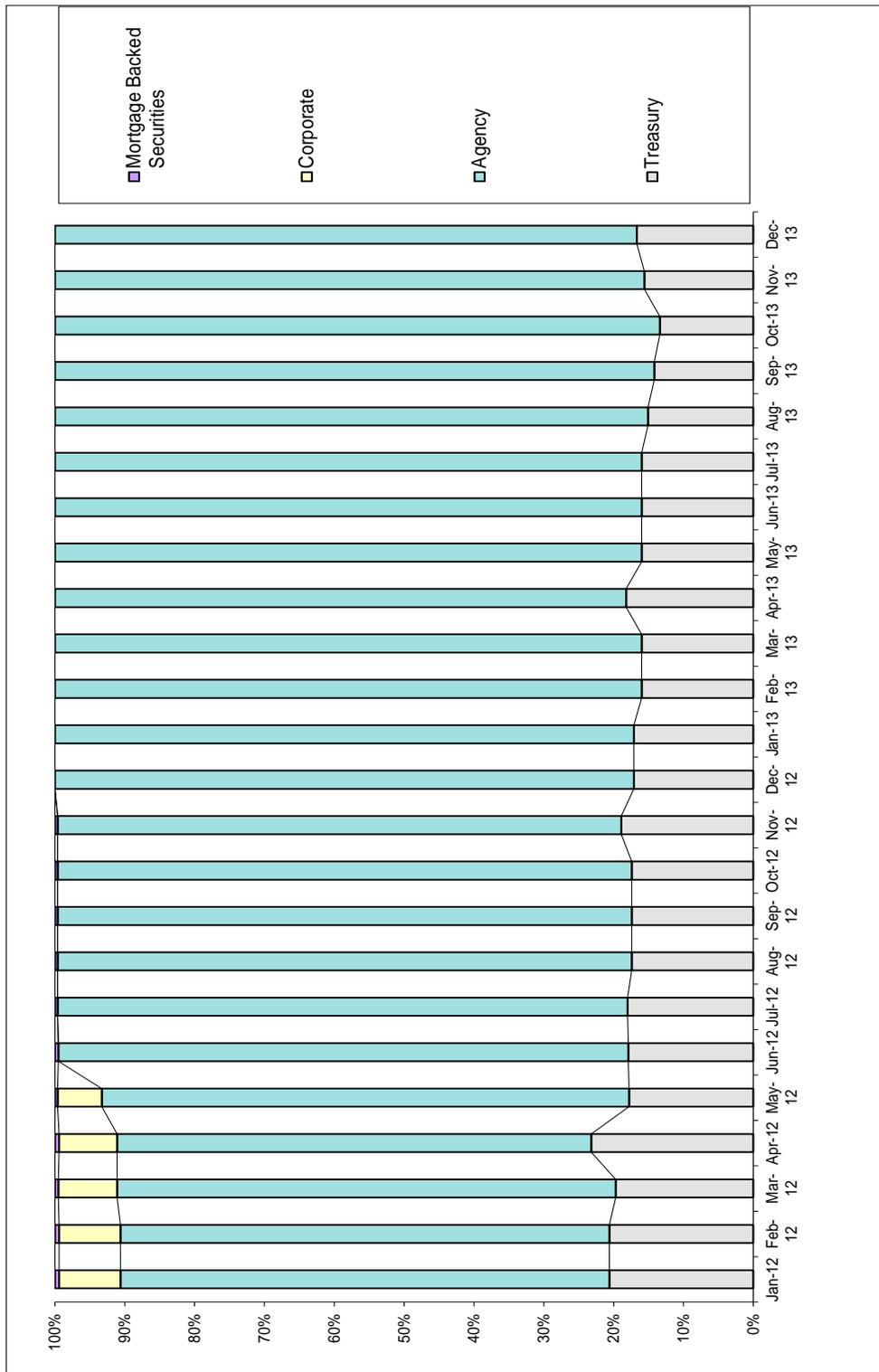


EXHIBIT 6

CSI Capital, a SunTrust Group

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Michael J. Scanlon
Executive Director

FROM: Gigi Harrington
Deputy CEO

SUBJECT: **PRESENTATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR
THE FISCAL YEAR ENDED JUNE 30, 2013**

ACTION

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

SIGNIFICANCE

Maze and Associates conducted the annual audit of the financial statements for the year ended June 30, 2013 and determined that in their opinion the financial statements fairly represent the financial position for the period of July 1, 2012 to June 30, 2013.

The Comprehensive Annual Financial Report (CAFR) has three sections, the introductory, financial and statistical section. The financial section includes:

- 1) Independent Auditor's Report – this report was prepared by the independent auditors, who rendered an unqualified opinion, which is the most favorable opinion an agency can receive in an audit. An unqualified opinion means that the financial statements are presented fairly and in accordance with generally accepted accounting principles.
- 2) Management's Discussion and Analysis – this section provides management's overview of the financial activities.
- 3) Basic Financial Statements – the basic financial statements include a statement of net assets, statement of activities, governmental fund balance sheet, governmental fund statement of revenues, expenditures and changes in fund balance and notes to the statements which are essential to a full understanding of the data provided.
- 4) Required Supplementary Information – this includes the budgetary comparison for the Special Revenue Fund and the budgetary comparison for the Transportation System Management Fund.

Annually, the TA submits the CAFR to the Government Finance Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting. The TA has received an award for every year that the report was submitted.

The Fiscal Year 2013 CAFR is available online at [http://www.smcta.com/Assets/ Finance/CAFR/TA/TA+CAFR+2013.pdf](http://www.smcta.com/Assets/Finance/CAFR/TA/TA+CAFR+2013.pdf)

Budget Impact

There is no impact on the budget.

Prepared by: Sheila Tioyao, Manager, Financial Services

650-508-7752

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Michael J. Scanlon
Executive Director

FROM: Mark Simon
Executive Officer, Public Affairs

SUBJECT: **2014 LEGISLATIVE PROGRAM**

ACTION

Staff proposes Board adoption of the attached Legislative Program (Program) to guide the Transportation Authority's (Authority) policy advocacy efforts over the course of the 2014 calendar year.

SIGNIFICANCE

The 2014 Program establishes the principles that will guide the Authority's legislative and regulatory advocacy efforts through the 2014 calendar year, including the second half of the 2013-14 State legislative session and the 114th Congress. The program is intended to be broad enough to cover the wide variety of issues that are likely to be considered during that time and flexible enough to allow the Authority to respond swiftly and effectively to unanticipated developments. Adoption of the program provides our legislative delegation and our transportation partners with a clear statement of the Authority's priorities.

The 2014 Program is organized to guide the Authority's actions and positions in support of three primary objectives:

1. Maintain and enhance funding opportunities to support the Authority's programs and services;
2. Seek a regulatory environment that streamlines project delivery and maximizes the Authority's ability to meet public transportation service demands; and
3. Reinforce and expand programs that build and incentivize public transportation ridership.

The Program is structured to apply these core objectives to a series of issues, resulting in a set of policy strategies for each.

State Issues:

1. State Budget and Transportation Funding Opportunities
2. Caltrain Modernization and High-speed Rail
3. Transportation Operations, Administration, Planning and Project Delivery Regulation

Federal Issues:

1. Surface Transportation and Rail Authorization
2. Map-21 Implementation and other Regulatory Issues
3. Fiscal Year 2015 Appropriations
4. Climate Change and Livability

Should other issues surface that require the Authority's attention, actions will be guided by the three policy objectives listed above. If needed, potential action on issues that are unrelated to these policy goals will be brought to the Authority's Board of Directors for consideration.

The Authority and its legislative consultants will employ a variety of advocacy tactics to support the 2014 Program, including:

1. Direct Advocacy
Engage policymakers directly and sponsor legislation, submit correspondence and provide testimony that communicates and advances The Authority's legislative priorities and positions.
2. Coalition-based Advocacy
Engage local and regional stakeholders to build awareness about specific issues and foster the creation of local coalitions that will advocate on the Authority's behalf. Coordinate with local, regional, statewide and national coalitions organized to advance positions that are consistent with the 2014 Legislative Program.
3. Media Advocacy
Build awareness and communicate legislative priorities by issuing press releases, organizing media events, and submitting op-ed pieces; engage the broader in advocacy efforts through the use of social media and other electronic media that facilitate the public's ability to communicate on the Authority's behalf.

BUDGET IMPACT

There is no impact on the budget.

BACKGROUND

Staff actively monitors legislative and regulatory 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, Director, Government and Community
Affairs

650-508-6388

San Mateo County Transportation Authority 2014 State and Federal Legislative Program

Purpose

Legislative and regulatory actions have the potential for dramatic benefits to the San Mateo County Transportation Authority's (Authority) programs and services. They also have potential to present serious challenges that threaten the Authority's ability to meet San Mateo County's most critical transportation demands.

The 2014 Legislative Program establishes the principles that will guide the Authority's legislative and regulatory advocacy efforts through the 2014 calendar year, including the second half of the 2013-14 State legislative session and the 114th Congress. The program is intended to be broad enough to cover the wide variety of issues that are likely to be considered during that time and flexible enough to allow the Authority to respond swiftly and effectively to unanticipated developments.

Federal and State Policy Objectives

The 2014 Legislative Program is organized to guide the Authority's actions and positions in support of three primary objectives:

1. Maintain and enhance funding opportunities to support the Authority's programs and services.
2. Seek a regulatory environment that streamlines project delivery and maximizes the Authority's ability to meet transportation service demands.
3. Reinforce and expand programs that build and incentivize public transportation ridership.

Issues

The Legislative Program is structured to apply these core objectives to a series of issues, resulting in a set of policy strategies for each.

State and Regional Issues

1. State Budget and Transportation Funding Opportunities
2. Caltrain Modernization and High-speed Rail
3. Transportation Operations, Administration, Planning and Project Delivery Regulation

Federal Issues:

1. Surface Transportation and Rail Authorization
2. Map-21 Implementation and other Regulatory Issues
3. Fiscal Year 2015 Appropriations
4. Climate Change and Livability

San Mateo County Transportation Authority 2014 State and Federal Legislative Program

Should other issues surface that require the Authority's attention, actions will be guided by the three policy objectives listed above. If needed, potential action on issues that are unrelated to these policy goals will be brought to the Authority's Board of Directors for consideration.

Advocacy Tactics

Authority staff, led by the Government and Community Affairs group and its legislative consultants, will employ a variety of advocacy tactics to support the 2014 Legislative Program, including:

1. Direct Advocacy
Engage policymakers directly and sponsor legislation, submit correspondence and provide testimony that communicates and advances The Authority's legislative priorities and positions.
2. Coalition-based Advocacy
Engage local and regional stakeholders to build awareness about specific issues and foster the creation of local coalitions that will advocate on the Authority's behalf. Coordinate with local, regional, statewide and national coalitions organized to advance positions that are consistent with the 2014 Legislative Program.
3. Media Advocacy
Build awareness and communicate legislative priorities by issuing press releases, organizing media events, and submitting op-ed pieces; engage the broader in advocacy efforts through the use of social media and other electronic media that facilitate the public's ability to communicate on the Authority's behalf.

2014 San Mateo County Transportation Authority Legislative Program

STATE AND REGIONAL ISSUES	
<i>Issues and Background</i>	<i>Strategies</i>
<p>1. State Budget and Transportation Funding Opportunities</p> <p><u>General</u> State investment in transportation operations and infrastructure continues to be underfunded despite a rebounding economy and the stabilization of the State budget. While some existing revenues have been protected from diversion, other funds remain vulnerable, and although some State bond revenues are still available to fund specified transportation projects, an additional \$295 billion in new revenue will be required to meet the State's infrastructure needs over the next seven years.</p> <p><u>Existing Revenues</u> After years of diversion to support the State's General Fund, funding for the State Transit Assistance (STA) program has remained stable over the last few budget cycles thanks to successful legal, legislative and political efforts on behalf of the transportation community. Still, a small increment of STA funding remains vulnerable to diversion under current law.</p> <p>Infrastructure investments are achieved primarily through the sale of voter-approved bonds. Appropriation of revenues from the sale of Proposition 1A and Proposition 1B bonds will be needed to ensure that the State's transportation needs are addressed.</p>	<p><u>General</u></p> <ul style="list-style-type: none"> • Protect against the elimination or diversion of any State-directed funds that support San Mateo County transportation needs • Support State funding allocation requests for investments that benefit San Mateo County transportation programs and services • Work with statewide transit coalitions to identify and advance opportunities for funding that would support San Mateo County transportation priorities <p><u>Existing Revenues</u></p> <ul style="list-style-type: none"> • Support the full funding of the STA program at levels called for in the 2011 reenactment of the 2010 gas-tax swap legislation • Advocate for the regularly scheduled issuance of State infrastructure bonds and the appropriation and equitable allocation of bond revenues to Proposition 1A and Proposition 1B programs that support San Mateo County's transportation services and programs

2014 San Mateo County Transportation Authority Legislative Program

STATE AND REGIONAL ISSUES	
<i>Issues and Background</i>	<i>Strategies</i>
<p><u>Ballot Measures and Voter Threshold</u> With nearly \$300 billion in unfunded transportation needs and funding from existing infrastructure bond measures waning, proposals for new local, regional and statewide transportation revenues are being discussed.</p> <p>Despite broad-based majority support for dedicating additional revenue to transportation services and programs, efforts to generate new revenues are often unsuccessful due to the requirement that certain measures receive two-thirds supermajority support from voters.</p> <p>In 2014, legislation will likely be considered that provides a framework for lowering voter thresholds required for city, county, special district or regional public agency to impose a special tax.</p> <p><u>Cap-and-Trade Revenues</u> In 2012, the State began implementing the cap-and-trade market-based compliance system approved as a part of the Global Warming Solutions Act (AB 32). The State estimates that the system may yield billions of dollars per year in revenues that will be allocated to various emissions-reducing projects and programs. In 2014, cap-and-trade revenues will continue to be generated and legislation will likely be considered that provides a framework for the near-term and long-term investment of these funds.</p>	<p><u>Ballot Measures and Voter Threshold</u></p> <ul style="list-style-type: none"> • Engage in efforts to generate new local, regional or statewide transportation funding and support proposals that adequately benefit San Mateo County transportation needs • Support efforts to amend the State Constitution to reduce the voter threshold required for a city, county, special district or regional transportation agency to impose a special tax for transportation projects or programs • Oppose efforts to add burdensome restrictions on the expenditure of these revenues <p><u>Cap-and-Trade Revenues</u></p> <ul style="list-style-type: none"> • Work with the Administration and through like-minded transportation coalitions to secure the appropriation of cap-and-trade revenues in 2014 that are eligible to support San Mateo County transportation needs • Support Legislation and regional action that establishes a long-term framework for cap-and-trade expenditures and that makes a broad array of San Mateo County emissions-reducing transportation projects, programs and services eligible for investment

2014 San Mateo County Transportation Authority Legislative Program

STATE AND REGIONAL ISSUES	
<i>Issues and Background</i>	<i>Strategies</i>
<p><u>Sustainable Communities Strategies Implementation</u> In conjunction with AB 32 Implementation, the Sustainable Communities and Climate Protection Act (SB 375) requires regions to develop Sustainable Communities Strategies (SCS) with integrated housing, land-use and transportation policies that will accommodate population growth and reduce regional greenhouse gas emissions by specific amounts. In 2013, regional authorities in the Bay Area approved Plan Bay Area, which includes the region's SCS.</p> <p><u>Other Local Financing Options</u> With the State's regions working to implement SB 375 and the recent dissolution of redevelopment agencies, local governments continue to seek methods for funding new infrastructure around transit.</p>	<p><u>Sustainable Communities Strategies Implementation</u></p> <ul style="list-style-type: none"> • Advocate for policies that provide adequate and equitable funding to support increased demand and dependence on San Mateo County's transportation services associated with the implementation of SB 375 and Plan Bay Area <p><u>Other Local Financing Options</u></p> <ul style="list-style-type: none"> • Advocate for legislation that would create new local financing tools to support transportation infrastructure and services

2014 San Mateo County Transportation Authority Legislative Program

STATE AND REGIONAL ISSUES	
<i>Issues and Background</i>	<i>Strategies</i>
<p>2. Caltrain Modernization and High-speed Rail</p> <p>In 2012, the State Legislature appropriated \$705 million in Proposition 1A high-speed rail funds to modernize the Caltrain corridor in preparation for eventual high-speed rail service. Under a multi-party regional funding agreement, this investment will be used to match a variety of local, regional, state and federal funding sources to electrify the corridor, install an advanced signaling system and replace Caltrain's aging diesel trains with electric trains that will dramatically improve service between San Francisco and San Jose.</p> <p>In addition to planning these improvements, Caltrain is working to identify additional infrastructure necessary to support a modernized Caltrain service and the addition of high-speed operations to the corridor as part of a Blended System that requires Caltrain and high-speed rail to primarily share the corridor's existing infrastructure.</p>	<ul style="list-style-type: none"> • Advocate for the sale and allocation of Proposition 1A funding to meet the commitments specified in SB 1029 with respect to the Caltrain corridor • Work with local and regional funding partners to advance policies and actions that will help secure funding needed to fulfill local and regional commitments to the Caltrain Modernization Program • Work to address regulatory challenges and identify and secure funding that will help advance additional improvements to support and maximize the benefits associated with an electrified Caltrain service and the eventual Blended System
<p>3. Transportation Operations, Administration, Planning and Project Delivery Regulation</p> <p><u>General</u> Every year a variety of legislation or regulatory action is pursued that would affect regulations governing transportation-related service operations, administration, planning and project delivery. In addition, opportunities exist to reform or update existing regulations that are outdated, or can be improved to address potential burdens on transportation agencies without affecting regulatory goals.</p>	<p><u>General</u></p> <ul style="list-style-type: none"> • Support opportunities to remove barriers to, and improve the ability to conduct, efficient transportation operations, administration, planning and project delivery efforts • Oppose efforts to impose unjustified and burdensome regulations or restrictions on the Authority's ability to conduct efficient transportation operations, administration, planning and project delivery efforts

2014 San Mateo County Transportation Authority Legislative Program

STATE AND REGIONAL ISSUES	
<i>Issues and Background</i>	<i>Strategies</i>
<p><u>Vehicle Weight Limits</u> Transit buses are subject to decades-old vehicle weight limits that do not reflect current operating realities. In 2012, legislation was passed that permanently exempts buses that are currently in operation or procurement. Buses purchased after 2012 will be subject to weight limits again starting in 2015.</p> <p><u>Zero Emission Bus Purchase Requirement</u> Implementation of the State's zero emission bus purchase requirement has been delayed repeatedly, but will eventually be required to achieve the State's mandated greenhouse gas reduction goals.</p> <p><u>California Environmental Quality Act (CEQA)</u> Several regional and statewide transportation advocates will be working to modernize CEQA and minimize unnecessary delays during the environmental review process.</p> <p><u>Project Delivery</u> In 2015, public transit agencies' statutory authorization of the design-build project delivery approach will expire. Transit agencies have utilized design-build successfully in the past to control costs, minimize risk and accelerate project delivery. In 2013, design-build was selected as the project delivery approach for the Caltrain electrification project.</p>	<p><u>Vehicle Weight Limits</u></p> <ul style="list-style-type: none"> • Partner with statewide transportation agencies and coalitions to develop and support a long term solution to the State's vehicle weight limit regulations that reflects current public transit operating realities and requirements <p><u>Zero Emission Bus Purchase Requirement</u></p> <ul style="list-style-type: none"> • Monitor California Air Resources Board action on the implementation of the State's zero emission bus purchase requirement and support strategies that recognize and address the financial challenges associated with mandating the procurement of zero emission buses <p><u>California Environmental Quality Act (CEQA)</u></p> <ul style="list-style-type: none"> • Closely monitor efforts to modernize CEQA and support proposals that advantage transportation projects, including bicycle, pedestrian and transit-oriented development projects without compromising CEQA's effectiveness as an environmental protection policy <p><u>Project Delivery</u></p> <ul style="list-style-type: none"> • Pursue legislation to extend design-build authority for transit operators beyond January 1, 2015. • Pursue legislation to allow the San Mateo County Transit District and Caltrain to utilize a full range of wage monitoring and enforcement practices under the CMGC project delivery approach.

2014 San Mateo County Transportation Authority Legislative Program

STATE AND REGIONAL ISSUES	
<i>Issues and Background</i>	<i>Strategies</i>
<p>In 2013, the San Mateo County Transit District (District) co-sponsored legislation with the Santa Clara Valley Transportation Authority that allows the District, and by extension, Caltrain, to utilize a Construction Management/General Contractor (CMGC) project delivery approach. The legislation included specified prevailing wage monitoring and enforcement provisions that do not encompass the full scope of monitoring and enforcement practices utilized by the District.</p>	

FEDERAL ISSUES	
<i>Issues and Background</i>	<i>Strategies</i>
<p>1. Surface Transportation and Rail Authorization</p> <p>In 2012, Congress passed Moving Ahead for Progress in the 21st Century (MAP-21). While MAP-21 included significant benefits for transportation agencies, it expires in October 2014 and it did not address several critical issues including the long-term solvency of the Highway Trust Fund, the reauthorization of Federal rail programs, the permanent extension of transit-related tax benefits and the passage of a longer-term authorization that guarantees reliable funding for transportation programs and services.</p>	<ul style="list-style-type: none"> • Advocate for a dedicated source of revenue that ensures long-term solvency of the Highway Trust fund, allows for the expansion of Federal transportation funding and supports long-term surface transportation authorization • Support the reauthorization of Federal rail programs that includes significant funding eligible to support improvements associated with the Modernization of the Caltrain system and the addition of blended high-speed rail service

2014 San Mateo County Transportation Authority Legislative Program

FEDERAL ISSUES	
<i>Issues and Background</i>	<i>Strategies</i>
<p>2. MAP-21 Implementation and other Regulatory Issues</p> <p>MAP-21 simplifies the Federal transportation funding structure by consolidating several programs and includes several policy changes including eligibility expansion, the conversion of some discretionary programs to formula-based programs and policies designed to expedite project delivery.</p> <p>The United States Department of Transportation (USDOT) continues to issue guidance and conduct rulemaking to implement these changes.</p> <p>Transportation agencies have also sought to influence passage and implementation of other regulatory changes affecting pre-tax benefits for transit riders, safety requirements and other transportation issues.</p>	<ul style="list-style-type: none"> • Monitor and review guidance and rulemaking proposals affecting MAP-21 implementation and other transportation issues • Collaborate with local, regional, State and national transportation advocacy groups to coordinate comments and advocacy efforts that support regulation that maximizes benefits for transportation programs, services and users
<p>3. 2015 Federal Appropriations</p> <p>Every year, Congress adopts at least 12 separate appropriations bills, including the Transportation, Housing and Urban Development bill. These measures provide the authority for federal agencies to spend money during the upcoming fiscal year for the programs they administer. Fiscal Year 2015 will mark the second appropriations process under MAP-21. In recent years, Congress has essentially maintained existing funding levels, However, under MAP-21, authorized funding has been increased slightly over prior years.</p>	<ul style="list-style-type: none"> • Partner with local, regional, State and national coalitions to advocate appropriation of the maximum authorized amount for programs that benefit San Mateo County transportation services and needs • Work with local and regional coalitions to support the Authority's requests for funding from discretionary programs

2014 San Mateo County Transportation Authority Legislative Program

FEDERAL ISSUES	
<i>Issues and Background</i>	<i>Strategies</i>
<p>4. Climate Change and Livability</p> <p>Despite several recent efforts, Congress has been unable to pass legislation that would address climate change by reducing greenhouse gas emissions. Previous versions of the legislation have included a cap and trade system with emissions allowances that 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> <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 vehicle miles traveled (VMT) by promoting these goals on a national scale.</p>	<ul style="list-style-type: none"> • Advocate that climate change legislation include 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 would result in VMT reduction • Advocate for the inclusion of funding that furthers coordinated integration of programs that support housing, transportation and land use planning and investment

**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 in accordance with the approved Legislative Program.

STATE ISSUES

State Budget

On January 9 the governor released his Fiscal Year (FY) 2015 State Budget. With new sales tax revenue and an improved economy, the governor's budget predicts a \$4 billion surplus.

The governor's proposal would begin early repayment of \$351 million in Highway Users Tax Account funds to fund improvements and maintenance for State highways and local streets and roads in addition to active transportation projects and traffic management improvements. The budget also recommends full appropriation of \$1.1 billion in Proposition 1B infrastructure bond funds including \$793 million for transit agencies, \$160 million for intercity rail and \$113 million for State highways.

The budget would also appropriate \$850 million in Cap-and-Trade revenues including \$100 million for Senate Bill 375 implementation, \$100 million for the purchase of low-emission vehicles and \$300 million for rail modernization. Of the rail modernization funding, \$250 million would be reserved for high-speed rail and \$50 million would be used for existing systems to enhance connectivity to the planned high-speed rail system.

Select Committee on Passenger Rail

The California State Senate formed a Select Committee on Passenger Rail that will meet to focus on the needs of the State's rail network. The committee will be chaired by Senator Hannah Beth-Jackson (D-Santa Barbara) and includes Bay Area legislators Jerry Hill (D-San Mateo) and Mark DeSaulnier (D-Contra Costa). The committee will hold its first meeting this spring.

High-speed Rail

On January 24, the California High-speed Rail Authority filed a petition asking the California Supreme Court to reverse two lower court rulings that affect the sale and expenditure of Proposition 1A bonds.

Statewide Transportation Ballot Measure

The California Alliance for Jobs and Transportation California announced that they will not proceed with efforts to ask California voters to pass a new vehicle license fee in 2014. After assessing the political feasibility of the proposal, the groups will instead focus on re-directing California truck-weight fees to support transportation projects. In recent years, those fees have been diverted to help address the State's General Fund deficit.

FEDERAL ISSUES

FY2014 Appropriations

On January 17, Congress approved an omnibus appropriations bill that funds Federal programs through September 30. The bill funds Federal transit programs at their fully authorized levels and also increases funding for the TIGER multi-modal grant program to \$600 million, which is \$126 million more than last year's program.

The bill did not include funding for high-speed rail or the implementation of positive train control on the country's passenger rail corridors, but it also excluded language from the House-passed bill that would have prohibited Federal funding for the California High-speed Rail Project.

The White House announced that the President will release his budget recommendations for FY2015 on March 4.

Transportation Authorization

On January 14, the House Transportation and Infrastructure Committee held a hearing focused on the successor to the current surface transportation authorization legislation. The committee's chairman, Rep. Bill Schuster (R-PA) indicated that language could be available prior to the August Congressional recess.

Prepared By: Seamus Murphy, Director, Government and Community
Affairs

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