



# AGENDA

## SAN MATEO COUNTY TRANSPORTATION AUTHORITY

Bacciocco Auditorium, 2<sup>nd</sup> Floor  
1250 San Carlos Avenue, San Carlos, CA 94070

**May 4, 2017 – Thursday**

**5:00 p.m.**

1. Pledge of Allegiance
2. Call to Order/Roll Call
3. Report of the Citizens Advisory Committee
4. 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 April 6, 2017
  - b. Acceptance of Statement of Revenues and Expenditures for March 2017
  - c. Call for Public Hearing for Preliminary Fiscal Year 2018 Budget on June 1, 2017
5. Public Comment  
Public comment by each individual speaker shall be limited to one minute
6. Chairperson's Report
7. San Mateo County Transit District Liaison Report – K. Matsumoto INFORMATIONAL
8. Joint Powers Board Report – J. Hartnett INFORMATIONAL
9. Report of the Executive Director – J. Hartnett INFORMATIONAL
  - a. Update on SamTrans and Caltrain Business Plans INFORMATIONAL
10. Finance MOTION
  - a. Authorize Acceptance of the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended March 31, 2017
  - b. Preliminary Fiscal Year 2018 Budget INFORMATIONAL

11. Program

- a. Program Report: Transit Program - Paratransit INFORMATIONAL
- b. Update on State and Federal Legislative Program INFORMATIONAL
- c. Update on Regional Measure 3 INFORMATIONAL

12. Requests from the Authority

13. Written Communications to the Authority

14. Date/Time of Next Regular Meeting: Thursday, June 1, 2017, 5 p.m.  
at San Mateo County Transit District Administrative Building,  
Bacciocco Auditorium, 2<sup>nd</sup> Floor, 1250 San Carlos Avenue,  
San Carlos, CA 94070

15. Report of Legal Counsel

- a. Closed Session: Conference with Legal Counsel – Existing  
Litigation Pursuant to Government Code Section 54956.9(d)(1):  
Pacificans for a Scenic Coast vs. California Department of  
Transportation, Respondents and Defendants, and San Mateo  
County Transportation Authority and City of Pacifica, Real  
Parties in Interest and Defendants. Case No. CIV 523973

16. 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](http://www.smcta.com). Communications to the Board of Directors can be e-mailed to [board@smcta.com](mailto:board@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, FLX, 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](mailto: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 APRIL 6, 2017**

**MEMBERS PRESENT:** E. Beach, M. Freschet, C. Groom (Chair), D. Horsley, K. Ibarra, C. Johnson, K. Matsumoto

**STAFF PRESENT:** J. Cassman, A. Chan, C. Fromson, J. Hartnett, J. Hurley, K. Kelly, M. Martinez, N. McKenna, M. Simon, J. Slavitt, S. van Hoften

Chair Carole Groom called the meeting to order at 5:02 p.m. and led the Pledge of Allegiance.

**CITIZENS ADVISORY COMMITTEE (CAC) REPORT**

Written report was in reading file.

**APPROVAL OF CONSENT CALENDAR**

- a) Approval of Minutes of March 2, 2017
- b) Acceptance of Statement of Revenues and Expenditures for February 2017

Motion/Second: Horsley/Ibarra

Ayes: Beach, Freschet, Horsley, Ibarra, Johnson, Matsumoto, Groom

**PUBLIC COMMENT**

Diane Bailey, Menlo Spark, said they appreciate the leadership coming from San Mateo County to fix the roadways, bring in more transit, and improve mobility. She said as work towards the November 2018 ballot initiative develops she wants to make sure there is a public process. Ms. Bailey said if there is public polling to be done that groups like hers, transportation and mobility advocates, would like access to the polling and help shape the questions before it goes to the public. She said they would like to see more funding go to public transit, safer bike and pedestrian routes and increasing non-single occupancy driver mobility.

Mark Simon, Chief of Staff, said staff is working extensively on a ballot measure. There is a large framework of programs that need to be done for SamTrans and major capital programs, including Dumbarton Corridor and Highway 101 Managed Lanes.

**CHAIRPERSON'S REPORT**

None.

**SAN MATEO COUNTY TRANSIT DISTRICT LIAISON REPORT – K. MATSUMOTO**

The April 5 report is in the reading file.

**PENINSULA CORRIDOR JOINT POWERS BOARD (JPB) REPORT – J. HARTNETT**

The April 6 report is in the reading file.

## REPORT OF THE EXECUTIVE DIRECTOR – J. HARTNETT

Jim Hartnett, Executive Director, reported:

- The 101/Broadway Interchange Reconstruction Project is nearing completion. This \$97.5 million project, funded with nearly \$70 million in Measure A funds, began construction in September 2014. This will conclude the major traffic shifts associated with the project. Remaining construction activities include completing utility relocation, constructing final access to businesses on the east side of 101, and landscaping. The TA staff, California State Department of Transportation, Burlingame and the contractor are developing an event in September to celebrate the completion of the project.
- Community meetings have been scheduled to discuss the proposed 101/Peninsula Avenue Interchange Project. The project, sponsored by the city of San Mateo, proposes to add southbound on- and off-ramps at Peninsula Avenue. Because of the proximity of the project and the strong interest from Burlingame, there will be a meeting in each jurisdiction to solicit input from the communities regarding issues and concerns that should be explored and addressed during the environmental process. The meetings will be held in San Mateo on May 3 and in Burlingame on May 16.
- TA staff has been working with staff of local jurisdictions along the 101 corridor to explain the proposed 101 Managed Lanes Project and to understand their concerns with implementation. Two community meetings will be held; May 31 in San Mateo and June 5 in Redwood City, both at the City Halls.
- The Board allocated \$65.3 Million to the 25<sup>th</sup> Avenue Grade Separation project in October 2016. City of San Mateo is the sponsor of the project, while Caltrain is the project lead. Caltrain has since advertised the project for construction, and is scheduled to award the construction contract at the June 2017 Caltrain Board meeting. At the time of allocation, staff mentioned that the Project also requires the conveyance of approximately 3.7 acres of real property that is owned by the TA. Staff will continue to report on a regular basis the progress of the Project, and at the appropriate time, bring an action of conveyance recommendation when the Project is near completion.
- Staff is requesting a 2- to 3-month postponement of the semi-annual Measure A fund balance report that normally would have been submitted. Staff is taking a comprehensive look at all allocations and expenditures from previous and current sales tax measure. The completed and updated report will be available to the Board for either the June or July meeting.
- The electrification project (PCEP) is \$1.98 billion of which \$647 million is scheduled to come from the Federal Transit Administration (FTA) Full Funding Grant Agreement (FFGA). The grant is qualified; all the statutory and regulatory requirements have been met, and is eligible to be signed. Based on the history of the grant program, this grant would be signed in the normal course. If it is not signed it would be the first grant to reach all the requirements and have the recommendation of the FTA to not be signed. With the change in administration, the signing of the grant was deferred until the president's budget comes out. If the funding is in the budget the FFGA will be signed. If it is not it will not be signed. Staff is aggressively pursuing all avenues to ensure this is in the president's budget. There is tremendous national, State and regional support. The national concern is if Caltrain doesn't get the grant then no one else that is

in the queue will get one either. There are national associations lobbying for this project because of the importance of it. If the PCEP is not in the president's budget in May there is still a possibility that it could ultimately be in a budget adopted by Congress. Congress has not adopted the FY2017 budget. They are poised to adopt portions of it at the end of April or early May. Staff is best suited to have the FFGA signed by June 30, the date in which the contracts have been extended to. If the FFGA is not signed by June 30 staff cannot proceed without the \$647 million coming from other source or sources. There is tremendous support and involvement from the State, the region and local partners. On April 4 the president said "he doesn't want to send \$1 billion to New York and find out five years later the money was never spent because we are going to be very strong that it has to be spent on shovels, not on other programs. He also went on to say that if you have a job that can't start within 90 days we are not going to give you the money for it." The shovels are ready to go in the ground for this project and fit right into the president's goals.

Director Emily Beach asked if the Semi-Annual was internal discovery or external auditing. Mr. Hartnett said internal.

## **FINANCE**

### **Reprogram and Allocate \$1,250,000 of Measure A Funds to Support Environmental Review and Construction of the Highway 1 Mid-Coast Congestion and Safety Improvements Project**

Joe Hurley, Director, TA Program, said at the request of San Mateo County, the project sponsor, the Board programmed \$1.5 million for the planning, environmental and design phase of the project. He said upon the completion of the preliminary planning study there were a number of alternatives along the seven-mile stretch of the mid-coast of San Mateo County that looked to make safety improvements for pedestrians crossing Highway 1 and congestion relief components for motorists travelling along Highway 1. Mr. Hurley said there was a whole array of solutions that were developed, including raised medians, crosswalks with flashing beacons, left turn pockets, signalized intersections, and acceleration and deceleration lanes. He said as part of this effort there was an extensive public outreach to the communities to solicit their input to understand what was important to them. Through the process there was pushback on some of the alternatives, but there was broad consensus on improvements at Grey Whale Cove just south of Tom Lantos Tunnel. Mr. Hurley said this is an area that experiences a lot of activity to beach access and trail heads along the coast. He said with this specific location the smaller scope afforded staff the opportunity to do a Permit Engineering Evaluation Report (PEER). This is something the California State Department of Transportation allows for smaller projects that are not complicated that can be quickly implemented. Mr. Hurley said by being able to use the PEER process it will save time and money. Staff would like to move forward with the PEER process and fund it and use the savings from this project to make available for the construction phase of the project. There will be \$650,000 savings from the initial allocation.

Director Don Horsley said constituents on the Coastside wanted safe crossings. A series of public meetings were held and a consensus could never be reached. He said people complained that crosswalks are too visible and people didn't want flashers

because they wanted dark skies. Director Horsley said the one crossing that incorporates pedestrian safety is at Grey Whale Cove. There is a large parking lot on the east side and people walk across the road dodging cars.

Director Ken Ibarra asked what the construction cost is. Mr. Hurley said \$1 million.

Director Karyl Matsumoto asked if there is buy in from the locals. Director Horsley said yes.

Motion/Second: Horsley/Beach

Ayes: Beach, Freschet, Horsley, Ibarra, Johnson, Matsumoto, Groom

**Programming and Allocation of \$43,827,600 in Caltrain Program Category Funds for the Peninsula Corridor Electrification Project (PCEP)**

April Chan, Chief Officer, said this action is to redirect funding from the South San Francisco Station Project (Project) and reprogram and allocate to PCEP to ensure the program will be eligible for the FTA Core Capacity Funds. She said this action was supposed to come before the Board in March, but staff wanted to make sure that MTC had programmed the funding to the Project before proceeding. The funding plan for PCEP includes about \$350 million of FTA formula funding. MTC had programmed Section 5337 funds for the replacement of the diesel fleet to EMUs. Ms. Chan said FTA said 5337 funds cannot be programmed for this purpose and in order to comply and make sure the project was eligible for the FTA Core Capacity funding staff worked with MTC. MTC said a total of \$43 million needs to be reprogrammed. This action will do is redirect a total of \$38 million from the Project and allocate to the electrification program. She said MTC would program \$38 million to the Project and the remaining \$5 million would be a fund swap with MTC.

Director Matsumoto asked about Capital Investment Program (CIP). Ms. Chan said the CIP is the umbrella program that provides discretionary grants to large expansion projects.

Director Beach said back on December 1 there was \$27 million programmed and between then and now there is another \$15.9 million and asked what has changed at MTC that this additional money is needed. Ms. Chan said originally that was the dollar amount MTC was programming in the 2016 Transportation Improvement Program. Since then additional FTA formula funding has been identified that MTC wanted to give to PCEP, but because of the FTA requirement MTC wanted to do another fund swap.

Public Comment

Mike Futrell, City Manager, South San Francisco, said with this action the South San Francisco Caltrain Station will be held harmless and made whole and the money will be available to proceed with the Project. He said construction bids will go out in the next seven to 14 days and hope to break ground this summer. Mr. Futrell said the City has put up \$7.2 million to the South San Francisco project.

Motion/Second: Matsumoto/Ibarra

Ayes: Beach, Freschet, Horsley, Ibarra, Johnson, Matsumoto, Groom

## PROGRAM

### Highway 101 Corridor Managed Lanes Project

Leo Scott, Project Manager, Gray-Bowen-Scott, reported:

- Background
  - Caltrain Electrification will not fully address projected demand
  - SamTrans is studying express bus service on the Highway 101 corridor
  - Santa Clara Valley Transportation Authority (VTA) is in final design to create a two plus High Occupancy Vehicle (HOV) express lanes from south of Interstate 85 to the San Mateo County line
  - San Francisco County Transportation Authority is studying an extension of the 101 managed lanes into San Francisco
  - MTC is planning to improve and increase Park and Ride lots
- The problem
  - Jobs, housing and population continue to grow throughout the corridor
  - Vehicle trip demand is projected to grow 4 to 7 percent by 2020
  - Travel-time in congestion is two times longer than in free flow conditions
  - Congestion is bad in both directions during commute hours
  - Carpools and buses are delayed by the congestion so there is limited incentive to share a ride
  - Cars leave the freeway, causing congestion on adjacent city streets
  - Travelers can't plan trip time well because travel times vary
  - No single solution to relieve congestion
- A slide of the bottlenecks and congestion back-ups during the morning and evening commutes was shown.
- Project purpose
  - Reduce congestion in the corridor
  - Encourage carpooling and transit use
  - Provide managed lanes for travel-time reliability
  - Minimize operation degradation of general purpose lanes
  - Increase person throughput
  - Apply technology and/or design features to help manage traffic
- Project limits is the end of the county line in the south to Interstate 380.
- Challenges
  - Find a solution quickly
  - Secure public and political support of the project
  - Secure the required funding
  - Minimize environmental impacts
  - Stay within the current right of way
  - Don't make congestion worse in the other lanes
  - Reduce regional car trips using the local street network
  - Build the project as soon as possible
- A large number of environmental studies have started or are starting.
- North of Whipple Avenue there are only general purpose lanes and south of Whipple there is a carpool or HOV lane. The difference is when a HOV lane is implemented there are hours of operation, requirements in terms of who is eligible, points of access and enforcement.

- This study is looking at adding an express lane. An express lane adds two features to an HOV lane, charges a toll to non-HOV vehicles and it adds a component of operation and maintenance cost.
- The alternatives being study in the project:
  - Alternative 1: No project which gives a baseline upon which all the other alternatives will be measured
  - Alternative 2: Extend current HOV lane up to Interstate 380 by connecting the auxiliary lanes that exist today and converting the interior median lane into an HOV lane
  - Alternative 3: Convert the existing median lane to an express lane
  - Alternative 4: This is much like alternative 2, but after auxiliary lanes are connected the interior lane is converted to an express lane.
- Preliminary design considerations are auxiliary lane replacement, right of way, environmentally sensitive areas and relocation of existing sound walls.
- Slides of the four alternatives were shown.
- Measures of effectiveness/screening criteria for the alternatives
  - Vehicle hours of delay
  - Change in travel times
  - Person throughput
  - Vehicle miles traveled
- Public engagement schedule:
  - Scoping meeting was held on October 27, 2016 at San Mateo City Hall
  - January through March 2017 outreach to city staffs
  - March 9, 2017 presentation to city managers
  - May 31, 2017 community meeting at San Mateo City Hall
  - June 5, 2017 community meeting at Redwood City City Hall

Director Cameron Johnson said he drove in the express lane on Highway 680. He said the rationale for an express lane is not enough cars qualify for an HOV lane. Mr. Scott said yes and can also control pricing of the lane.

Director Johnson said he appreciates the public outreach and asked what is the response given when the question of why people with money should be able to get to work faster by using the designated lanes. Mr. Scott said the benefit is to the entire corridor traffic, but a priority is given to carpools and buses. He said the lanes provide choices, but everyone benefits from the lanes.

Director Karyl Matsumoto asked why this project stops at Interstate 380. Mr. Scott said San Francisco is looking at how to extend and if there is width to widen. He said north of Interstate 380 would be a converted lane.

Director Matsumoto said the backup going south will affect people who are going to the airport. Mr. Hurley said the Board took action to allocate funding for auxiliary lanes from Oyster Point to the San Francisco County line. In partnership with San Francisco staff is looking at extending the managed lanes from Interstate 380 to the Interstate 280/Highway 101 Interchange and then onto Interstate 280 to 4<sup>th</sup> and Townsend streets in San Francisco.

Director Ken Ibarra said he is concerned about the bottlenecks at Highway 92. Mr. Hurley said staff has met with staff from the cities of San Mateo and Foster City. A preliminary study was done to see if there are alternatives the two cities can get behind and could submit for the next call for highway projects.

Director Beach asked what is driving the vehicle trip demand drop from 10 to 15 percent to 4 to 7 percent. Mr. Scott said initial numbers were preliminary and the new numbers are based on the demand model runs that have been done as part of the traffic study. The travel demand model is a model that is used by San Francisco County Transportation Authority that was developed regionally by the MTC. Mr. Scott said anytime a highway project is done the travel demand model is the basis for the forecast.

Director Beach d asked if the VTA HOV lanes and are considered in this study. Mr. Scott said two lanes are not part of the alternative set and the principle reason is space.

Director Beach asked if there has been any discussion on the increase in electric vehicles and the need to look at possibly requiring three people in a vehicle. Mr. Scott said the clean air vehicle numbers have increased and the legislation that allows them to use the HOV lanes continues. He said for the 237 Interchange Project VTA has observed that clean air vehicle use has caused a lane to fill up prematurely and a lot of single occupancy vehicles are free.

Director Beach asked if any alternative is getting more traction with the outreach that has been done. Mr. Scott said city staff's input has been what to avoid, but not at a point yet in the study to say what alternative should be done.

Director Maureen Freschet asked if express lanes operate all day and do HOV lanes have designated hours. Mr. Scott said today the HOV lanes operate from 5 a.m. to 9 a.m. and 3 p.m. to 7 p.m. and the express lanes would be the same. Mr. Scott said on the lanes MTC is implementing they are implementing them from 5 a.m. to 8 p.m.

Director Horsley asked about enforcement of the lanes. Mr. Scott said California Highway Patrol officers provide the enforcement.

Director Ibarra said he has been on Interstate 80 and almost everyone in the HOV lane is in violation.

#### Public Comment

Adina Levin, Friends of Caltrain, said she supports sustainable transportation. If the project doesn't go into San Francisco this could be a big problem. When people see that money will go into enhancing transit options they are more likely to support a project.

Director Beach said this is an important public process, but is concerned about putting precious transit dollars into widening the highway. She said she is concerned about alternatives 2 and 4 which are more evasive with right of way takes.

**Approve Extending the Deadline for the City of San Carlos to Secure Remaining Funds for the Highway 101/Holly Street Pedestrian and Bicycle Overcrossing Project**

Joel Slavitt, Manager, Programming and Monitoring, said this request from the city of San Carlos is to extend a deadline from March 3, 2017 to March 3, 2018 to secure the remaining funds needed to fill the funding gap for the construction of the Highway 101/Holly Street Pedestrian and Bicycle Overcrossing which is a condition for the city to receive \$1 million allocation from the last Pedestrian and Bicycle Program Call for Projects (CFP). Mr. Slavitt said when the Board made its awards from the last Pedestrian and Bicycle CFP in March 2016 it allocated \$1 million to the Highway 101/Holly Street Pedestrian and Bicycle Overcrossing which was the maximum funding award that can go to single sponsor with a condition that the City secure the remaining unmet funding need for the project within one year. He said since that time the City has been proactive seeking other grant sources to fill this funding gap. The City was successful in obtaining one grant and on a contingency list for another grant.

Mr. Slavitt said there currently is a funding gap of \$2,750,000. Mr. Slavitt said the City is looking at borrowing funds from other City sources as well as the option of debt financing to bridge the existing funding gap. The City is committed to constructing the project and any shortfall is covered. The City anticipates advertising both these projects together this summer with an award of construction contract by the end of 2017.

Director Johnson said the reason there is a deadline is bike and pedestrian projects shouldn't take that long, but it is part of a highway overcrossing project. The City has secured close to \$17 million of the \$20 million needed for the entire project.

Director Matsumoto asked if the city of San Carlos is going to guarantee the shortfall. Director Johnson said yes.

Motion/Second: Johnson/Horsley

Ayes: Beach, Freschet, Horsley, Ibarra, Johnson, Matsumoto, Groom

**Update on State and Federal Legislative Program**

Casey Fromson, Director, Government and Community Relations, provided the following update:

Federal

- The transportation bill is moving forward. Caltrain is a key project in the House and Senate bill transportation program.
- The president released a Skinny Budget that provides some indications of the administration's priorities. There has been a lot of push back from the transportation world because of the severely reduced funding for the Capital Investment Grant Program.
- A full budget is expected to be released in the May timeframe
- The FY2017 appropriations could provide some guidance for what Congress may expect. April 28 is the key date for the FY2017 appropriations.

State

The governor and the leaders of the Senate and Assembly have negotiated a transportation package that they are now aggressively seeking votes for. This package would provide funding for local roads and highways. A vote is expected in both chambers on April 6.

**REQUESTS FROM THE AUTHORITY**

Director Matsumoto said South San Francisco will be hosting a Water Emergency Transportation Association meeting on Wednesday, April 19 from 10 a.m. to 12 p.m.

**WRITTEN COMMUNICATIONS TO THE AUTHORITY**

No discussion.

**REPORT OF LEGAL COUNSEL**

None

**DATE AND PLACE OF NEXT REGULAR MEETING**

Thursday, May 4, 2017 at 5 p.m. in the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2<sup>nd</sup> floor, 1250 San Carlos Avenue, San Carlos CA 94070

The meeting adjourned at 6:23 p.m.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
STAFF REPORT

TO: Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

FROM: Kathleen Kelly  
Interim Chief Financial Officer

SUBJECT: **STATEMENT OF REVENUES AND EXPENDITURES FOR THE PERIOD ENDING  
MARCH 31, 2017**

**ACTION**

Staff proposes that the Board accept and enter into the record the Statement of Revenues and Expenditures for the month of March 2017 and supplemental information.

**SIGNIFICANCE**

**Revenues:** Year-to-date *Total Revenue* (\$68,000,459 - line 7) is **better** than budget by \$3,731,028 or 5.8 percent. *Sales Tax* (\$63,315,044 - line 1) is **better** than budget by \$2,171,737 or 3.6 percent and *Interest Income* (\$3,773,661 - line 2) is \$1,542,801 or 69.2 percent **better** than budget due to the sale of bonds in the portfolio for a premium.

*Total Revenue* (\$68,000,459 - line 7) is \$4,205,217 or 6.6 percent **better** than prior year actuals. *Sales Tax* (\$63,315,044 - line 1) is \$2,948,613 or 4.9 percent **better** than prior year. *Interest Income* (\$3,773,661 - line 2) is \$1,217,324 or 47.6 percent **better** than prior year.

**Expenditures:** *Total Administrative Expenses* (\$958,366 - line 22) are **better** than budget by \$170,545 or 15.1 percent. Within total administrative expenses, *Staff Support* (\$462,326 - line 18) is \$120,095 or 20.6 percent **better** than budget and *Other Admin Expense* (\$495,960 - line 20) is **better** than budget by \$45,530 or 8.4 percent.

**Budget Amendment:**

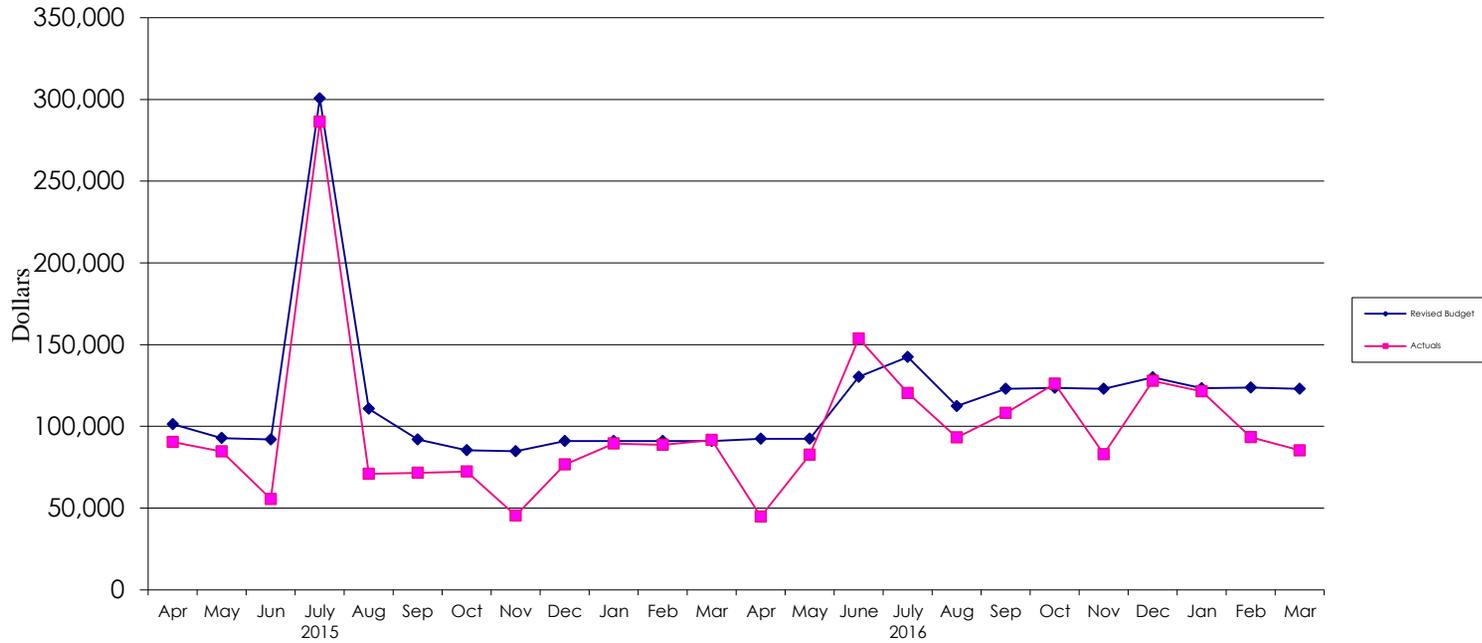
The revised budget per Board Resolution 2017-04 approved on February 2, 2017, amends an increase in Miscellaneous Income by \$128,781 and Program Expenditures by \$65.3 million in the Grade Separation category.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**Fiscal Year 2017**  
**March 2017**

% OF YEAR ELAPSED: 75.0%

	MONTH	YEAR TO DATE				ANNUAL		
	CURRENT ACTUAL	PRIOR ACTUAL	CURRENT ACTUAL	REVISED BUDGET	% OF PROJ	ADOPTED BUDGET*	REVISED BUDGET**	% OF PROJ
<b>REVENUES:</b>								
1 Sales Tax	9,714,811	60,366,431	63,315,044	61,143,307	103.6%	83,000,000	83,000,000	76.3%
2 Interest Income	423,703	2,556,337	3,773,661	2,230,860	169.2%	2,974,480	2,974,480	126.9%
3 Miscellaneous Income	0	0	0	0	0.0%	0	128,781	0.0%
4 Rental Income	99,323	872,475	911,754	895,264	101.8%	1,193,686	1,193,686	76.4%
5 Grant Proceeds	0	0	0	0	0.0%	0	0	0.0%
6								
7 <b>TOTAL REVENUE</b>	<b>10,237,837</b>	<b>63,795,242</b>	<b>68,000,459</b>	<b>64,269,431</b>	<b>105.8%</b>	<b>87,168,166</b>	<b>87,296,947</b>	<b>77.9%</b>
8								
<b>EXPENDITURES:</b>								
10 Annual Allocations	3,545,906	22,033,747	23,109,991	22,308,128	103.6%	30,295,000	30,295,000	76.3%
12 Program Expenditures	3,596,647	21,303,692	20,210,699	52,141,500	38.8%	69,522,015	134,693,234	15.0%
14 Oversight	95,271	741,008	575,860	888,750	64.8%	1,185,000	1,185,000	48.6%
16 Administrative								
17 Staff Support	36,180	411,262	462,326	582,421	79.4%	827,084	761,212	60.7%
18 Measure A Info-Others	-	47	80	5,000	1.6%	15,000	15,000	0.5%
19 Other Admin Expenses	49,083	469,284	495,960	541,490	91.6%	690,361	756,233	65.6%
21								
22 Total Administrative	85,263	880,593	958,366	1,128,911	84.9%	1,532,445	1,532,445	62.5%
23								
24 <b>TOTAL EXPENDITURES</b>	<b>7,323,087</b>	<b>44,959,041</b>	<b>44,854,916 (1)</b>	<b>76,467,289</b>	<b>58.7%</b>	<b>102,534,460</b>	<b>167,705,679</b>	<b>26.7%</b>
25								
26 <b>EXCESS (DEFICIT)</b>	<b>2,914,749</b>	<b>18,836,201</b>	<b>23,145,543</b>	<b>(12,197,857)</b>		<b>(15,366,294)</b>	<b>(80,408,732)</b>	
27								
28 <b>BEGINNING FUND BALANCE</b>	<b>Not Applicable</b>	<b>469,005,891</b>	<b>481,434,137</b>	<b>481,434,137</b>		<b>479,742,406</b>	<b>481,434,137</b>	
29								
30 <b>ENDING FUND BALANCE</b>	<b>Not Applicable</b>	<b>487,842,092</b>	<b>504,579,680 (2)</b>	<b>469,236,280</b>		<b>464,376,112</b>	<b>401,025,405</b>	
31								
32								
33 Includes the following balances:								
34 Cash and Liquid Investments		848,306					324,762,553	
35 Current Committed Fund Balance		447,613,316 (3)					102,534,460	
36 Undesignated Cash & Net Receivable		<u>56,118,058</u>					65,300,000	
37 Total		<u>504,579,680 (2)</u>					(128,781)	
38								
39								
40								
41								
42								
43 "% OF YEAR ELAPSED" provides a general measure for evaluating overall progress								
44 against the annual budget. When comparing it to the amounts shown in the								
45 "% of PROJ" column, please note that individual line items reflect variations								
46 due to seasonal activities during the year.								
47								
48 * The TA Adopted Budget is the Board adopted budget effective June 2, 2016.								
49 ** The TA Revised Budget is the adopted budget including year to date budget transfers.								
50								
51								
52								
53								
54								
55								
56								
57								

## SAN MATEO COUNTY TRANSPORTATION AUTHORITY ADMINISTRATIVE EXPENSES



**Current Year Data**

	Jul '16	Aug '16	Sep '16	Oct '16	Nov '16	Dec '16	Jan '17	Feb '17	Mar '17	Apr '17	May '17	Jun '17
<b>MONTHLY EXPENSES</b>												
<b>Revised Budget</b>	142,412	112,375	122,997	123,506	122,881	129,886	123,316	123,657	122,881			
<b>Actual</b>	120,361	93,168	108,088	126,101	82,951	127,781	121,335	93,318	85,263			
<b>CUMULATIVE EXPENSES</b>												
<b>Staff Projections</b>	147,412	259,787	382,784	506,290	629,171	759,057	882,373	1,006,030	1,128,911			
<b>Actual</b>	120,361	213,529	321,617	447,718	530,669	658,450	779,785	873,103	958,366			
<b>Variance-F(U)</b>	27,051	46,258	61,167	58,572	98,502	100,607	102,588	132,927	170,545			
<b>Variance %</b>	18.35%	17.81%	15.98%	11.57%	15.66%	13.25%	11.63%	13.21%	15.11%			



CAROLE GROOM, CHAIR  
DON HORSLEY, VICE CHAIR  
EMILY BEACH  
MAUREEN FRESCHET  
KEN IBARRA  
CAMERON JOHNSON  
KARYL MATSUMOTO

JIM HARTNETT  
EXECUTIVE DIRECTOR

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

CAPITAL PROJECT RESERVES

AS OF MARCH, 2017

TYPE OF SECURITY		MATURITY DATE	INTEREST RATE	PURCHASE PRICE	MARKET VALUE
County Pool #2	*	Liquid Cash	1.024%	\$ 324,650,428	\$ 324,650,428
Local Agency Investment Fund	**	Liquid Cash	0.821%	\$ 980,226	\$ 980,226
Investment Portfolio	***	Liquid Cash	1.447%	\$ 156,862,866	\$ 156,255,344
Other		Liquid Cash	0.000%	\$ 848,306	\$ 848,306
				<u>\$ 483,341,826</u>	<u>\$ 482,734,304</u>

Accrued Earnings for March 2017 \$ 459,172  
Cumulative Earnings FY2017 \$ 3,557,313

\* County Pool average yield for the month ending March 31, 2017 was 1.024%. As of March 2017, the total cost of the Total Pool was \$4,965,784,428 and the fair market value per San Mateo County Treasurer's Office was \$4,965,838,040.

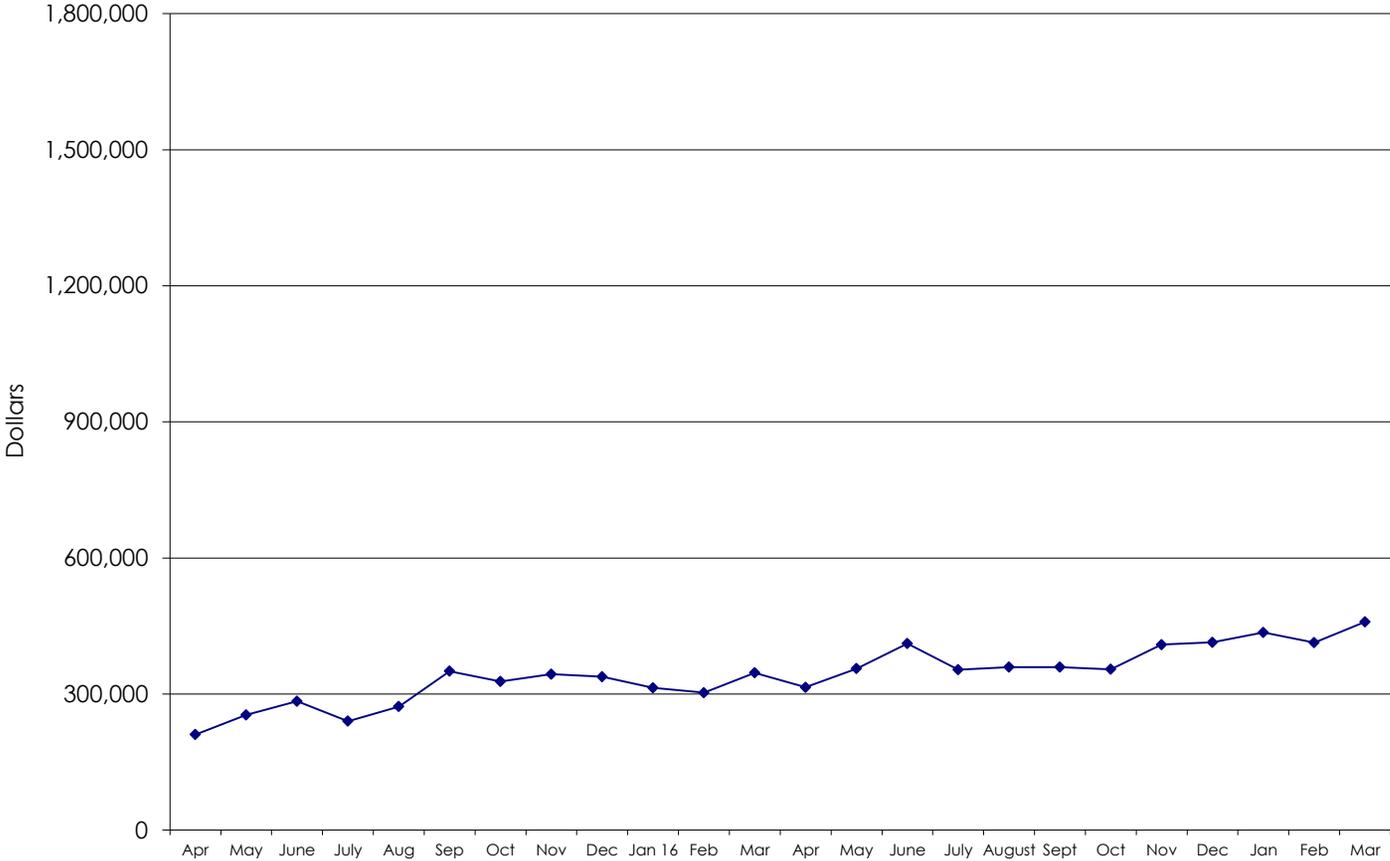
\*\* The market value of Local Agency Investment Fund (LAIF) is calculated annually and is derived from the fair value factor as reported by LAIF for quarter ending June 30th each year.

\*\*\* 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  
MARCH 2017**

FY2017	CURRENT MONTH TOTAL	FISCAL YEAR TO DATE TOTAL
JULY	353,654.57	353,654.57
AUGUST	359,138.35	712,792.92
SEPTEMBER	359,211.30	1,072,004.22
OCTOBER	354,480.28	1,426,484.50
NOVEMBER	408,822.31	1,835,306.81
DECEMBER	413,775.91	2,249,082.72
JANUARY	435,716.82	2,684,799.54
FEBRUARY	413,341.95	3,098,141.48
MARCH	459,171.84	3,557,313.33
APRIL		
MAY		
JUNE		

# SMCTA Interest Income



**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**INTEREST ON INVESTMENTS**  
**March 31, 2017**

DESCRIPTION	TOTAL INVESTMENT 03-31-17	INTEREST RECEIVABLE 02-28-17	PREPAID INT RECEIVABLE 02-28-17	INTEREST EARNED 03-31-17	INTEREST RECEIVED 03-31-17	ADJ.	INTEREST RECEIVABLE 03-31-17
LAIF	980,225.91	1,209.08	0.00	683.50			1,892.58
COUNTY POOL	324,650,427.88	500,723.02	0.00	278,769.44			779,492.47
BANK OF AMERICA	686,889.87	0.00	0.00				0.00
WELLS FARGO		0.00	0.00				0.00
US BANK (Cash on deposit)	161,416.61	0.00	0.00				0.00
INVESTMENT PORTFOLIO	156,255,343.60	330,923.67	8,022.10	179,718.90	82,181.11		436,483.56
		0.00					0.00
	<u>482,734,303.87</u>	<u>832,855.77</u>	<u>8,022.10</u>	<u>459,171.84</u>	<u>82,181.11</u>	<u>0.00</u>	<u>1,217,868.61</u>

**MARCH 2017 -- SUMMARY OF INTEREST & CAPITAL GAIN**

Interest Earned Per Report	03/31/17	459,171.84
<b>Add:</b>		
<b>Less:</b>		
Management Fees		(9,250.00)
Amortized Premium/Discount		(15,100.83)
Capital Gain(Loss)		<u>(35,468.87)</u>
Total Interest & Capital Gain(Loss)		<u><u>399,352.14</u></u>

**YEAR TO DATE -- SUMMARY**

Interest Earned	3,557,313.33
<b>Add:</b>	
<b>Less:</b>	
Management Fees	(83,250.00)
Amortized Premium/Discount	(105,141.07)
Capital Gain(Loss)	<u>216,348.01</u>
Total Interest	<u><u>3,585,270.27</u></u>

Balance Per Ledger as of	03/31/17	
Amort Prem/Disc-acct 409104		(105,141.07)
Management Fees (530040)		(83,250.00)
Int Acct. 409100 - Co. Pool		2,180,499.47
Int Acct. 409100 - LAIF		5,043.68
Int Acct. 409101 - Portfolio Funds		1,371,770.18
Gain(Loss) Acct. 405210		<u>216,348.01</u>
		<u><u>3,585,270.27</u></u>

**INVESTMENT PORTFOLIO**

**March 31, 2017**

TYPE OF SECURITY	CUSIP #	SETTLE DATE	ORIGINAL	MARKET	MATURITY DATE	INT RATE	RATE/DAY	APPL. DAYS	INTEREST	PREPAID	INTEREST	INTEREST RECEIVED	ADJ.	INTEREST	PAR VALUE
			PURCHASE PRICE	VALUE 3/31/2017					REC'VBLE 2/28/2017	INT REC'VBLE 2/28/2017	EARNED 3/31/2017			REC'VBLE 3/31/2017	
<b><u>SECURITIES MANAGED BY INVESTMENT ADVISOR:</u></b>															
<b><u>U.S. TREASURY NOTES AND BONDS</u></b>															
US TREASURY NOTE	912828O78	01-05-17	3,136,500.00	3,146,249.60	04-30-21	1.375%	122.2222	31	5,348.07	8,022.10	3,093.93	-		16,464.10	3,200,000
US TREASURY NOTE	912828S18	03-23-15	119,845.31	119,925.00	04-30-19	1.250%	4.1667	31	501.38		128.45			629.83	120,000
US TREASURY NOTE	912828F62	09-09-15	602,414.06	601,218.60	10-31-19	1.500%	25.0000	31	3,016.48		766.49			3,782.97	600,000
US TREASURY NOTE	912828UQ1	11-09-15	2,620,049.41	2,636,022.06	02-29-20	1.250%	92.1875	31	90.18		2,795.69			2,885.87	2,655,000
US TREASURY NOTE	912828VF4	12-07-15	7,403,027.34	7,452,832.50	05-31-20	1.375%	286.4583	31	25,781.25		8,782.62			34,563.87	7,500,000
US TREASURY NOTE	912828VP2	05-18-16	6,667,435.54	6,531,128.10	07-31-20	2.000%	358.3333	31	10,334.25		11,046.97			21,381.22	6,450,000
US TREASURY NOTE	912828L32	06-29-16	1,832,906.25	1,783,335.60	08-31-20	1.375%	68.7500	31	67.99		2,107.83			2,175.82	1,800,000
US TREASURY NOTE	912828R77	03-17-17	3,409,082.03	3,437,658.00	05-31-21	1.375%	133.6806	31	0.00		1,983.18	(14,146.63)		16,129.81	3,500,000
															16.52%
<b><u>FEDERAL AGENCY COLLATERIZED MORTGAGE OBLIGATIONS</u></b>															
FNMA	3136ANJY4	04-30-15	1,075,646.17	1,064,071.96	04-01-18	1.550%	45.85	31	1,375.63		1,375.63			1,375.63	1,065,000
FNA 2014-M6 A2	3136AJ7G5	12-15-16	3,519,808.59	3,479,253.59	05-25-21	2.679%	256.74	31	7,700.72		7,700.72			7,700.72	3,450,000
FHLMC	3137BNMZ4	04-28-16	764,182.47	756,241.19	03-01-19	1.738%	36.53	31	1,123.38		1,095.84	1,123.36		1,095.86	756,622
FANNIE MAE	3136AQDQO	10-30-15	1,414,361.52	1,400,198.22	09-01-19	1.646%	64.03	31	1,924.69		1,920.80	1,924.69		1,920.80	1,400,339
															4.27%
<b><u>FEDERAL AGENCY NOTES AND BONDS</u></b>															
FHLMC	3137EAE1	07-20-16	4,638,747.00	4,593,497.85	07-19-19	0.875%	113.02	31	4,746.88		3,390.62			8,137.50	4,650,000
FNMA	3135GON33	08-02-16	4,192,944.00	4,145,484.00	08-02-19	0.875%	102.08	31	2,960.42		3,062.50			6,022.92	4,200,000
FHLB	3130A8QS5	07-15-16	4,671,419.30	4,553,040.40	07-14-21	1.125%	146.88	31	6,903.13		4,406.25			11,309.38	4,700,000
FHLMC	3137EADN6	08-30-16	7,740,855.00	7,732,516.00	01-12-18	0.750%	161.46	31	12,250.00		6,229.16	5,723.95		12,755.21	7,750,000
FREDDIE MAC	3137EADP1	08-08-16	8,010,320.00	7,981,904.00	03-07-18	0.875%	194.44	31	33,833.33		5,833.34	35,000.00		4,666.67	8,000,000
FHLB	3130A9AE1	08-26-16	7,694,764.00	7,653,992.50	10-01-18	0.875%	187.15	31	28,072.93		5,614.58			33,687.51	7,700,000
FHLB	313376BR5	08-11-16	765,165.00	756,273.75	12-14-18	1.750%	36.46	31	2,807.29		1,093.75			3,901.04	750,000
FHLB	3130A8Y72	08-04-16	1,547,024.00	1,529,995.70	08-05-19	0.875%	37.67	31	979.51		1,130.21			2,109.72	1,550,000
FNMA	3135GON82	08-19-16	822,177.68	801,321.68	08-17-21	1.250%	28.65	31	0.00					0.00	825,000
FNMA	3135GON82	08-19-16	2,664,166.25	2,598,224.83	08-17-21	1.250%	92.88	31	1,701.38		3,645.83			5,347.21	2,675,000
FNMA	3135GOP49	09-02-16	3,993,760.00	3,957,508.00	08-28-19	1.000%	111.11	31	1,111.11		3,111.13			3,222.24	4,000,000
FHLB	3130A9EP2	09-09-16	4,695,911.00	4,648,694.80	09-26-19	1.000%	130.56	31	20,236.11		3,916.67	23,500.00		652.78	4,700,000
FHLMC	3137EAE1	09-16-16	2,294,013.15	2,282,556.51	10-12-18	0.875%	55.78	31	9,203.91		1,673.43			10,877.34	2,295,000
FNMA	3135GOT29	02-28-17	2,653,300.80	2,648,609.42	02-28-20	1.500%	110.63	31	110.63		3,318.75			3,429.38	2,655,000
FHLB	3130AAXX1	03-10-17	3,955,801.20	3,966,133.99	03-18-19	1.375%	151.44	31			4,983.61	1,803.35		3,180.26	3,965,000
															38.65%
<b><u>CORPORATE NOTES</u></b>															
TOYOTA MOTOR	89236TDHS	10-18-16	1,149,425.00	1,140,637.85	10-18-19	1.550%	49.51	31	6,585.35		1,485.41			8,070.76	1,150,000
TOYOTA MOTOR CREDIT	89236TDM4	-01-09-17	1,999,300.00	2,003,748.00	01-09-19	1.700%	94.44	31	4,911.11		2,833.33			7,744.44	2,000,000
AMERICAN EXPRESS	0258MDEC9	10-31-16	2,799,321.80	2,782,945.20	10-30-19	1.700%	132.22	31	15,998.89		3,966.67			19,965.56	2,800,000
MORGAN STANLEY	6174467P8	11-10-16	3,516,187.50	3,438,886.50	07-24-20	5.500%	481.25	31	17,806.25		14,437.50			32,243.75	3,150,000
Pfizer Inc	717081EB5	11-21-16	2,078,502.40	2,078,211.20	12-15-19	1.700%	98.22	31	9,822.22		2,946.67			12,768.89	2,080,000
JOHN DEERE	24422ESR1	11-22-16	2,325,764.75	2,317,294.17	12-15-17	1.550%	99.67	31	9,816.67		3,403.11	2,654.38		10,565.40	2,315,000
JOHN DEERE CAPITAL CC	24422ETM1	01-06-17	1,199,220.00	1,200,848.40	10-15-18	1.650%	55.00	31	3,025.00		1,650.00			4,675.00	1,200,000
JOHN DEERE CAPITAL CC	24422ETL3	03-15-17	681,979.15	687,474.91	01-06-22	2.650%	50.42	31			806.78	(3,479.23)		4,286.01	685,000
GOLDMAN SACHS	38141GGO1	11-28-16	3,035,092.50	3,016,519.00	07-27-21	5.250%	401.04	31	13,635.42		12,031.25			25,666.67	2,750,000
AMERICAN HONDA	02665WAH4	12-20-16	3,165,655.50	3,177,540.45	08-15-19	4.250%	371.88	31	3,150.00		5,906.25			9,056.25	3,150,000
CITIGROUP INC	172967LF6	01-10-17	1,574,370.00	1,581,729.98	01-10-20	2.450%	107.19	31	5,466.56		3,215.63			8,682.19	1,575,000
MICROSOFT CORP	594918BV5	02-06-17	1,518,981.50	1,524,715.04	02-06-20	1.850%	78.11	31	1,952.78		2,343.33			4,296.11	1,520,000

**INVESTMENT PORTFOLIO**  
**March 31, 2017**

TYPE OF SECURITY	CUSIP #	SETTLE DATE	ORIGINAL	MARKET	MATURITY DATE	INT RATE	RATE/DAY	APPL. DAYS	INTEREST	PREPAID	INTEREST	INTEREST RECEIVED	ADJ.	INTEREST	PAR VALUE
			PURCHASE PRICE	VALUE 3/31/2017					REC'VBLE 2/28/2017	INT REC'VBLE 2/28/2017	EARNED 3/31/2017			REC'VBLE 3/31/2017	
<b><u>SECURITIES MANAGED BY INVESTMENT ADVISOR:</u></b>															
BERKSHIRE HATHAWAY	084670BL1	12-23-16	3,167,829.00	3,180,832.20	08-14-19	2.100%	183.75	31	3,123.75		5,512.50			8,636.25	3,150,000
WALT DISNEY	25468PDP8	03-06-17	659,828.40	661,477.08	03-04-20	1.950%	35.75	31			893.75			893.75	660,000 18.03%
<b><u>COMMERCIAL PAPERS</u></b>															
BANK OF TOKYO MITSUBI	06538BRJ4	10-21-16	2,981,205.00	2,998,605.00	04-18-17	0.000%	0.00	31	0.00					0.00	3,000,000
JP MORGAN SECURITIES	46640PSH7	10-19-16	3,976,200.00	3,995,208.00	05-17-17	0.000%	0.00	31	0.00					0.00	4,000,000
BNP PARIBAS NY BRANCH	09659BUH1	10-20-16	3,960,400.00	3,986,056.00	07-17-17	0.000%	0.00	31	0.00					0.00	4,000,000
CANADIAN IMPERIAL HLC	13607EXD6	01-19-2017	3,068,156.54	3,078,920.00	10-13-17	0.000%	0.00	31	0.00					0.00	3,100,000
CREDIT AGRICOLE CIB N	22533TSF4	11-16-16	2,983,200.00	2,996,475.00	05-15-17	0.000%	0.00	31	0.00					0.00	3,000,000 10.94%
<b><u>CERTIFICATE OF DEPOSIT</u></b>															
CANADIAN IMPERIAL BAN	13606A5Z7	12-05-16	3,097,582.00	3,117,155.40	11-30-18	1.760%	151.56	31	13,033.78		4,698.22			17,732.00	3,100,000
SVENSKA HANDELSBANKE	86958JHB8	01-12-17	3,100,000.00	3,091,502.90	01-10-19	1.890%	162.75	31	7,812.00		5,045.25			12,857.25	3,100,000
NORDEA BANK FINLAND	165558LWA6	12-05-16	3,100,000.00	3,117,155.40	11-30-18	1.760%	151.56	31	13,033.78		4,546.66			17,580.44	3,100,000 5.95%

SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
 1/2 CENT SALES TAX RECEIPTS AND PROJECTIONS  
 FY2017  
 MARCH 2017

4/25/17 1:22 PM

Approved Budget			Receipts		Over/(Under)	Current
Date	Amount	Revised	Date	Amount	Budget/Projection	Projection
<b>FY2016:</b>						
1st Quarter	17,607,333	17,607,333	1st Quarter	19,521,000	1,913,667	19,521,000
2nd Quarter	18,895,801	18,895,801	2nd Quarter	20,786,155	1,890,354	20,786,155
3rd Quarter	19,166,840	22,166,840	3rd Quarter	18,180,736	(3,986,104)	18,180,736
4th Quarter	21,330,026	21,330,026	4th Quarter	21,216,060	(113,966)	21,216,060
<b>FY2016 Total</b>	<b>77,000,000</b>	<b>80,000,000</b>	<b>FY2016 Total</b>	<b>79,703,951</b>	<b>(296,049)</b>	<b>79,703,951</b>
<b>FY2017:</b>						
Jul. 16	5,919,931	5,919,931	Sep. 16	5,557,900	(362,031)	5,919,931
Aug. 16	5,919,931	5,919,931	Oct. 16	5,557,900	(362,031)	5,919,931
Sep. 16	7,498,579	7,498,579	Nov. 16	7,410,500	(88,079)	7,498,579
3 Months Total	19,338,441	19,338,441		18,526,300	(812,141)	19,338,441
Oct. 16	6,455,545	6,455,545	Dec. 16	8,373,278	1,917,733	6,455,545
Nov. 16	6,455,545	6,455,545	Jan. 17	5,971,700	(483,845)	6,455,545
Dec. 16	7,842,500	7,842,500	Feb. 17	7,962,200	119,700	7,842,500
6 Months Total	40,092,031	40,092,031		40,833,478	741,447	40,092,031
Jan. 17	6,089,072	6,089,072	Mar. 17	7,519,362	1,430,290	6,089,072
Feb. 17	6,677,683	6,677,683	Apr. 17			6,677,683
Mar. 17	8,284,521	8,284,521	May 17			8,284,521
9 Months Total	61,143,307	61,143,307		48,352,840	2,171,737	61,143,307
Apr. 17	7,054,822	7,054,822	Jun. 17			7,054,822
May 17	7,170,544	7,170,544	Jul. 17			7,170,544
Jun. 17	7,631,327	7,631,327	Aug. 17			7,631,327
<b>FY2017 Total</b>	<b>83,000,000</b>	<b>83,000,000</b>	<b>FY2017 Total</b>	<b>48,352,840</b>	<b>2,171,737</b>	<b>83,000,000</b>
	18,976,410		1st Quarter			
	22,221,213		2nd Quarter			
	22,117,421		3rd Quarter			
			4th Quarter			
	<b>63,315,044</b>		YTD Actual Per Statement of Revenue & Expenses			

SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
CASH AND INVESTMENTS AS OF MARCH 31, 2017

	<u>3/31/2017</u>
Cash -- Bank of America Checking Account	686,889.87
Cash -- Wells Fargo Lockbox Account	0.00
Cash - US Bank (on deposit)	161,416.61
LAIF	980,225.91
County Pool	324,650,427.88
Investment Portfolio	156,255,343.60
	<hr/>
Total	<u><u>482,734,303.87</u></u>

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**CHECKS WRITTEN**  
**March 2017**

Unit	Ref	Name	Amount	Method	Description
SMCTA	000068	HORSLEY, DONALD	100.00	ACH	Board Member Compensation
SMCTA	000069	JOHNSON, CAMERON	100.00	ACH	Board Member Compensation
SMCTA	000070	MATSUMOTO, KARYL M.	100.00	ACH	Board Member Compensation
SMCTA	000071	MATSUMOTO, KARYL M.	100.00	ACH	Board Member Compensation
SMCTA	000072	GROOM, CAROLE	100.00	ACH	Board Member Compensation
SMCTA	000073	HORSLEY, DONALD	100.00	ACH	Board Member Compensation
SMCTA	000074	JOHNSON, CAMERON	100.00	ACH	Board Member Compensation
SMCTA	000075	FRESCHET, MAUREEN ANN	100.00	ACH	Board Member Compensation
SMCTA	000076	IBARRA, KENNETH	100.00	ACH	Board Member Compensation
SMCTA	000077	BEACH, EMILY RANDOLPH	100.00	ACH	Board Member Compensation
SMCTA	004398	HANSON BRIDGETT LLP	3,174.00	CHK	Legal Services
SMCTA	004399	HOLLAND & KNIGHT LLP	3,500.00	CHK	Legislative Advocate
SMCTA	004400	KHOURI CONSULTING	3,675.00	CHK	Legislative Advocate
SMCTA	004401	PENINSULA TRAFFIC CONGESTION RELIEF	323,647.22	CHK	Capital Programs <sup>(1)</sup>
SMCTA	004402	SAN CARLOS, CITY OF	125,787.66	CHK	Capital Programs <sup>(2)</sup>
SMCTA	004403	ATKINS NORTH AMERICA, INC	194,631.17	CHK	Consultants
SMCTA	004404	DMJM HARRIS/MARK THOMAS JV	107,502.49	CHK	Consultants
SMCTA	004405	HANSON BRIDGETT LLP	8,360.00	CHK	Legal Services
SMCTA	004406	HURLEY, JOSEPH	38.10	CHK	Business Meetings
SMCTA	004407	PUBLIC FINANCIAL MANAGEMENT, INC.	9,250.00	CHK	Investment Advisory Services
SMCTA	004408	SAN CARLOS, CITY OF	124,715.28	CHK	Capital Programs <sup>(2)</sup>
SMCTA	004409	URS CORPORATION	80,471.10	CHK	Consultants
SMCTA	004410	SAN CARLOS, CITY OF	21,157.58	CHK	Capital Programs <sup>(1)</sup>
SMCTA	004411	SAN MATEO, COUNTY OF	4,778.40	CHK	Capital Programs <sup>(1)</sup>
SMCTA	004412	SOUTH SAN FRANCISCO, CITY OF	37,898.13	CHK	Capital Programs <sup>(1)</sup>
SMCTA	004413	URS CORPORATION	192,328.94	CHK	Consultants
SMCTA	004414	URS CORPORATION	229,092.20	CHK	Consultants
SMCTA	004415	KHOURI CONSULTING	3,675.00	CHK	Legislative Advocate
SMCTA	004416	SAN CARLOS, CITY OF	261,961.43	CHK	Capital Programs <sup>(2)</sup>
SMCTA	004417	GOVERNMENT FINANCE OFFICERS ASSN	160.00	CHK	Dues & Subscription
SMCTA	004418	HNTB CORPORATION	3,984.55	CHK	Consultants
SMCTA	004419	HOLLAND & KNIGHT LLP	3,500.00	CHK	Legislative Advocate
SMCTA	004420	MENLO PARK, CITY OF	202,228.85	CHK	Capital Programs <sup>(3)</sup>
SMCTA	004421	OFFICEMAX	58.77	CHK	Office supplies
SMCTA	004422	SAN CARLOS, CITY OF	322,945.05	CHK	Capital Programs <sup>(2)</sup>
SMCTA	004423	VAVRINEK, TRINE, DAY & CO., LLP	12,330.00	CHK	Annual Audit Services
SMCTA	900089	PENINSULA CORRIDOR JOINT POWERS BOARD	51,700.00	WIR	Capital Programs <sup>(1)</sup>
SMCTA	900090	DEPARTMENT OF TRANSPORTATION	2,201,229.50	WIR	Capital Programs <sup>(4)</sup>
SMCTA	900091	WELLS FARGO INSURANCE SERVICES USA, INC	1,005.00	WIR	Broker Fee - Quarterly
			4,535,785.42		

(1) FY17/FY18 Local Shuttles

(2) 101 Holly St. Interchange

(3) Sand Hill Rd Signal Coord Prj

(4) 101 Interchange to Broadway - \$1,191,586.31; 101 Interchange to Willow - \$300,000; Marsh to SM/SC line - \$13,336.19;  
101 HOV Ln Whipple - San Bruno \$396,307; SR92 El Camino Real Ramp - \$300,000

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

FROM: Kathleen Kelly  
Interim CFO

SUBJECT: **CALL FOR A PUBLIC HEARING AT THE JUNE 1, 2017 MEETING ON THE  
PRELIMINARY BUDGET FOR FISCAL YEAR 2018**

**ACTION**

Staff requests the San Mateo County Transportation Authority establish a public hearing on June 1, 2017, to consider adoption of the Fiscal Year 2018 Budget. In accordance with Section 131266 of the California Public Utilities Code, a public hearing is required for the adoption of the annual budget of a county transportation authority and shall be published not later than the 15th day prior to the date of the hearing, pursuant to Section 6061 of the Government Code.

Prepared By: Ladi Millard, Director, Budgets

650-508-7755

**AGENDA ITEM # 7  
MAY 4, 2017**

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**

TO: Transportation Authority

FROM: Karyl Matsumoto  
SamTrans Board Liaison to the Transportation Authority

SUBJECT: **SAMTRANS LIAISON REPORT – MEETING OF MAY 3, 2017**

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

Prepared by: Nancy McKenna

650-508-6279

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

FROM: Kathleen Kelly  
Interim Chief Financial Officer

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

**ACTION**

Staff recommends the Board accept and enter into the record the Quarterly Investment Report and Fixed Income Market Review and Outlook for the quarter ended March 31, 2017.

**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 April 24, 2017 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 pages 6 and 7. The schedule separates the investments into two groups: the Investment Portfolio, managed by PFM Asset Management LLC (PFM), and Liquidity funds, which are managed by TA staff. The Investment Policy governs the management and reporting of the Investment Portfolio and Liquidity funds.

PFM provides the TA a current market valuation of all the assets under its management for each quarter. Generally, PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par.

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**

### **SUMMARY**

- The "Trump trade" dominated markets for much of the quarter pushing interest rate and equity prices higher, as the Trump administration and the Republican Party continued to push a bold agenda that promised new jobs, lower taxes, deregulation, and massive infrastructure spending.
- On March 15, with almost unanimous certainty from the market, the Federal Open Market Committee (FOMC) raised the federal funds target range by 0.25 percent to a range of 0.75 percent to 1 percent.
- Central banks in the developed world outside of the United States continued to apply highly accommodative monetary policies as economic growth and inflation remained subdued. As a result, sovereign bond yields were at or near historic lows, with yields throughout Europe and Japan below 0 percent.

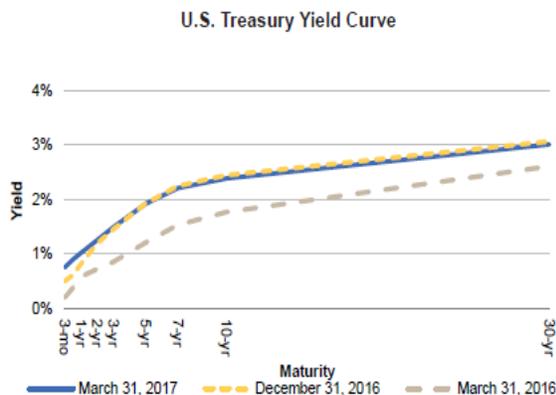
### **ECONOMIC SNAPSHOT**

- The pace of U.S. economic expansion slowed in the fourth quarter of 2016. Measurements of growth in the first quarter 2017 are forecasted to slow further, however, the labor market remained strong, consumer confidence continued to soar, business surveys picked up, and the housing market returned to near pre-crisis levels as the market continues to digest the size and scope of the Trump administration's proposed policies.

- U.S. gross domestic product (GDP) grew at a rate of 2.1 percent in the fourth quarter of 2016, a slowdown from the third quarter's pace of 3.5 percent. The deceleration reflected downturns in exports and federal government spending, and a deceleration in business investment. First quarter estimates are calling for further slowing in the pace of expansion to below 1.5 percent as consumer spending declines and business investment remains muted.
- The labor market added over 500,000 jobs in the first quarter as the unemployment rate declined to a decade low of 4.5 percent with the labor force participation rate rising to 63% for the first time in a year. Wage growth remained firm in the quarter, increasing at an annual rate of more than 2.5 percent during all three months.
- Confidence among Americans grew as the Conference Board's March reading increased to its highest level since the end of 2000. Manufacturing extended its expansion during the quarter with the ISM manufacturing PMI rebounding, after contracting over 2016 year-end, to its highest level since the end of 2014.

### INTEREST RATES

- Short-term (under five years) yields ended the first quarter higher, reflecting the Fed's March rate hike, while medium to long-term yields declined amid subdued inflation expectations. For much of the quarter, yields remained range bound until entering an upward trend at the start of March in anticipation of the expected FOMC March rate hike. They declined as the Fed reiterated its expectation for gradual tightening and the ability of the Trump administration to enact bold, pro-growth policies came into question. The 2-year Treasury yield ended the quarter only seven basis points over December 31, while the yield on the 10-year Treasury fell 6 basis points.
- In the money market space, shorter-term Treasury yields rose as the expectation for a Fed rate hike gained certainty. Yields on commercial paper and certificates of deposit did not increase. However, yields on short-term credit instruments remained elevated and offered incremental yield.



**U.S. Treasury Yields**

Maturity	March 31, 2017	December 31, 2016	Change over Quarter	March 31, 2016	Change over Year
3-month	0.75%	0.50%	0.25%	0.20%	0.55%
1-year	1.02%	0.81%	0.21%	0.58%	0.44%
2-year	1.26%	1.19%	0.07%	0.72%	0.54%
5-year	1.82%	1.83%	(0.01%)	1.21%	0.71%
10-year	2.38%	2.45%	(0.08%)	1.77%	0.62%
30-year	3.01%	3.07%	(0.06%)	2.61%	0.40%

## **PORTFOLIO RECAP**

- Key drivers of market conditions in the first quarter included
  - Federal Reserve policy;
  - the inauguration of President Trump and the early rollout of various policies;
  - continued improvement in consumer confidence; and
  - further stock market appreciation.
- Our strategy is to maintain the portfolio duration close to the benchmark duration, unless we have a strong conviction that being shorter or longer will benefit the portfolio. At quarter end, we extended the duration of the portfolio to be more closely aligned with the duration of the benchmark since market conditions were consistent with an economic outlook for moderate growth.
- Federal agency yield spreads remained historically tight throughout the quarter as demand continued to outpace supply. We evaluated agency spreads across the yield curve and took advantage of swap opportunities into negotiable CDs and asset-backed securities (ABS).
- During the quarter, we increased the portfolio's allocation to corporate notes by 4 percent as the sector continued to provide incremental income and benefit from "roll-down."
- We participated in ABS issues as AAA-rated tranches of high quality structures offered good value. The ABS sector performed well during the quarter, benefitting portfolio return and diversification.
- We maintained existing holdings of agency mortgage-backed securities (MBS). While the broad MBS sector generally lagged Treasuries, our holdings performed better than the overall market.
- Yields on commercial paper (CP) and bank certificate of deposits (CDs) rose sharply in the second half of 2016 due to significant money market fund reforms. Although spreads narrowed after the March Fed rate hike, CP and CDs continued to offer excellent investment opportunities in short-term credit instruments.

## **Outlook and Strategy**

- We anticipate the Fed to remain on track to make two additional rate hikes in 2017, matching the three hikes projected for 2017 by the Federal Open Market Committee's "dot plot." In addition, a potential reduction in the size of the Fed's balance sheet later in the year could have significant implications for the markets.
- Since yields are currently stable and we expect no action at the next FOMC meeting in May, our strategy is to match the portfolio duration with the benchmark duration. We will continue to revisit this position regularly since there is potential for higher yields later in the year.

- Agency yield spreads over Treasuries continue to remain historically narrow. As a result, our strategy will generally favor U.S. Treasuries over agencies unless specific issues offer identifiable value.
- Although yield spreads on corporate securities drifted wider at the end of the first quarter, they remain near multi-year lows. Identifying incremental return potential in the corporate bond sector requires careful relative value analysis. Improving corporate profits, as well as anticipated pro-business measures from the Trump administration, form a favorable backdrop for the credit sector.
- We will continue to evaluate opportunities in the agency MBS and ABS sectors, purchasing those issues we believe are well structured, offer adequate yield spreads, and which have limited extension and headline risk from Fed balance sheet tapering.
- Yields on commercial paper and negotiable CDs continue to offer significant yield pickup relative to short-term government securities.
- We will continue to monitor incoming economic data, Fed policy, and sector relationships to identify market opportunities. This will include assessing the impact of additional policies put forth by the Trump administration.

### **Budget Impact**

Total return is interest income plus capital gains (or minus losses) on an investment and is the most important measure of performance as it is the actual return on investment during a specific time interval. For the quarter ending March 31, the total return of the portfolio was 0.47 percent. This compares to the benchmark return of 0.32 percent. The Performance graph on page 8 shows the relative performance of the TA over the last 12 months.

The yield at cost represents the yield on a fixed-income security at its current rate (at the time of purchase) of return until maturity equivalent to the annual percentage rate of interest an investor would receive for investing the purchase price of a given security in a bank account that paid interest semiannually. As of the end of the quarter, the portfolio's yield to maturity at cost was 1.41 percent.

The yield at market is the yield that an investor can expect to receive in the current interest rate environment utilizing a buy-and-hold investment strategy. This calculation is based on the current market value of the portfolio including unrealized gains and losses. For the quarter ending March 31, the portfolio's market yield to maturity was 1.54 percent.

Prepared by: Connie Mobley-Ritter, Acting Director, Treasury

650-508-7765

**EXHIBIT 1**  
**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**REPORT OF INVESTMENTS**  
**FOR QUARTER ENDED MARCH 31, 2017**

TYPE OF SECURITY	CUSIP #	MATURITY DATE	PAR VALUE	ORIGINAL		INTEREST REC'VBLE	MARKET VALUE + ACCR INT.
				PURCHASE PRICE	MARKET VALUE		
<b><u>SECURITIES MANAGED BY INVESTMENT ADVISOR:</u></b>							
<b><u>U.S. TREASURY NOTES AND BONDS</u></b>							
US TREASURY NOTE	912828O78	04-30-21	3,200,000	3,136,500.00	3,146,250	16,464	3,162,714
US TREASURY NOTE	912828ST8	04-30-19	120,000	119,845.31	119,925	630	120,555
US TREASURY NOTE	912828F62	10-31-19	600,000	602,414	601,219	3,783	605,002
US TREASURY NOTE	912828UQ1	02-29-20	2,655,000	2,620,049	2,636,022	2,886	2,638,908
US TREASURY NOTE	912828VF4	05-31-20	7,500,000	7,403,027	7,452,833	34,564	7,487,396
US TREASURY NOTE	912828VP2	07-31-20	6,450,000	6,667,436	6,531,128	21,381	6,552,509
US TREASURY NOTE	912828L32	08-31-20	1,800,000	1,832,906	1,783,336	2,176	1,785,511
US TREASURY NOTE	912828R77	05-31-21	3,500,000	3,409,082	3,437,658	16,130	3,453,788
				16.52%			
<b><u>FEDERAL AGENCY COLLATERIZED MORTGAGE OBLIGATIONS</u></b>							
FNMA	3136ANJY4	04-01-18	1,065,000	1,075,646	1,064,072	1,376	1,065,448
FNA 2014-M6 A2	3136AJ7G5	05-25-21	3,450,000	3,519,809	3,479,254	7,701	3,486,954
FHLMC	3137BNMZ4	03-01-19	756,622	764,182	756,241	1,096	757,337
FANNIE MAE	3136AQDQO	09-01-19	1,400,339	1,414,362	1,400,198	1,921	1,402,119
				4.27%			
<b><u>FEDERAL AGENCY NOTES AND BONDS</u></b>							
FHLMC	3137EABE1	07-19-19	4,650,000	4,638,747	4,593,498	8,138	4,601,635
FNMA	3135GON33	08-02-19	4,200,000	4,192,944	4,145,484	6,023	4,151,507
FHLB	3130A8QS5	07-14-21	4,700,000	4,671,419	4,553,040	11,309	4,564,350
FHLMC	3137EADN6	01-12-18	7,750,000	7,740,855	7,732,516	12,755	7,745,271
FREDDIE MAC	3137EADP1	03-07-18	8,000,000	8,010,320	7,981,904	4,667	7,986,571
FHLB	3130A9AE1	10-01-18	7,700,000	7,694,764	7,653,993	33,688	7,687,680
FHLB	313376BR5	12-14-18	750,000	765,165	756,274	3,901	760,175
FHLB	3130A8Y72	08-05-19	1,550,000	1,547,024	1,529,996	2,110	1,532,105
FNMA	3135G0N82	08-17-21	825,000	822,178	801,322	0	801,322
FNMA	3135G0N82	08-17-21	2,675,000	2,664,166	2,598,225	5,347	2,603,572
FNMA	3135G0P49	08-28-19	4,000,000	3,993,760	3,957,508	3,222	3,960,730
FHLB	3130A9EP2	09-26-19	4,700,000	4,695,911	4,648,695	653	4,649,348
FHLMC	3137EAD7	10-12-18	2,295,000	2,294,013	2,282,557	10,877	2,293,434
FNMA	3135G0T29	02-28-20	2,655,000	2,653,301	2,648,609	3,429	2,652,039
FHLB	3130AAXX1	03-18-19	3,965,000	3,955,801	3,966,134	3,180	3,969,314
				38.65%			
<b><u>CORPORATE NOTES</u></b>							
TOYOTA MOTOR TOYOTA MOTOR CREDIT CORP	89236TDHS 89236TDM4	10-18-19 01-09-19	1,150,000 2,000,000	1,149,425 1,999,300	1,140,638 2,003,748	8,071 7,744	1,148,709 2,011,492
AMERICAN EXPRESS	0258MDEC9	10-30-19	2,800,000	2,799,322	2,782,945	19,966	2,802,911
MORGAN STANLEY	6174467P8	07-24-20	3,150,000	3,516,188	3,438,887	32,244	3,471,130
PFIZER INC	717081EB5	12-15-19	2,080,000	2,078,502	2,078,211	12,769	2,090,980
JOHN DEERE	24422ESR1	12-15-17	2,315,000	2,325,765	2,317,294	10,565	2,327,860

**EXHIBIT 1 (Cont.)**

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
REPORT OF INVESTMENTS (continued)  
FOR QUARTER ENDED MARCH 31, 2017**

TYPE OF SECURITY	CUSIP #	MATURITY DATE	PAR VALUE	ORIGINAL		INTEREST REC'VBLE	MARKET VALUE
				PURCHASE PRICE	MARKET VALUE		+
							ACCR INT.
JOHN DEERE CAPITAL CORP.	24422ETM1	10-15-18	1,200,000	1,199,220	1,200,848	4,675	1,205,523
JOHN DEERE CAPITAL CORP.	24422ETL3	01-06-22	685,000	681,979	687,475	4,286	691,761
GOLDMAN SACHS	38141GGO1	07-27-21	2,750,000	3,035,093	3,016,519	25,667	3,042,186
AMERICAN HONDA	02665WAH4	08-15-19	3,150,000	3,165,656	3,177,540	9,056	3,186,597
CITIGROUP INC	172967LF6	01-10-20	1,575,000	1,574,370	1,581,730	8,682	1,590,412
MICROSOFT CORP	594918BV5	02-06-20	1,520,000	1,518,982	1,524,715	4,296	1,529,011
BERKSHIRE HATHAWAY	084670BL1	08-14-19	3,150,000	3,167,829	3,180,832	8,636	3,189,468
WALT DISNEY	25468PDP8	03-04-20	660,000	659,828	661,477	894	662,371
				18.03%			
<b><u>COMMERCIAL PAPERS</u></b>							
BANK OF TOKYO MITSUBISHI	06538BRJ4	04-18-17	3,000,000	2,981,205	2,998,605	0	2,998,605
JP MORGAN SECURITIES	46640PSH7	05-17-17	4,000,000	3,976,200	3,995,208	0	3,995,208
BNP PARIBAS NY BRANCH	09659BUH1	07-17-17	4,000,000	3,960,400	3,986,056	0	3,986,056
CANADIAN IMPERIAL HLDNG	13607EXD6	10-13-17	3,100,000	3,068,157	3,078,920	0	3,078,920
CREDIT AGRICOLE CIB NY	22533TSF4	05-15-17	3,000,000	2,983,200	2,996,475	0	2,996,475
				10.94%			
<b><u>CERTIFICATE OF DEPOSIT</u></b>							
CANADIAN IMPERIAL BANK NY	13606A5Z7	11-30-18	3,100,000	3,097,582	3,117,155	17,732	3,134,887
SVENSKA HANDELSBANKEN NY	86958JHB8	01-10-19	3,100,000	3,100,000	3,091,503	12,857	3,104,360
NORDEA BANK FINLAND NY	65558LWA6	11-30-18	3,100,000	3,100,000	3,117,155	17,580	3,134,736
				5.95%			
<b><u>ASSET-BACKED SECURITY/COLLATERIZED MORTGAGE OBLIGATIONS</u></b>							
CCCIT 2017-A2 A2	17305EGA7	01-17-21	2,650,000	2,649,493	2,654,217	8,325	2,662,543
ALLYA 2017-1 A3	02007PAC7	06-15-21	705,000	704,938	704,284	533	704,817
FORDO 2017-A A3	34531EAD8	06-25-21	2,200,000	2,199,992	2,200,402	1,633	2,202,035
TAOT 2017-A A3	89238MAD0	02-15-21	780,000	779,908	779,908	600	780,508
ALLYA 2017-2 A3	02007HAC5	08-15-21	2,485,000	2,484,707	2,484,707	246	2,484,953
				5.64%			
<b>TOTAL FUNDS MANAGED BY INVESTMENT ADVISOR</b>			<b>156,316,961</b>	<b>156,862,866</b>	<b>156,255,344</b>	<b>436,484</b>	<b>156,691,827</b>
<b><u>FUNDS MANAGED BY DISTRICT STAFF:</u></b>							
<b>SAN MATEO COUNTY POOL</b>				324,650,428	324,650,428	779,492	325,429,920
<b>LOCAL AGENCY INVESTMENT FUND</b>				980,226	980,226	1,893	982,118
<b>U.S. BANK (CASH ON DEPOSIT)</b>				161,417	161,417		161,417
<b>BANK OF AMERICA CHECKING</b>				686,890	686,890		686,890
<b>TOTAL FUNDS MANAGED BY DISTRICT STAFF</b>				<b>326,478,960</b>	<b>326,478,960</b>	<b>781,385</b>	<b>327,260,345</b>
<b>TOTAL FUNDS AS OF MARCH 31, 2017</b>				<b>483,341,826</b>	<b>482,734,304</b>	<b>1,217,869</b>	<b>483,952,172</b>

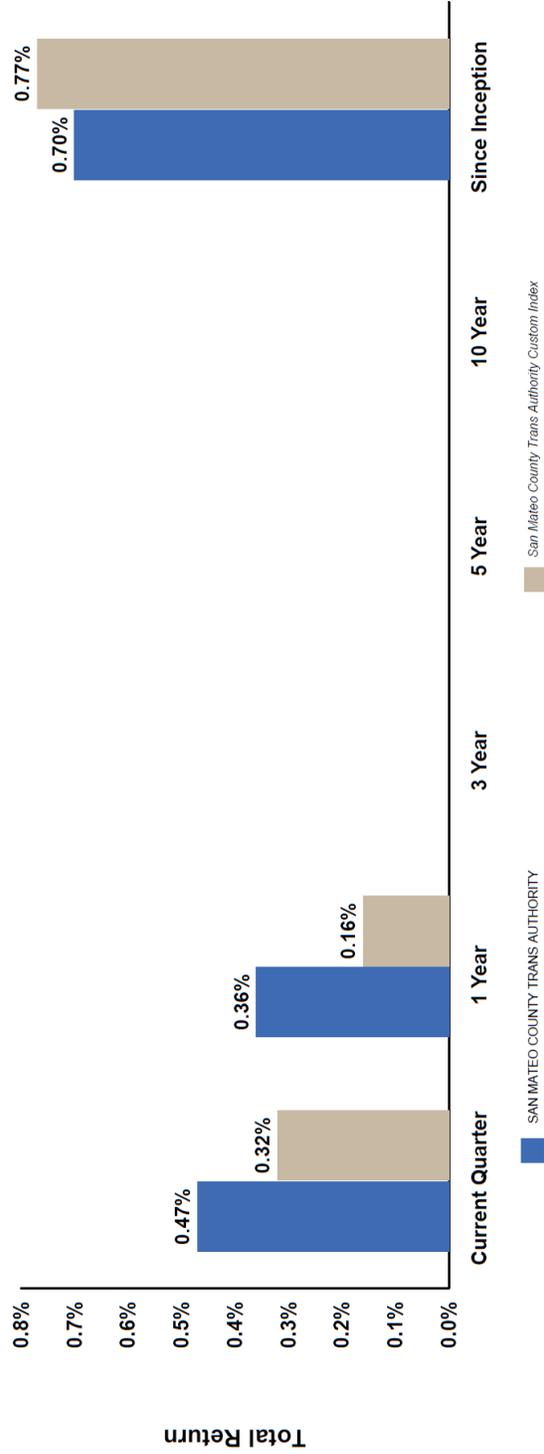
**EXHIBIT 2**

For the Quarter Ended March 31, 2017  
Portfolio Performance

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

**Portfolio Performance (Total Return)**

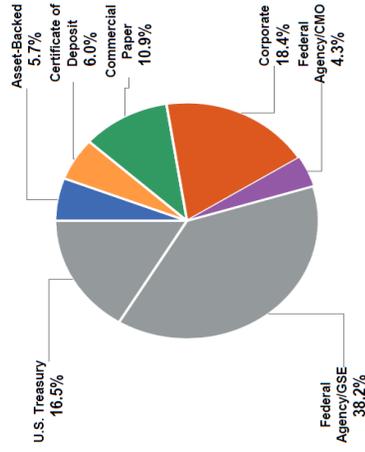
Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception (03/31/15) *
SAN MATEO COUNTY TRANS AUTHORITY	2.14	0.47%	0.36%	-	-	-	0.70%
San Mateo County Trans Authority Custom Index	2.16	0.32%	0.16%	-	-	-	0.77%
Difference		0.15%	0.20%	-	-	-	-0.07%



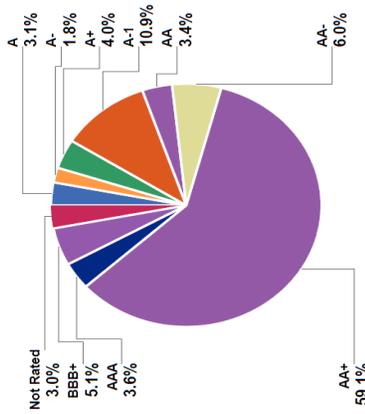
Portfolio performance is gross of fees unless otherwise indicated. \*Since inception performance is not shown for periods less than one year.

EXHIBIT 3

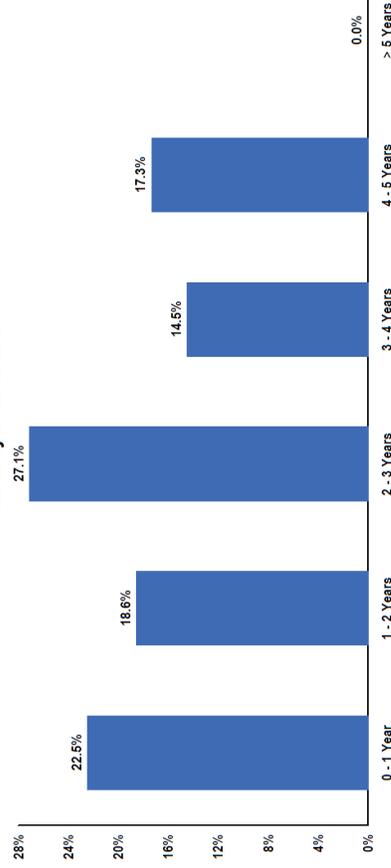
Sector Allocation



Credit Quality (S&P Ratings)



Maturity Distribution



Portfolio Statistics	
As of March 31, 2017	
Par Value:	156,316,961
Total Market Value:	156,865,437
Security Market Value:	156,255,344
Accrued Interest:	448,677
Cash:	161,417
PFM	-
Amortized Cost:	156,861,265
Yield at Market:	1.54%
Yield at Cost:	1.41%
Effective Duration:	2.14 Years
Duration to Worst:	2.16 Years
Average Maturity:	2.34 Years
Average Credit:*	AA

\*An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

**EXHIBIT 4**

**Sector Allocation and Compliance**

• The portfolio is in compliance with the Authority's Investment Policy and the California Government Code.

Security Type	Market Value* as of		% of Portfolio	Permitted by Policy	In Compliance	Average Credit Rating
	March 31, 2017					
U.S. Treasury	\$25,708,369		16.4%	100%	✓	AA+
Federal Agency/GSE	\$59,849,753		38.3%	100%	✓	AA+
Federal Agency/CMO	\$6,699,765		4.3%	20%	✓	AA+
Corporate Notes	\$28,792,860		18.4%	30%	✓	A
Negotiable CDs	\$9,325,814		6.0%	10%	✓	AA-
Asset-Backed Securities	\$8,823,518		5.6%	30%	✓	A
Commercial Paper	\$17,055,264		10.9%	15%	✓	A-1
Money Market Fund	\$161,417		0.1%	10%	✓	AAAmm
<b>Totals</b>	<b>\$156,416,760</b>		<b>100.0%</b>			

\* Market values excluding accrued interest.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

FROM: Kathleen Kelly Interim Chief Financial Officer  
April Chan Chief Officer, Planning, Grants, and the Transportation Authority

SUBJECT: **PRELIMINARY BUDGET FOR FISCAL YEAR (FY) 2018**

**ACTION**

This report is submitted for informational purposes only. No action is requested at this time. Staff will present a final Fiscal Year (FY) 2018 budget proposal for Board adoption at the June 1, 2017 Board meeting.

**SIGNIFICANCE**

The San Mateo County Transportation Authority (TA) FY2018 Preliminary Budget is presented in Attachment A. Attachment B shows more detail for the Annual Allocations and the Measure A Categories. A separate Board action is required to program and allocate funds for specific purposes.

**BACKGROUND**

The TA was formed in 1988 with voter passage of Measure A, the half-cent sales tax for countywide transportation projects and programs. The original Measure A expired December 31, 2008. In 2004, county voters overwhelmingly approved a New Measure A, reauthorizing the tax through 2033. The TA's role is to administer the proceeds from Measure A to fund a broad spectrum of transportation-related projects and programs.

**Revenues**

For FY2018, total revenue for the TA is projected to be \$89.2 million, an **increase** of \$2 million or 2.3 percent greater than the FY2017 revised budget and includes the following significant components:

*Sales Tax* (Attachment A, line 1) receipts are projected to total \$84.7 million, which is an **increase** of \$1.7 million, or 2 percent, from the FY2017 Adopted Budget. The estimated increase is based on projections from the San Mateo County auditor. San Mateo County Ordinance No. 04223, which authorized the TA to extend the one-half of 1 percent Retail Transactions and Use Tax for an additional 25 years beginning January 1, 2009 and ending December 31, 2033, was approved by the voters in November 2004.

*Interest Income* (Attachment A, line 3) for FY2018 is \$3.7 million, an **increase** of \$0.7 million or 24.4 percent higher than the FY2017 Revised Budget. This increase is due to higher projected interest rates as well as improved investment performance as the TA's Investment Advisor has been given the authority to actively manage the portfolio within the constraints of TA investment policies.

*Rental Income*(Attachment A, line 5) for FY2018 is \$0.8 million, a **decrease** of \$0.4 million or 33.6 percent due to the termination of four leases to allow the property to be incorporated into the 25<sup>th</sup> Avenue Grade Separation Project.

### **Expenditures**

The total proposed expenditure is \$86.8 million, a **decrease** of \$81.1 million or 48.3 percent compared to the FY2017 revised budget. The FY2018 Preliminary Budget expenditures is composed primarily of \$30.9 million in Annual Allocations, \$52.9 million in Program Expenditures, \$1.2 million in Oversight, and \$1.6 million in Administrative expenses.

Preliminary expenditures for FY2018 fall into four categories:

#### **Annual Allocations (Attachment A, line 14)**

Total annual allocations are projected at \$30.9 million, an increase of \$0.6 million or 2 percent from the FY2017 revised budget. Annual Allocations include projects with FY2018 funding requirements as detailed in Attachment B.

- **Allocation to Local Entities** – The FY2018 Budget of \$19 million is for the improvement and maintenance of local transportation, including streets and roads for the 20 cities and the County.
- **SFO Bart Extension** – The FY2018 Budget of \$1.7 million is the financial assistance for San Mateo County / SFO Bart extension.
- **Paratransit** – The FY2018 Budget of \$3.4 million is to meet the paratransit needs of the county.
- **Transfer to SMCTD for Caltrain** – The FY2018 Budget of \$6.8 million is for the San Mateo County local share for the Caltrain operational expenditures.

#### **Measure A Categories (Attachment A, line 16)**

Measure A categories include projects with FY2018 funding requirements as detailed in Attachment B.

- **Alternative Congestion Relief** – The \$846,600 budgeted for FY2018 is the full 1 percent of projected sales tax outlined in the 2004 Transportation Expenditure Plan (TEP). Of the total, \$388,100 is proposed to be set aside for future transportation demand management (TDM) projects. The remaining \$458,500 is budgeted for Commute.org to support its operations.
- **Dumbarton** – The FY2018 Budget of \$1.7 million is set aside for potential future improvements and enhancements in the Dumbarton rail corridor.

- **Caltrain** – The amount budgeted for FY2018 represents 8 percent of projected sales tax outlined in the 2004 TEP, and it is set aside for San Mateo County's local share for Caltrain system-wide improvements.
- **Pedestrian and Bicycle** – The Pedestrian and Bicycle line item for \$2.5 million represents the projected 3 percent of sales tax revenues designated for this category in the 2004 TEP. These funds will be used for projects selected through future calls for projects.
- **Local Shuttle** – The \$3.4 million for this line item represents the funds set aside for shuttles receiving allocations through the FY2018 Shuttle Program call for projects.
- **Streets and Highways** – In accordance with the 2004 TEP, the Streets and Highways Program expenditures include funding for key congested corridors in the amount of \$14.6 million, and for supplemental roadway projects in the amount of \$8.6 million.
- **Grade Separation** – The \$12.7 million for this line item represents the funds available for Grade Separation projects.
- **San Mateo County Ferry Service** - The FY2018 Budget in the amount of \$1.7 million is the set-aside for future allocations for ferry service to South San Francisco and Redwood City.

**Oversight (Attachment A, line 20)**

The oversight category contains \$1.2 million for TA costs associated with implementing the various TEP categories of the Original and New Measure A programs. This number is unchanged from the FY2017 revised budget. Oversight includes programming and monitoring of projects, calls for projects and administration of the policies and procedures from the 2004 Measure. These expenditures will be funded from interest earned on the investment of fund balances.

**Administrative (Attachment A, line 22)**

Total administrative expenditures are projected to **increase** by \$0.1 million or 3.5 percent from the FY2017 revised budget. Of the total costs for Administrative expenses in FY2018, it is proposed that \$867,563 be used for staff support. A majority of this amount or \$846,600 would be funded by the FY2018 sales tax and the remainder would be funded from previous years' surplus in this category.

Prepared By: Virginia Baum, Acting Manager, Budgets  
Tina Medeiros, Senior Budget Analyst

650-508-6425  
650-508-6302

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
FY2018 PRELIMINARY BUDGET**

	<u>FY2016 ACTUAL</u> A	<u>FY2017 ADOPTED</u> B	<u>FY2017 REVISED</u> C	<u>FY2018 PRELIMINARY</u> D	<u>FY18 PRELIMINARY TO FY17 REVISED Increase (Decrease)</u> E = D-C	<u>BUDGET PERCENT CHANGE</u> F = E/C	
<b>REVENUE:</b>							
1 Sales Tax	79,703,951	83,000,000	83,000,000	84,660,000	1,660,000	2.0%	1
2							2
3 Interest Income	3,799,176	2,974,480	2,974,480	3,700,000	725,520	24.4%	3
4							4
5 Rental Income	1,167,384	1,193,686	1,193,686	792,930	(400,756)	-33.6%	5
6							6
7 Grant Proceeds	5,838	-	-	-	-	n/a	7
8							8
<b>9 TOTAL REVENUE</b>	<b>84,676,350</b>	<b>87,168,166</b>	<b>87,168,166</b>	<b>89,152,930</b>	<b>1,984,764</b>	<b>2.3%</b>	<b>9</b>
10							10
11							11
<b>EXPENDITURES:</b>							
12							12
13							13
14 Annual Allocations	29,091,942	30,295,000	30,295,000	30,900,900 (1)	605,900	2.0%	14
15							15
16 Measure A Categories	43,428,109	69,522,015	134,693,234	52,912,500 (1)	(81,780,734)	-60.7%	16
17							17
18 Maintenance of Way	202,463	250,000	250,000	260,000	10,000		18
19							19
20 Oversight	978,549	1,185,000	1,185,000	1,185,000	-	0.0%	20
21							21
22 Administrative:							22
23 Staff Support	609,710	827,084	767,442	867,563	100,121	13.0%	23
24 Measure A Info-Others	167	15,000	15,000	15,000	-	0.0%	24
25 Other Admin Expenses	600,170	690,361	750,004	703,301	(46,703)	-6.2%	25
26 Total Administrative	1,210,047	1,532,445	1,532,446	1,585,864	53,418	3.5%	26
27							27
<b>28 TOTAL EXPENDITURES</b>	<b>74,911,110</b>	<b>102,784,460</b>	<b>167,955,680</b>	<b>86,844,264</b>	<b>(81,111,416)</b>	<b>-48.3%</b>	<b>28</b>
29							29
30 <b>EXCESS/(DEFICIT)</b>	<b>9,765,240</b>	<b>(15,616,294)</b>	<b>(80,787,514)</b>	<b>2,308,666</b>	<b>83,096,180</b>	<b>-102.9%</b>	<b>30</b>
31							31
32 <b>BEGINNING FUND BALANCE</b>	<b>469,056,620</b>	<b>478,821,860</b>	<b>478,821,860</b>	<b>398,034,346</b>	<b>(80,787,514)</b>		<b>32</b>
33							33
34 <b>ESTIMATED ENDING FUND BALANCE</b>	<b>478,821,860</b>	<b>463,205,566</b>	<b>398,034,346</b>	<b>400,343,012</b>	<b>2,308,666</b>	<b>0.6%</b>	<b>34</b>
35							35
36 (1) See Attachment B for details.							36
37							37

**ATTACHMENT B**

**FY2018 ALLOCATIONS AND EXPENDITURES**

		<b>New Measure TEP % Share</b>	<b>FY 2018 Preliminary Budget</b>	
<b>ANNUAL ALLOCATIONS:</b>				
1	ALLOCATION TO LOCAL ENTITIES	22.50%	19,048,500	1
2	SFO BART EXTENSION	2.00%	1,693,200	2
3		<b>Total Pass-Thru</b>	<b>20,741,700</b>	3
4				4
5	PARATRANSIT	4.00%	3,386,400	5
6	TRANSFER TO SMCTD FOR CALTRAIN	8.00%	6,772,800	6
7				7
8	<b>TOTAL ANNUAL ALLOCATIONS</b>		<b>30,900,900</b>	8
9				9
10	<b>MEASURE A CATEGORIES:</b>			
11	ALTERNATIVE CONGESTION RELIEF	1.00%		11
12		ACR Plan & Projects TBD	388,100	12
13		Commute.org TDM Program	458,500	13
14				14
15	DUMBARTON	2.00%	1,693,200	15
16				16
17	CALTRAIN	8.00%	6,772,800	17
18				18
19	PEDESTRIAN AND BICYCLE PROGRAM	3.00%	2,539,800	19
20				20
21	LOCAL SHUTTLE	4.00%	3,386,400	21
22				22
23	STREETS AND HIGHWAYS	Key Congested Corridors Program	14,646,180	23
24		Supplemental Roadway Program	8,635,320	24
25				25
26	GRADE SEPARATION	15.00%	12,699,000	26
27			-	27
28	SAN MATEO COUNTY FERRY SERVICE	2.00%	1,693,200	28
29				29
30	<b>TOTAL MEASURE A CATEGORIES</b>		<b>52,912,500</b>	30

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

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

SUBJECT: **PROGRAM REPORT: TRANSIT PROGRAM - PARATRANSIT PROGRAM**

**ACTION**

No action is required. This item is being presented to the Board for information only.

**SIGNIFICANCE**

This presentation is part of a series of program reports presented to the Board. Each of the San Mateo County Transportation Authority's (TA) six program areas – Transit, Highways, Local Streets/Transportation, Grade Separations, Pedestrian & Bicycle, and Alternative Congestion Relief Programs – will be featured individually throughout the year. This month features a report on the Paratransit Program under the Transit Program Category.

**BUDGET IMPACT**

There is no impact on the budget.

**BACKGROUND**

Paratransit is a service provided for persons with disabilities who are unable to independently use SamTrans fixed-route bus service. The San Mateo County Transit District (District) provides paratransit using Redi-Wheels on the bayside of the county and RediCoast on the Coastside. Since 1989, the TA has provided critical funding in support of the capital and operating needs associated with paratransit service in San Mateo County. The Original Measure A created a \$25 million Paratransit Trust Fund to be maintained in perpetuity. Interest earned from this fund was allocated for paratransit. Over the 20 year period that the TA administered the fund, \$32 million of Measure A funds went to support paratransit service. In 2009, as part of the Fiscal Year (FY) 2010 TA Budget, the Board took an action to transfer the Paratransit Trust Fund to the District. Interest from the Trust Fund continues to support Paratransit service.

Acknowledging the escalating need and associated costs of this service, voters approved the New Measure A which allocates 4 percent of the total sales tax revenue to help meet the special mobility needs of the county through paratransit and other accessible services. As part of the FY2017 Budget, the TA Board included \$3,320,000 of Measure A funding to provide accessible service for eligible seniors and people with disabilities in the county.

This month's presentation will be presented via PowerPoint.

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

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

FROM: Seamus Murphy  
Chief Communications Officer

SUBJECT: **STATE AND FEDERAL LEGISLATIVE UPDATE**

**ACTION**

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

**SIGNIFICANCE**

**STATE ISSUES**

AS OF 4/24/2017:

On April 6, 2017, the Legislature passed a landmark transportation funding package, Senate Bill (SB) 1. The bill passed largely along party lines (Senate 27-11 and Assembly 54-26).

This is the first time in 40 years, that the Legislature has approved a major state transportation funding package with ongoing revenue backed by new transportation-related taxes and fee.

The \$5.24 billion per year funding package, which generates new revenues from various taxes and fees, is designed to repair and maintain state highways and local roads, improve trade corridors, and support public transit & active transportation.

The funding package also includes a provision ACA 5 (Frazier), which will place a constitutional amendment on the November 2018 ballot to firewall the resources from being diverted away from their intended use.

Highlights from SB1:

<b>Program</b>	<b>Amount (Annual)</b>
Local Streets and Roads	\$1.5B
State Highway Maintenance and Rehabilitation	\$1.5B
Public Transit Operations and Capital	\$750M
Highway Bridge and Culvert Maintenance	\$400M
High Priority Freight Corridor	\$300M
Congested Corridor Relief	\$250M
Local Partnership Program	\$200M
Active Transportation Program	\$100M
Regional Transportation Improvement Program	\$82.5M
Local Planning Grants	\$25M
Transportation Research	\$7M

<b>Revenue Source</b>	<b>Amount (Annual)</b>
12-Cent Per Gallon Gas Tax (effective 11/1/17)	\$24B
Vehicle Registration Surcharge (effective 1/1/18)	\$16.3B
20-Cent / Gallon Diesel Excise Tax (effective 1/1/17)	\$7.3B
4 Percent Diesel Sales Tax (effective 11/1/17)	\$3.5B
\$100 Zero Emission Vehicle Fee (effective 2020)	\$200M
General Fund Loan Repayments	\$706M (one time)

New Programs:

**Congested Corridors Program**

The bill establishes a new “Solutions for Congested Corridors Program” and authorizes \$250 million per year for annual. The program, to be administered by the California Transportation Commission (CTC), focuses on multi-modal solutions to the most congested corridors in the state and takes a performance based approach. The Caltrain corridor and 101 highway projects would be eligible for funding.

**State-Local Partnership Program for “Self-Help” Counties**

The bill authorizes \$200 million per year to be continuously appropriated for a new program for counties that have dedicated transportation funding from uniform developer fees or voter-approved taxes. The program is similar to the State-Local Partnership Program established by Proposition 1B except it is limited to counties, so unfortunately transit agencies with voter approved taxes are not eligible. The bill requires the CTC to adopt guidelines for the program on or before January 1, 2018

## **Intercity and Commuter Rail Funding**

The bill boosts funding for intercity rail and commuter rail by dedicating a new 0.5 percent diesel sales tax to this purpose. Funds may be spent for operations or capital and the actual amount of revenue each year will depend on diesel prices and sales. Of the approximately \$37.5 million available each year, funds would be distributed as the following:

- 50 percent intercity rail services (Capitol Corridor, San Joaquin, Pacific Surfliner)
- 50 percent commuter rail services (Caltrain, ACE, SMART, MetroLink, Coaster). The funding would be evenly split among the commuter rail services until July 1, 2019, when the funds will be allocated on a formula basis, pursuant to new guidelines to be established by CalSTA with input from commuter rail services.

## Other Programs:

**State Transit Assistance (STA):** Increases the incremental sales tax on diesel fuel dedicated to the STA, generating approx. \$250 million per year to be used for transit capital and operations purposes. Additional \$105 million per year to the STA program, for "state of good repair" types of expenditures.

**Transit and Intercity Rail Capital Program:** Increases approximately \$245 million per year to the Transit and Intercity Rail Capital Program, the competitive transit capital program overseen by the California State Transportation Agency.

**State Transportation Improvement Program (STIP):** Boosts funding the STIP by setting the rate at 17.3 cents per gallon on July 1, 2019, plus an annual adjustment to keep pace with inflation that will be begin in July 1, 2020. The Metropolitan Transportation Commission estimates that for the Bay Area, this amounts to approximately \$140 million over 10 years.

## Related Legislation:

In parallel to the negotiations on SB 1 to secure two-thirds support, several other bills were amended and must pass for SB 1 to take effect. Notable earmarks include in the companion bills include:

- \$427 million for the Riverside County Transportation Efficiency Corridor for five specific projects, including grade separation projects, bridge widening, an interchange and the 91 Toll Connector to Interstate 15 North
- \$400 million for the extension of the Altamont Commuter Express to Ceres and Merced from the TIRCP
- \$100 million for the University of California, Merced Campus Parkway Project from the State Highway Account

SB 496 (Canella), whose provisions were recently amended into a bill originally authored by Senate President Pro Tempore Kevin DeLéon (who remains as a coauthor) now pertains to indemnity agreements with design professionals.

SB 496 provides that with respect to all contracts for design services entered into after January 1, 2018, indemnity agreements are unenforceable, except under certain circumstances.

**FEDERAL ISSUES**

AS OF 4/24/2017:

The Department of Transportation Fiscal Year (FY) 2017 Appropriations Bill expires on April 28, 2017. There are several items on President Trump's agenda such as the \$1.4 billion for the border wall that are stalling negotiations. Staff expects at least a one week continuing resolution of the FY2017 bills.

This week, while touring the John A. Volpe National Transportation Systems Center in Cambridge, Massachusetts, U.S. Transportation Secretary Elaine Chao said that the \$1 trillion infrastructures package will likely debut this summer, after the Administration tackles tax reform. Secretary Chao has previously said the infrastructure plan could be released as early as May.

Prepared By: Casey Fromson, Director, Government and  
Community Affairs

650-508-6493

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

FROM: Seamus Murphy  
Chief Communications Officer

SUBJECT: **REGIONAL MEASURE 3**

**ACTION**

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

**SIGNIFICANCE**

The Metropolitan Transportation Commission (MTC) is leading an effort to pursue a new regional transportation funding measure (RM3) for the 2018 election cycle. RM3 would increase the tolls on the region's seven state-owned toll bridges (San Francisco-Oakland Bay Bridge, San Mateo-Hayward Bridge, Dumbarton Bridge, Carquinez Bridge, Benicia-Martinez Bridge, Antioch Bridge and Richmond-San Rafael Bridge).

Revenues generated by a \$1 to \$3 toll increase would potentially generate \$1.7 billion to \$5 billion over 25 years. Revenues generated by the toll increase are expected to fund projects that demonstrate a strong nexus to reducing congestion and increasing efficiency in the bridge corridor.

As a fee, a simple majority of voters would be needed to approve the measure. Before it would be voted on, it must first be authorized by the state through legislation. Senator Jim Beall has introduced Senate Bill 595 as the spot bill for this measure.

In December, MTC held a Commission workshop on the RM3 process and that agenda packet is also included for your reference as well as Senator Beall's authorizing bill factsheet.

**BACKGROUND**

In 1988, Regional Measure 1 established a uniform \$1 base toll and funded primarily a small set of bridge replacement and expansion projects. In 2004, Regional Measure 2 raised the toll by \$1 and funded a much larger set of bridge, highway, and transit projects in the bridge corridors.

During 2017, MTC will continue engagement with partner agencies such as transit operators and congestion management agencies regarding projects and operations for consideration in RM3. During this same time period, there will be legislative review

and action by the state Legislature to provide MTC with authorization to put the measure on the ballot.

In anticipation of continued engagement at the local, regional and state level on RM3, staff has provided the attached draft candidate project list for Board review and comment. This draft list includes projects that would not only benefit the agency but provide congestion relief throughout the Peninsula.

Attachments

- A. Draft Candidate Project List
- B. MTC December Commission Workshop RM3 Agenda Item
- c. Senate Bill 595 Fact Sheet

Prepared By: Casey Fromson, Director, Government and  
Community Affairs

650-508-6493

## Attachment A

<b>Regional Measure 3 (RM3) - Candidate Project List</b>					
<b>Sponsor</b>	<b>Project</b>	<b>Location</b>	<b>Project Description</b>	<b>Capital Cost</b>	<b>Annual Operations Cost</b>
SMCTA/ C/CAG	US 101 Managed Lanes (South of I-380)	San Antonio Rd (Santa Clara County) to I-380	Add 22 miles of managed lanes (HOV and/or HOT) in San Mateo County	up to \$325M	TBD
SMCTA/ C/CAG	US 101 Managed Lanes (North of I-380)	US 101 from I-380 to SF County Line	Add northbound and southbound managed lane (HOV and/or HOT) from I-380 to San Francisco County line.	up to \$250M	TBD
SamTrans	Dumbarton Corridor	Dumbarton SR 84 and Dumbarton Rail bridge, and approaches	Mix of transportation improvements to address both congestion on the Dumbarton Bridge (Highway 84) and connecting roadways, as well as the rehabilitation and repurposing of the Dumbarton rail bridge to the south.	Cost estimates will range from tens of millions to up to \$1.2B (rail solution on the rail bridge)	TBD
SamTrans	SamTrans El Camino Real Corridor	Palo Alto to Daly City	Add rapid transit in the ECR corridor	\$16.5m for rapid transit	\$2.5m
SamTrans	Operations at SF Transbay Terminal	Palo Alto to Daly City	Operating support for SamTrans buses operating at the SF Transbay Terminal	N/A	TBD
Caltrain	Calmod 2.0	SF to San Jose	Full conversion to 100% EMU + capacity increase (\$440m); broadband (\$30m); Maintenance Facility improvements (\$36m); level boarding & platform extensions (\$250M)	up to \$756M	TBD
Caltrain	Caltrain Downtown Extension (DTX)	SF Caltrain Station to Transbay Terminal	Extending Caltrain from current terminal station in SF to the Transbay Terminal	\$3.9B (total cost of project)	TBD

## Attachment A

SM/Foster City	101/92 Interchange improvements	San Mateo/Foster City	Array of alternatives that would improve traffic flow and increase mobility within the heavily congested 101/92 Interchange	up to \$160M	TBD
Redwood City	Woodside Interchange	US 101/SR 84 Woodside Interchange	Improve the US 101/Woodside Interchange.	\$142M	TBD
Various	Bicycle/Pedestrian facilities	Various	Improvements to bicycle/pedestrian access connected to toll corridors, including the San Francisco Bay Trail.	\$20M	TBD
WETA	Expanded Ferry Service RWC	Redwood City	The new Redwood City terminal will open between 2022 and 2026, offering ferry service to San Francisco.	\$94M	\$12M
WETA	Expanded Ferry Service SSF	South San Francisco	In June of 2012, construction of the new South San Francisco terminal was completed and service was launched.	\$18M	\$8M
BART	BART Rail Car Rehab	Systemwide across 5 counties	Rehabilitation of aging BART cars	TBD (SM share)	TBD
City of East Palo Alto	University Avenue Improvements	University Ave between Highway 101 and the Dumbarton Bridge	Improve traffic and safety through this major transportation corridor between Highway 101 and the Dumbarton Bridge.	\$5M	TBD
Cities	Grade Separation	Various	Grade separation connected to toll bridge corridors.	\$250M	TBD



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 2

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San Francisco, CA 94105  
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## *Memorandum*

## ATTACHMENT B

TO: Commission

DATE: December 8, 2016

FR: Executive Director

RE: Regional Measure 3

### **Background**

Included in the Commission's Draft Advocacy Program for 2017 is a recommendation that the Commission sponsor legislation authorizing MTC to place on the ballot a measure asking Bay Area voters to approve a bridge toll increase to fund congestion relief projects for improved mobility in the bridge corridors. This memo and the attachments include information for your discussion and policy direction as we seek to pass legislation in 2017 to achieve this goal.

Attached to this memo are the following documents.

- A map showing the major investments included in Regional Measures 1 and 2 – RM1 and RM2 (Attachment A)
- Key Policy Considerations (Attachment B)
- Charts that include data on the county of origin of the toll payers, the relative size of the toll collections at each of the toll bridges and registered voter information (Attachment C)

### **Process**

Unlike local sales tax measures where the Legislature has provided a general grant of authority to a county to create an expenditure plan to be placed on the ballot, RM1 and RM2 included an expenditure plan written and adopted by the Legislature as part of its normal bill passage process. The toll program is also unique in that it is regional in nature and the tolls are pooled together to fund projects throughout the bridge system. The toll revenue provides a benefit to those paying the fees (i.e. toll bridge users) or mitigates for the activity associated with the fees. As fees, toll increases are subject to a simple majority vote, rather than two-thirds. In the case of RM1 and RM2, and MTC's regional gas tax authorization statute, the vote is tallied region-wide, rather than county-by-county.

In 2003, when RM 2 was under consideration by the Legislature, then Senate Pro Tem Don Perata created a special Select Committee that held a number of public hearings to solicit public input on the expenditure plan. Concurrently, MTC hosted a Technical Advisory Committee that met monthly to provide interested parties — transit operators, CMA's and other stakeholders — an opportunity to propose projects and discuss the attributes of proposals as they emerged in an open public forum.

We expect a similar process to begin in earnest when the Legislature convenes in January 2017, with a goal of passing a bill in 2017 so that a measure can be placed on the ballot in 2018.

**Workshop Focus**

At your December workshop, staff hopes to solicit your guidance on the key policy considerations and draft principles outlined in Attachment B as well as any other related issues of concern to the Commission. We would expect to return to the Legislation Committee at regular intervals in 2017 to review further details about the Regional Measure 3 bill as it develops, including specific projects proposed for potential funding.



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Steve Heminger

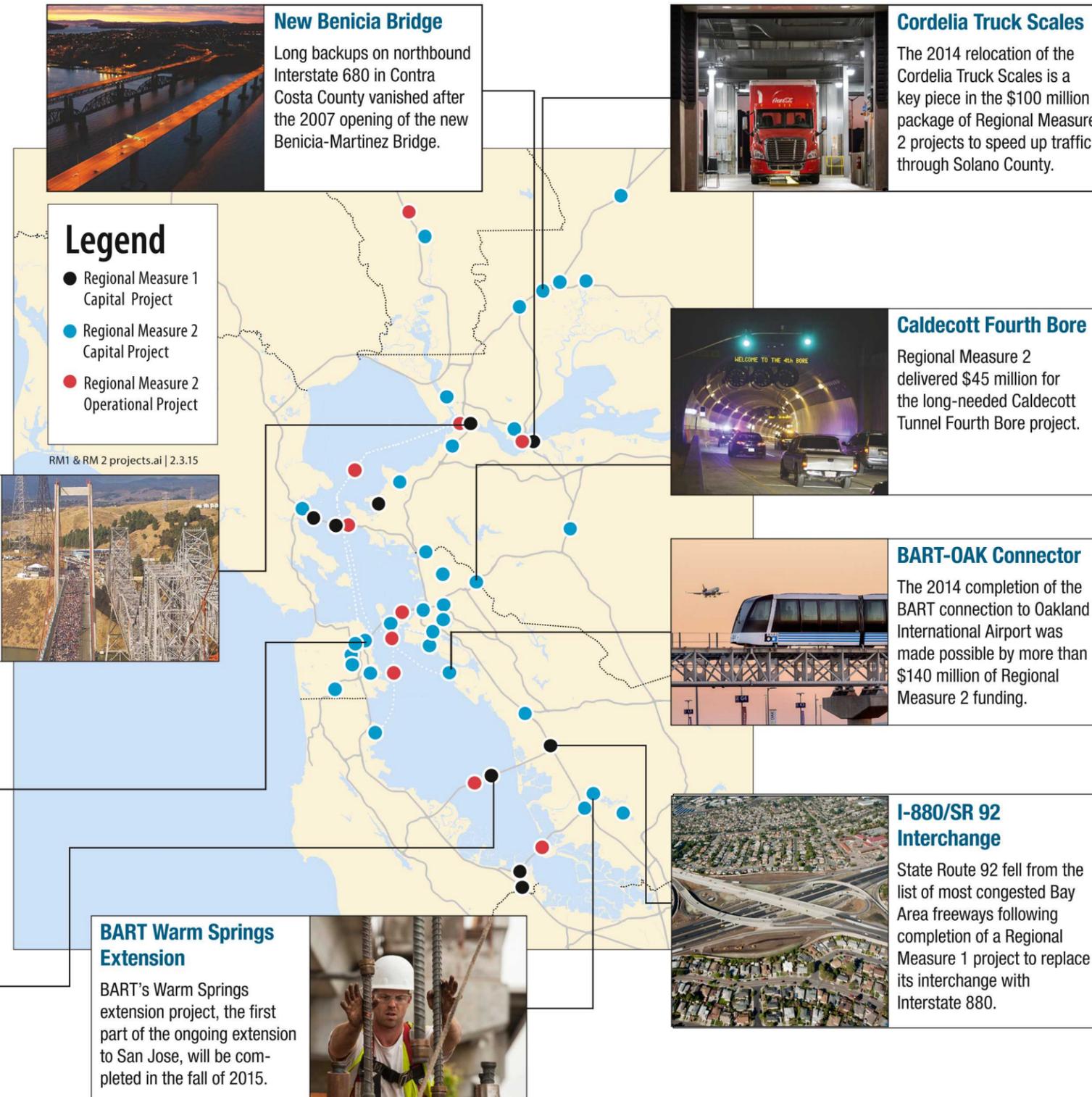
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Attachments



# Voter Approved Toll Bridge Measures Deliver Big Returns

Year after year, in good economic times and bad, Bay Area residents rank transportation as one of their highest priorities. Voters have proved this time and again at the ballot box, including through the passage of Regional Measure 1 in 1988 and Regional Measure 2 in 2004. These measures raised tolls on the Bay Area's seven state-owned toll bridges — and delivered dozens of the most important transportation investments of the past generation.

With these projects now completed or under construction, it's time for voters to consider a third regional measure for the Bay Area's next generation of improvements.



**New Benicia Bridge**  
Long backups on northbound Interstate 680 in Contra Costa County vanished after the 2007 opening of the new Benicia-Martinez Bridge.

**Cordelia Truck Scales**  
The 2014 relocation of the Cordelia Truck Scales is a key piece in the \$100 million package of Regional Measure 2 projects to speed up traffic through Solano County.

**Caldecott Fourth Bore**  
Regional Measure 2 delivered \$45 million for the long-needed Caldecott Tunnel Fourth Bore project.

**BART-OAK Connector**  
The 2014 completion of the BART connection to Oakland International Airport was made possible by more than \$140 million of Regional Measure 2 funding.

**I-880/SR 92 Interchange**  
State Route 92 fell from the list of most congested Bay Area freeways following completion of a Regional Measure 1 project to replace its interchange with Interstate 880.

**Legend**  
● Regional Measure 1 Capital Project  
● Regional Measure 2 Capital Project  
● Regional Measure 2 Operational Project

**New Carquinez Bridge**  
Thousands of people turned out in late 2003 to celebrate the opening of the Al Zampa Bridge linking Solano and Contra Costa counties.

**Third Street Light Rail**  
San Francisco's T-Third light-rail project provided faster and more reliable connections between downtown and the city's southeastern neighborhoods.

**San Mateo Bridge Widening**  
The late Congressman Tom Lantos was on hand in 2003 to cut the ribbon for the newly widened San Mateo-Hayward Bridge.

**BART Warm Springs Extension**  
BART's Warm Springs extension project, the first part of the ongoing extension to San Jose, will be completed in the fall of 2015.

REGIONAL MEASURE 1	Amount (\$ millions)
New Benicia-Martinez Bridge	\$1,200
Carquinez Bridge Replacement	\$518
Richmond-San Rafael Bridge Rehabilitation	\$117
San Mateo-Hayward Bridge Widening	\$210
I-880/SR 92 Interchange Replacement	\$235
Bayfront Expressway Widening	\$36
Richmond Parkway	\$6
US 101/University Avenue Interchange Improvements	\$4

REGIONAL MEASURE 2	Amount (\$ millions)
Transbay Transit Center <sup>1</sup>	\$353
e-BART/Hwy 4 Widening <sup>2</sup>	\$269
BART to Warm Springs <sup>1,2</sup>	\$304
BART Oakland Airport Connector <sup>1</sup>	\$146
Solano Co. I-80 HOV Lanes & Cordelia Truck Scales <sup>1</sup>	\$123
SMART Rail	\$82
AC Transit Bus Rapid Transit <sup>2</sup>	\$78
Transit Center Upgrades and New Buses (Regionwide)	\$65
I-580 HOV Lanes	\$53
Ferry Vessels <sup>2</sup>	\$46
Caldecott Tunnel Fourth Bore	\$45
Transit Technology (Clipper®, 511®, Signals)	\$42
Contra Costa I-80 HOV Lanes	\$37
BART Tube Seismic Retrofit <sup>2</sup>	\$34
San Francisco Third Street Light Rail	\$30
BART Central Contra Costa Crossover	\$25
Safe Routes to Transit Projects	\$23
Other Regional Projects	\$356
Transit Operations Support (Annual)	\$41

<sup>1</sup> Amount shown includes other toll revenue in addition to RM2  
<sup>2</sup> Under construction

## Draft Principles for Regional Measure 3

### Bridge Nexus

Ensure all projects benefit toll payers in the vicinity of the San Francisco Bay Area’s seven state-owned toll bridges

### Regional Prosperity

Invest in projects that will sustain the region’s strong economy by enhancing travel options and improving mobility in bridge corridors

### Sustainability

Ensure all projects are consistent with Plan Bay Area 2040’s focused growth and greenhouse gas reduction strategy

### State of Good Repair

Invest in projects that help restore bridges and transportation infrastructure in the bridge corridors

### Demand Management

Utilize technology and pricing to optimize roadway capacity

### Freight

Improve the mobility, safety and environmental impact of freight

### Resiliency

Invest in resilient bridges and approaches, including addressing sea level rise

## Regional Measure 3 – Key Policy Considerations



### When should the vote take place?

We recommend either the primary or general election in 2018. This will require the Legislature to pass the enabling legislation no later than the end of August 2017.

### How large of a toll hike should we seek?

A comparison of the revenue yield from a \$1–\$3 toll surcharge as well as a comparison of toll rates on other bridges are shown in the tables below. A multi-dollar toll surcharge could be phased in over a period of years.

Toll Surcharge Amount	Annual Revenue	Capital Funding Available (25-year bond)
\$1	\$127 million	\$1.7 billion
\$2	\$254 million	\$3.3 billion
\$3	\$381 million	\$5.0 billion

### Toll Rate Comparisons

Facility	Standard Auto Toll	Carpool Toll
BATA Bridges	\$5.00	\$2.50
Golden Gate Bridge	\$7.50/\$6.50 Plate/FasTrak	\$4.50
MTA Verrazano Narrows Bridge	\$11.08 <sup>1</sup> /\$16.00 EZ-Pass/Cash	\$3.08 <sup>1,2</sup>
Port Authority of New York/New Jersey (Bridges and Tunnels)	\$10.50/\$12.50/\$15.00 Off-Peak/Peak/Cash	\$6.50

<sup>1</sup>Results from EZ-Pass discount rate

<sup>2</sup>Average rate, based on 24 trips





### Which counties should vote on the toll increase?

Regional Measure 1 (1988) and Regional Measure 2 (2004) were placed on the ballot in only seven of the nine Bay Area counties; Napa and Sonoma were excluded. We propose that all nine counties be included in Regional Measure 3.

### Should toll revenue be used for operating purposes?

If a portion of toll revenue is reserved for operating funding (such as to subsidize transit service), the capital funding shown in the table on the prior page would be reduced. For example, for every 10% of total revenue reserved for operating purposes under a \$2 toll scenario, the capital yield from toll revenue bonds would be reduced by approximately \$300 million. Accordingly, we recommend restricting operating funding to the smallest possible amount. If an operating program is created, we recommend establishing performance standards similar to those in Regional Measure 2 as a condition of funding eligibility.

### Should congestion pricing be expanded?

The \$6 peak/\$4 off-peak weekday toll on the San Francisco-Bay Bridge has successfully reduced congestion on that span by encouraging some commuters to change their time or mode of travel. The \$6/\$4 differential toll also raises about the same amount of revenue as would a flat \$5 toll on that span. To further reduce congestion, we suggest consideration of a greater discount between the peak and off-peak rate for the Bay Bridge in Regional Measure 3.

### Should a FasTrak® discount be authorized?

The Golden Gate Bridge district offers FasTrak Discounts to incentivize more drivers to sign up for FasTrak, since electronic toll collection significantly speeds up traffic throughput on the bridge. RM 3 is an opportunity to remove a statutory restriction that currently prohibits BATA from offering similar FasTrak discounts. We recommend pursuing this change to help reduce delays and associated emissions.

### Should trucks pay an additional toll?

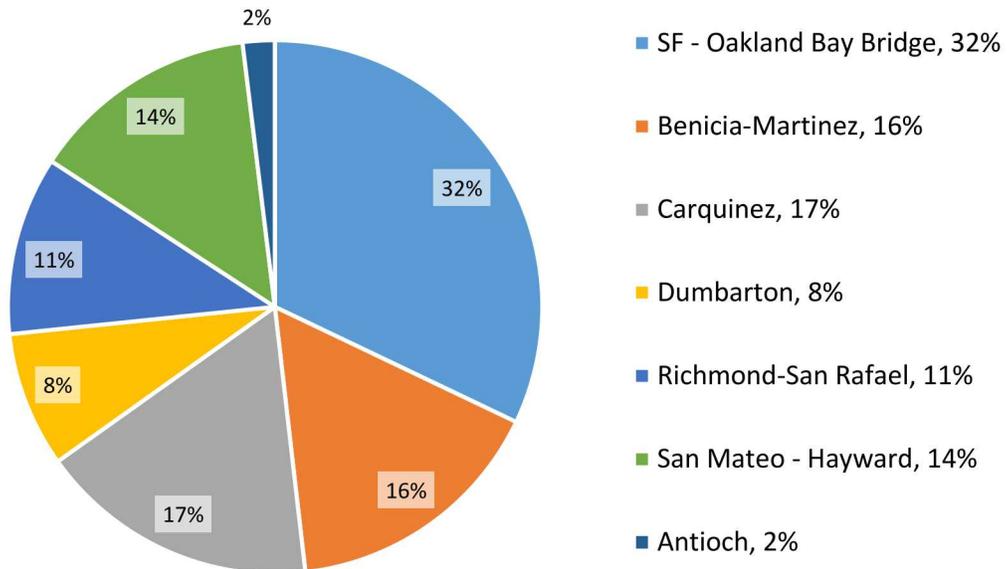
The last toll hike approved by the Bay Area Toll Authority (BATA) in 2010 included a substantial increase in the axle-based rate paid by commercial vehicles and trucks. As a result, we recommend that Regional Measure 3 be a flat surcharge added to all vehicles crossing the seven state-owned bridges.

### What kind of projects should be considered for funding?

Since bridge tolls are fees and not taxes, the use of toll revenue should benefit the payers of the fee. In other words, the projects funded by Regional Measure 3 should provide safety, mobility, access, or other related benefits in the toll bridge corridors. Regional Measure 1 funded primarily a small set of bridge replacement and expansion projects. By contrast, Regional Measure 2 funded a much larger set of both bridge, highway, and transit projects in the bridge corridors. Given the region's significant needs on all modes, we expect that Regional Measure 3 will resemble its immediate predecessor in the breadth and modal mix of projects.

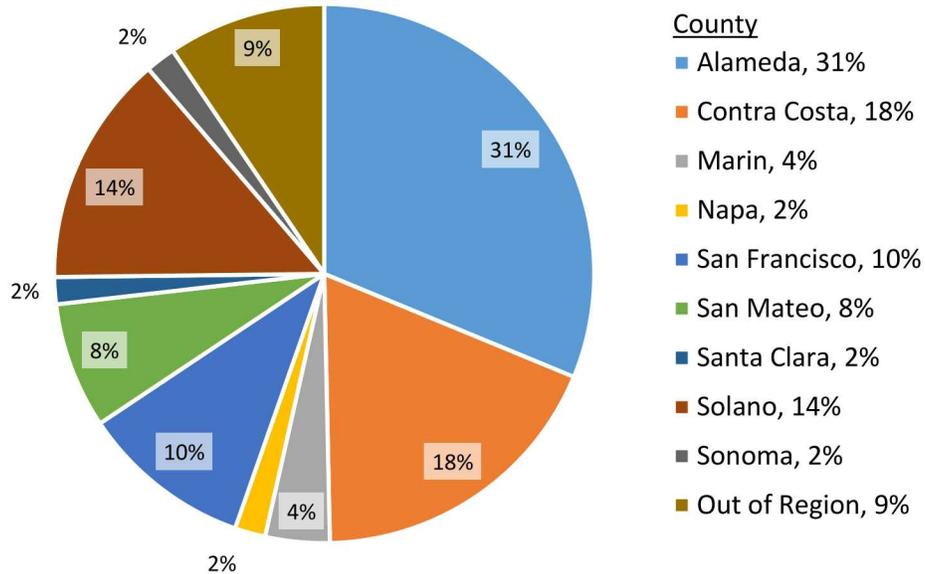


### Share of Bridge Toll Revenue by Bridge



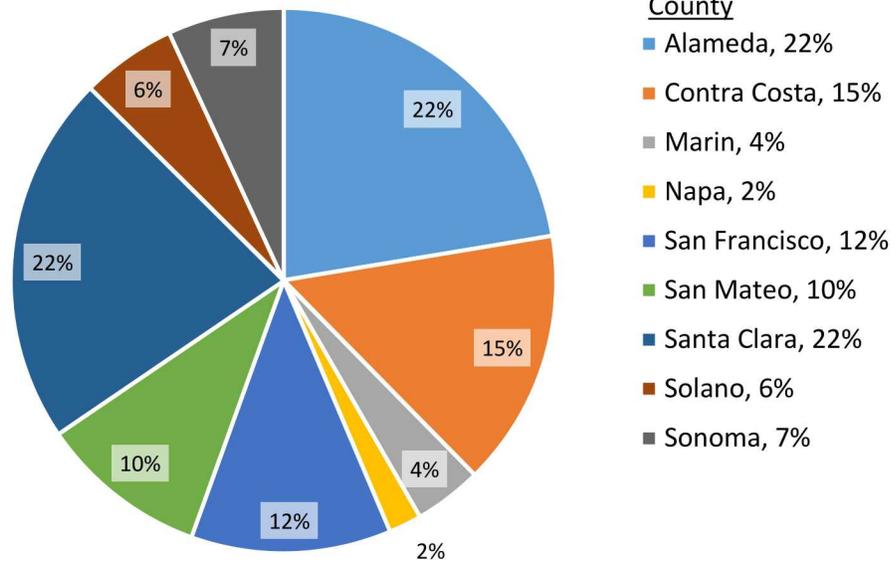
Source: FY16 Toll Revenues Collected by Bridge, MTC Comprehensive Annual Financial Report, June 30, 2016

### Share of Toll Revenue by County of Residence



Source: 2015 MTC FasTrak Data - Average Typical Weekday Transactions by County of Billing Address

### Share of Voters by County



Source: 2016 California Secretary of State Report of Registration (registered voters by county as of 10/24/2016)

**ISSUE**

Transportation infrastructure is key to supporting the San Francisco Bay Area’s strong economy and maintaining California’s leadership in high-tech and high-paying jobs. Traffic congestion on the region’s freeways, overcrowding on BART, Caltrain, ferries and buses in the toll bridge corridors is eroding the Bay Area’s quality of life, access to jobs, cultural and educational opportunities, and undermining job creation and retention. The traffic chokepoints are especially acute in the corridors of the seven state-owned toll bridges that are critical east-west and north-south arteries that bind the Bay Area together.

**BACKGROUND**

Bay Area voters have led California’s “self-help” movement in supporting new local revenue for congestion relief, including strong voter support for toll increases in 1988 and 2004. In 1988, the Legislature enacted SB 45 (Lockyer), placing on the ballot Regional Measure 1, which standardized all bridge tolls at \$1 to help build the new Benicia-Martinez Bridge and the Carquinez Bridge replacement, among other projects. The measure was approved by 70 percent.

In 2003, Senate Bill 916 (Perata) authorized Regional Measure 2, a \$1 toll increase to fund transit and roadway improvements in the bridge corridors. The measure helped build numerous transportation improvements, including the Caldecott Tunnel’s 4th Bore, BART to Warm Springs Extension (the first phase of BART to Silicon Valley), BART seismic retrofit and HOV lanes on Interstate 80, among other major projects. The measure was approved by 57 percent. In 2005, the Legislature delegated administration of all bridge toll revenue to the Bay Area Toll Authority, the Metropolitan Transportation Commission (MTC)’s affiliate agency which shares the same governing board.

**THIS BILL**

SB 595 would provide voters in the nine Bay Area counties (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma) the opportunity to jumpstart the next generation of critical transportation improvements in the bridge corridors funded by an increase in bridge tolls. The bill would require the MTC to place a measure on the ballot in all nine counties. The expenditure plan, the toll level and the timing of the vote are not yet specified in the bill and are subject to discussion with members of the Legislature and key stakeholders. SB 595 will include strong accountability provisions to ensure that funds are invested according to the voter-approved plan.

While SB 1 (Beall) provided a substantial increase in state funds focused primarily on repairing local roads and the state highway system – the state’s *aging* pains – SB 595 will address the Bay Area’s *growing* pains, by improving mobility and enhancing travel options in the region’s bridge corridors.



**STATUS/VOTES**

**SUPPORT**

Metropolitan Transportation Commission

**OPPOSITION**

None on file

**FOR MORE INFORMATION**

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Lynne.Andres@sen.ca.gov (916) 651-4015