

Notice of this public hearing appeared in the *San Mateo Daily Journal* on May 20, 2020. The notice also was posted in the lobby of the TA's administrative building, where the TA's agendas also are posted for public viewing. As of the date of publication of this staff report, no written comments has been received.

Staff recommends the Board:

1. Open the public hearing;
2. Receive an oral staff report and presentation on the proposed budget;
3. Ask staff to answer any Board member questions;
4. Accept public comment;
5. Close the public hearing;
6. Conduct Board discussion; and
7. Adopt the proposed budget.

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.

In November 2018, county voters approved Measure W (placed on the ballot by the San Mateo County Transit District), authorizing a half-cent sales tax commencing July 1, 2019 for a 30-year term through June 30, 2049. One half of the Measure W proceeds are transferred from the San Mateo County Transit District (District) to the TA for administration. The TA's role is to administer the proceeds from the Measure A and Measure W taxes to fund a broad spectrum of transportation-related projects and programs.

Revenues

Total projected revenue for the first quarter of FY2021 is \$103.5 million, an **increase** of \$67.0 million, or 183.4 percent, from the first quarter of the FY2020 budget. The Revenue includes the following significant components:

Sales Tax (Attachment A, lines 1 and 3) San Mateo County Ordinance No. 04223, which authorized the TA to extend its Measure A half-cent 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 as a new Measure A. San Mateo County Transit District Ordinance No. 105, approved by the voters as Measure W in November 2018, created an additional half-cent Retail Transactions and Use Tax for 30 years beginning July 1, 2019 and ending June 30, 2049 and authorized the TA to administer 50 percent of the Measure W tax revenues.

Sales Tax is cyclical and subject to changes in the economy, such as changes associated with the COVID-19 pandemic.

Total sales tax receipt revenues received by the TA for July through September of 2020 are projected to total \$31.4 million (\$20.9 million for Measure A; \$10.5 million for Measure W), which is a decrease of \$2.8 million (\$1.9 million from Measure A; \$0.9 million from Measure W), or 8.1 percent, from the first quarter of the FY2020 budget.

The estimated decrease is due to a revised projection in sales tax revenue based on the current state of the economy.

Interest Income (Attachment A, line 5) is income revenue generated from fund balances in the Original and New Measure A and Measure W accounts in the County Investment Pool, the TA's Investment Portfolio, and Local Agency Investment Fund (LAIF). Interest Income for July through September (FY2021) is estimated at \$1.9 million, a decrease of \$275,361, or 12.7 percent, from the first quarter of FY2020 budget. This decrease is a result of the removal of the Investment Premium/Discount budget, which was based on market fluctuation.

Rental Income (Attachment A, line 7) is generated from properties the TA owns and leases out to lessees. Rental Income for the first quarter of FY2021 is projected at \$257,835, an increase of \$29,847, or 13.1 percent, due to a 3% increase in rents under leases based on the Consumer Price Index and the amount includes some new leases.

Grant Proceeds (Attachment A, line 9) is projected at \$70.0 million for FY2021. \$50 million in regional bridge toll funds from Bay Area Infrastructure Financing Authority (BAIFA) per Reso 2019-26 and \$20 million in State Local Partnership Program (SLPP) from the California Transportation Commission (CTC) to support the US-101 Managed Lanes Project.

Expenditures

Expenditures are budgeted based upon the Transportation Expenditure Plan in Measure A (2004 TEP) and the Congestion Relief Plan in Measure W, each of which assigns percentages of tax revenues for various categories of programs and projects.

Budget expenditures for the seven primary Measure A program categories are as follows:

<u>Category</u>	<u>% of Tax</u>
Transit	30.0%
Highways	27.5%
Local Streets & Transportation	22.5%
Grade Separation	15.0%
Pedestrian & Bicycle	3.0%
Alternative Congestion Relief	1.0%
Administration-Staff Support	1.0%
Total	100.0%

Budget expenditures for the four primary Measure W program categories administered by the TA are as follows:

<u>Category</u>	<u>% of Tax</u>
Countywide Highway Congestion Improvement	22.5%
Local Safety, Pothole and	12.5%

Congestion Relief Improvement	
Bicycle & Pedestrian Improvements	5.0%
Regional Transit Connections	10.0%
Total ¹	50.0%

The total Interim expenditures for the first quarter (Attachment A, line 32) are \$29.8 million, a decrease of \$1.8 million, or 5.6 percent, compared to the first quarter of the FY2020 budget due to the decrease in projected sales tax revenue for FY2021. The FY2021 interim, first quarter budget expenditures are composed primarily of \$7.6 million in Measure A Annual Allocations (Attachment A, line 16), \$10.2 million in Measure A Categories (Attachment A, line 18), \$2.1 million in Measure W Annual Allocations (Attachment A, Line 20), \$8.4 million in Measure W Categories (Attachment A, line 22), \$562,500 in Oversight (Attachment A, line 24), and \$946,968 in Total Administrative Expenses (Attachment A, line 30).

Interim expenditures for FY2021 fall into the following major categories:

Measure A Annual Allocations (Attachment A, line 16)

Annual Allocations are allocated directly to the recipients without a separate fund programming process. Total Annual Allocations for the first quarter of FY2021 are projected at \$7.6 million, a decrease of \$675,250, or 8.1 percent, from the first quarter of FY2020 budget. Annual Allocations include projects with FY2021 funding requirements as detailed in Attachment B.

- **Allocation to Local Entities** – The FY2021 interim, first quarter budget of \$4.7 million is for the improvement and maintenance of local transportation, including streets and roads for the twenty cities in the County and the unincorporated County.
- **SFO Bart Extension** – The FY2021 interim budget of \$418,000 is a direct allocation to BART, and it represents the District’s share of financial assistance associated with the existing San Mateo County / SFO Bart extension.
- **Paratransit** – The FY2021 interim budget of \$836,000 is to meet the paratransit needs of the county.
- **Transfer to San Mateo County Transit District (SMCTD) for Caltrain** – The FY2021 interim budget of \$1.7 million is for San Mateo County’s local share for Caltrain operational expenditures; this represents the up-to 8% of sales tax receipts that can be transferred to Caltrain for rail operations.

Measure A Categories (Attachment A, line 18)

Measure A Categories include programs as detailed in Attachment B. These categories include Alternative Congestion Relief, Dumbarton, Caltrain, Pedestrian and Bicycle

¹ Pursuant to Measure W, the other 50% of the sales tax revenues are used for transportation systems and administered by the San Mateo County Transit District.

Program, Local Shuttle, Streets and Highways, Grade Separation, and the San Mateo County Ferry Service.

- **Alternative Congestion Relief** – The \$209,000 in the FY2021 interim, first quarter budget represents the full 1 percent of projected sales tax outlined in the 2004 Transportation Expenditure Plan (TEP). Of the total, \$77,847 is proposed to be set aside for future alternative congestion relief projects. The remaining \$131,153 is budgeted for Commute.org's Transportation Demand Management Program for the first quarter of FY2021.
- **Dumbarton** – The FY2021 interim, first quarter budget of \$418,000 is for station facilities and enhancement for the Dumbarton rail corridor through East Palo Alto, Menlo Park, and Redwood City.
- **Caltrain** – San Mateo County's local share for the system-wide improvement program in the FY2021 interim, first quarter budget is \$1.7 million. System-wide capital improvements anticipated to be undertaken in FY2021 for the Caltrain system include: State of Good Repair rolling stock, signal, track and station work. These funds will be matched with monies from Caltrain partners, the Santa Clara Valley Transportation Authority and the City and County of San Francisco.
- **Pedestrian and Bicycle** – The Pedestrian and Bicycle line item for \$627,000 represents one quarter of the 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 \$836,000 for this line item represents the funds set aside for shuttles receiving allocations in the first quarter resulting from the FY2021 Shuttle Program call for projects.
- **Streets and Highways** – In accordance with the 2004 TEP, the Streets and Highways Program expenditures include first quarter funding for key congested corridors in the amount of \$3.6 million, and for supplemental roadway projects in the amount of \$2.1 million. These funds will be used for projects selected through future calls for projects processes.
- **Grade Separation** – The \$414,817 interim, first quarter budget for this line item is available for future Grade Separation projects. 15 percent of Measure A sales tax revenue outlined in the 2004 TEP is set aside for grade separation projects. When the TA Board approved funding for the 25th Avenue Grade Separation project (Project), it included funding from future years' Grade Separation program funds. In FY21, the obligations for the Project is now paid off, and the \$414,817 is available for other future projects.
- **San Mateo County Ferry Service** - \$251,976 for this line item is budgeted in the FY2021 interim budget for the first quarter and is available for programming to ferry projects in accordance with the TA Strategic Plan.

Measure W Annual Allocations (Attachment A, line 20)

Annual Allocations are allocated directly to the recipients without a separate fund programming process. Total Annual Allocations for the first quarter are projected at \$2.1 million. Annual Allocations include projects with FY2021 funding requirements as detailed in Attachment B.

- **Allocation to Local Entities** – The FY2021 interim, first quarter budget of \$2.1 million is for the major arterial and local roadway improvements in key congested areas throughout the County.

Measure W Categories (Attachment A, line 22)

Measure W Categories include programs as detailed in Attachment B. These categories include Countywide Highway Congestion Improvements, Local Safety, Pothole and Congestion Relief Improvements, Bicycle and Pedestrian Improvements, and Regional Transit Connections.

- **Countywide Highway Congestion Improvements** – The \$4.7 million in the FY2021 interim, first quarter budget is the full 22.5 percent of projected sales tax outlined in Measure W.
- **Local Safety, Pothole and Congestion Relief Improvements Grade Separation** – The FY2021 interim, first quarter budget of \$522,500 is the full 2.5 percent for Congestion Relief Projects in Measure W.
- **Bicycle and Pedestrian Improvements** – The Bicycle and Pedestrian line item for \$1.0 million in the first quarter represents the full 5 percent of sales tax revenues designated for this category in Measure W. These funds will be used for projects selected through future calls for projects.
- **Regional Transit Connection** – The FY2021 interim budget of \$2.1 million is the full 10 percent for Congestion Relief Projects in Measure W. These funds will be used for projects to improve transit connectivity between the County and the region.

Oversight (Attachment A, line 24)

Oversight costs include staff and consultant costs to support programming and monitoring of projects, calls for projects and administration of the policies and procedures for implementation of the 2004 Measure. These expenditures will be funded from interest earned on the investment of fund balances. The oversight category contains \$562,500 for TA costs associated with implementing the various TEP categories in the first quarter. There is no change in oversight when compared to the FY2020 budget.

Staff Support (Attachment A, line 27)

Staff support includes wages and benefits to administer the TA. The FY2021 interim, first quarter budget for this line is \$354,683. A majority of the \$354,683 budget will be funded by the 1.0 percent of the FY2021 Measure A sales tax category designated for staff support. The decrease between the first quarter of FY2021 and first quarter of FY2020 budget is primarily due to decreases in retiree medical costs and unfunded pension

obligations.

Other Admin Expenses (Attachment A, line 29)

Other Admin Expenses represent administrative expenses other than Staff Support and Measure A Info-Other. Other Admin Expenses is budgeted at \$588,536 for the first quarter and primarily consists of legal expenses, insurance expenses, and bank and audit fees. The increase between FY2021 first quarter expenses and first quarter of FY2020 budget is primarily due to the increase in insurance premium estimates for FY2021.

Total Administrative (Attachment A, line 30)

Total administrative expenditures for the first quarter are projected at \$946,968, or 0.6 percent less than the first quarter of FY2020 budget.

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RESOLUTION NO. 2020 –

BOARD OF DIRECTORS, SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATE OF CALIFORNIA

**ADOPTING THE INTERIM BUDGET IN THE AMOUNT OF \$29,764,261 FOR THE FIRST
QUARTER OF FISCAL YEAR 2021**

WHEREAS, Section 131265(a) of the California Public Utilities Code requires the San Mateo County Transportation Authority ("Authority" or "TA") Board of Directors to adopt the Interim budget; and

WHEREAS, in accordance with Section 131266 of the California Public Utilities Code, the Authority conducted a public hearing concerning the Interim budget at its meeting on June 4th, 2020; and

WHEREAS, the Executive Director has prepared and presented to the Board of Directors the proposed interim budget for fiscal year 2021 which includes: Measure A Annual Allocations in the amount of \$7,628,500, Measure A Categories in the amount of \$10,176,292, Measure W Annual Allocations in the amount of \$2,090,000, Measure W Categories in the amount of \$8,360,000, Oversight in the amount of \$562,500, and Total Administrative Expenses in the amount of \$946,968.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the San Mateo County Transportation Authority adopts the interim budget for the first quarter of Fiscal Year 2021, a copy of which is attached and incorporated herein as Attachments A and B.

Regularly passed and adopted the 4th day of June 2020 by the following vote:

AYES:

NOES:

ABSENT:

Chair, San Mateo County Transportation Authority

ATTEST:

Authority Secretary



SAN MATEO COUNTY

**Transportation
Authority**

Interim FY2021 Budget

Board of Directors
June 04, 2020
Agenda Item #10 (a)



FY2021 Interim Budget Introduction

- The interim budget reflects staff's expectations of revenue and expenditures for the first quarter of Fiscal Year 2021.
- Due to current state of the economy, this proposed interim budget is meant to be a stopgap as we gain more information and can better predict the annual impact on the budget.

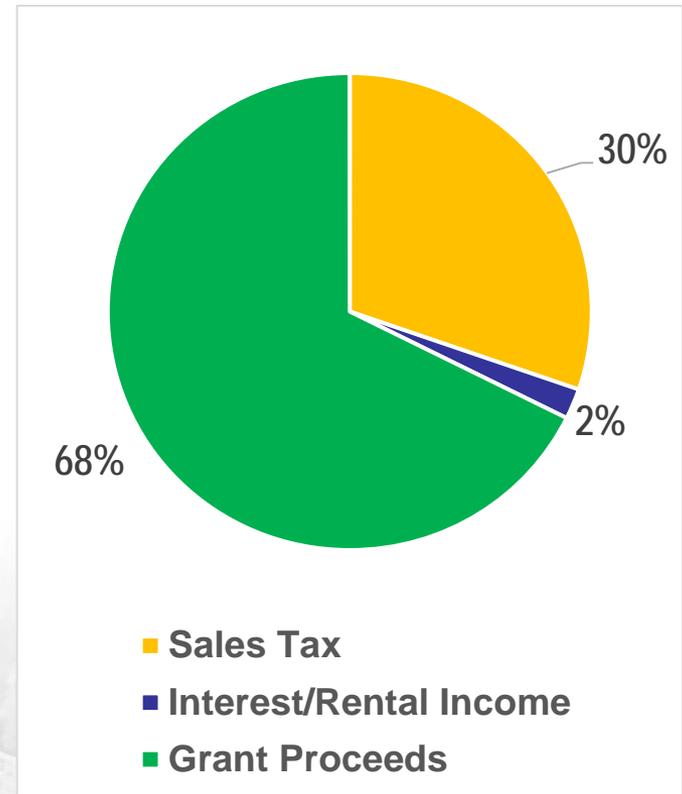


FY2021 Interim Budget

TA Revenues (in millions)

	FY2020 Adopted	FY2021 Interim	% Change inc/(dec)
Sales Tax Measure A	\$22.8	\$20.9	(8.1%)
Sales Tax Measure W	11.3	10.4	(8.1%)
Interest Income	2.2	1.9	(12.7%)
Rental Income	0.2	0.3	13.1%
Grant Proceeds		70.0	n/a
Total Revenue	\$36.5	\$103.5	183.4%

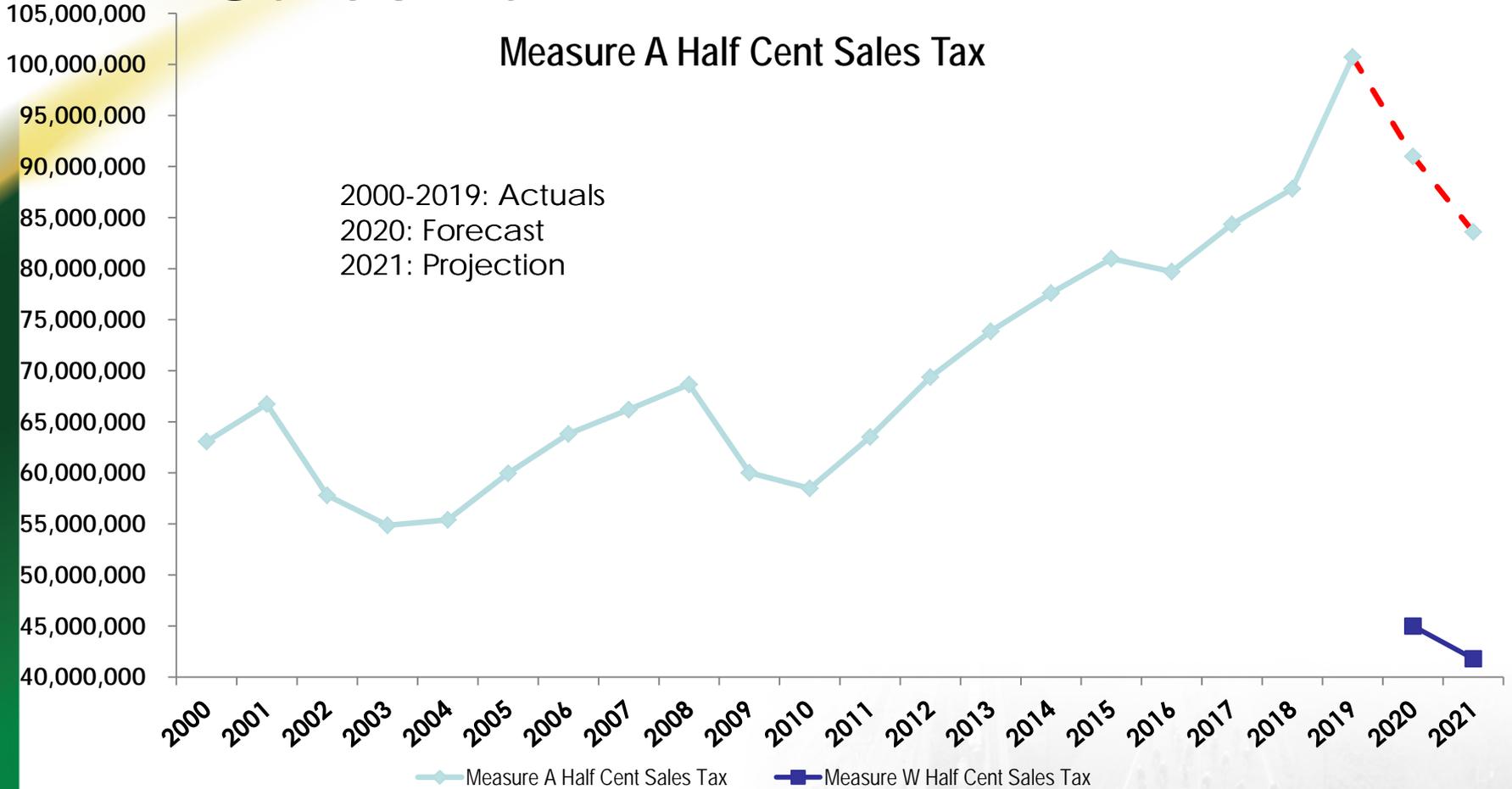
Percent of Total Revenue for
FY2021 Interim Budget





Sales Tax

Measure A Half Cent Sales Tax



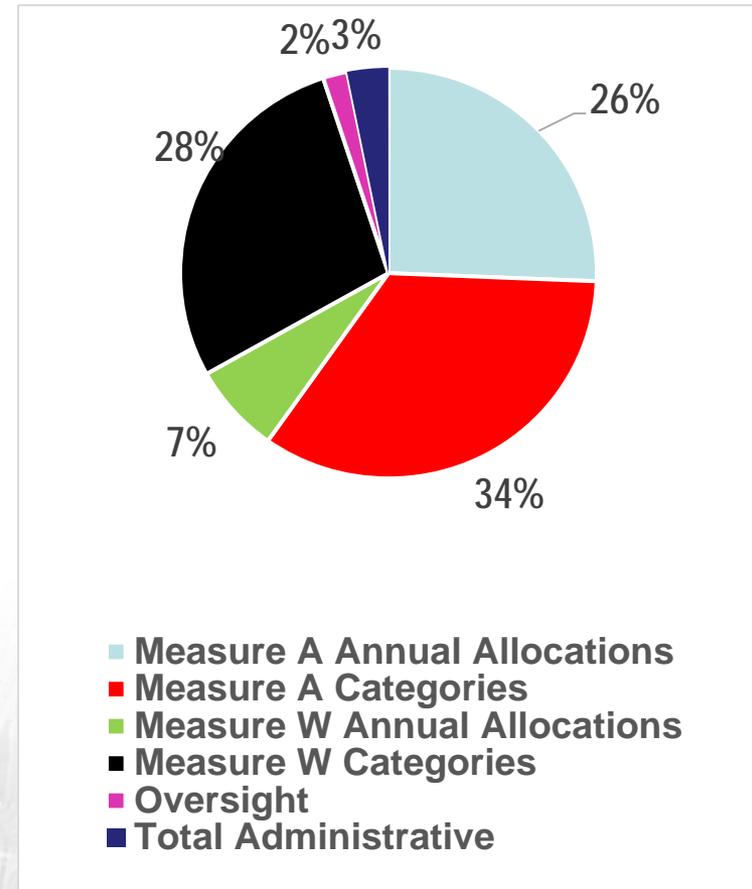


FY2021 Expenditures

(in millions)

	FY2020 Adopted	FY2021 Interim	% Change inc/(dec)
Measure A Annual Allocations	\$8.3	\$7.6	(8.1%)
Measure A Categories	10.3	10.2	(1.7%)
Measure W Annual Allocations	2.3	2.1	(8.1%)
Measure W Categories	9.1	8.4	(8.1%)
Oversight	0.6	0.6	-
Total Administrative	0.9	0.9	(0.6%)
Total Expenditures	\$31.5	\$29.8	(5.6%)

Percent of Total Expenditures
FY2021 Interim Budget



- Measure A Annual Allocations
- Measure A Categories
- Measure W Annual Allocations
- Measure W Categories
- Oversight
- Total Administrative

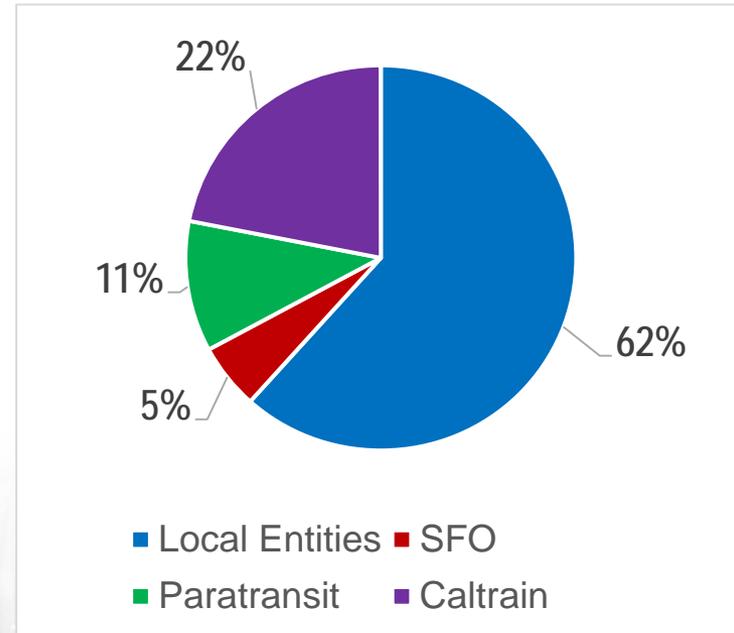


Measure A Annual Allocations

(in millions)

	FY2020 Adopted	FY2021 Interim	% Change inc/(dec)
Allocations to Local Entities (Measure A)	\$5.1	\$4.7	(8.1%)
SFO BART Extension	0.5	0.4	(8.1%)
Paratransit	0.9	0.8	(8.1%)
Transfer to SMCTD For Caltrain	1.8	1.7	(8.1%)
Total Annual Allocations	\$8.3	\$7.6	(8.1%)

**Percent of Total Annual Allocations
FY2021 Interim Budget**

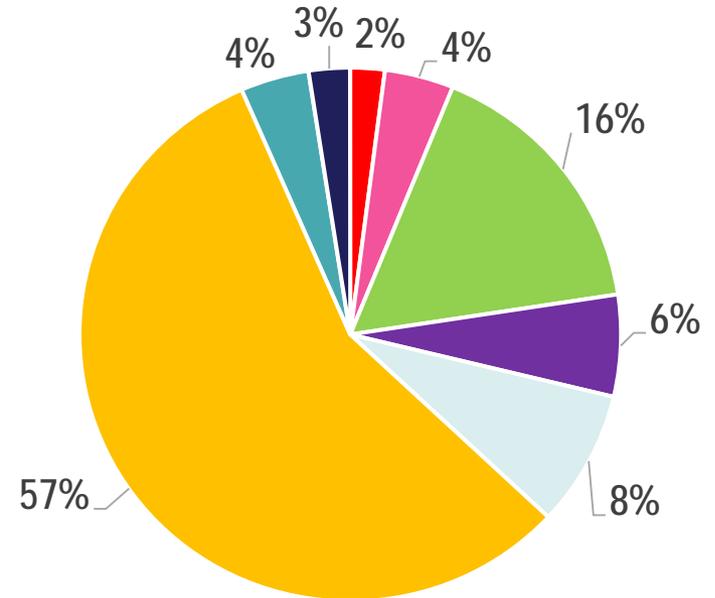




Measure A Categories (in millions)

	FY2020 Adopted	FY2021 Interim	% Change inc/(dec)
Alternative Congestion Relief	\$0.2	\$0.2	(8.1%)
Dumbarton	0.5	0.4	(8.1%)
Caltrain	1.8	1.7	(8.1%)
Pedestrian & Bicycle	0.7	0.6	(8.1%)
Local Shuttle	0.9	0.8	(8.1%)
Streets & Highways	6.3	5.8	(8.1%)
Grade Separation	-	0.4	N/A
San Mateo County Ferry	-	0.3	N/A
Total Measure A Categories	\$10.3	\$10.2	(1.7%)

Percent of Total Measure A Categories
FY2021 Interim Budget



- ACR
- Dumbarton
- Caltrain
- Ped & Bike
- Local Shuttle
- Streets & Hwy
- Grade Separation
- San Mateo County Ferry

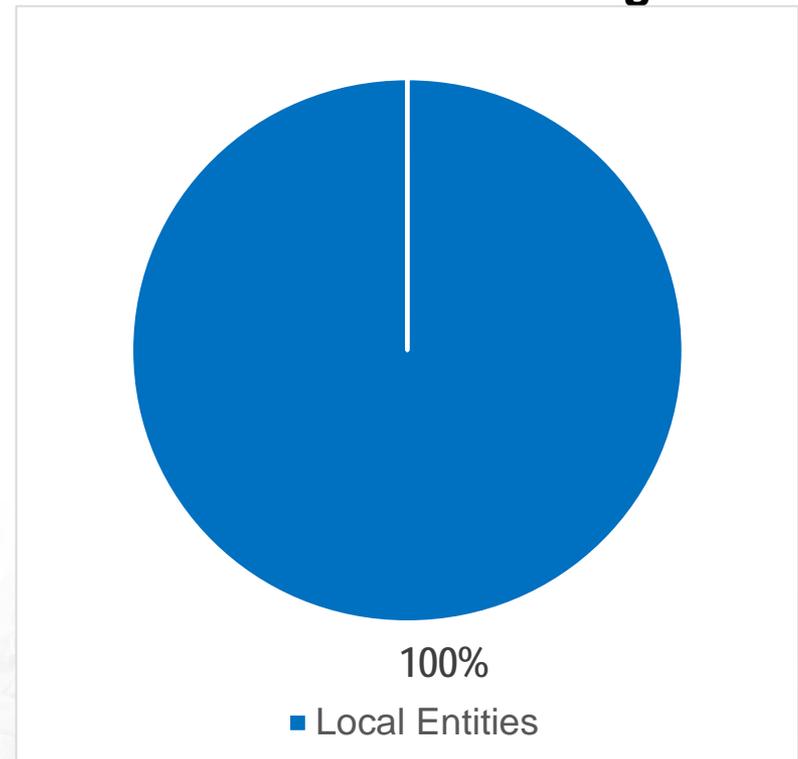


Measure W Annual Allocations

(in millions)

	FY2020 Adopted	FY2021 Interim	% Change inc/(dec)
Measure W Allocations	\$2.3	\$2.1	(8.1%)
Total Measure W Allocations	\$2.3	\$2.1	(8.1%)

Percent of Total Allocations
FY2021 Interim Budget

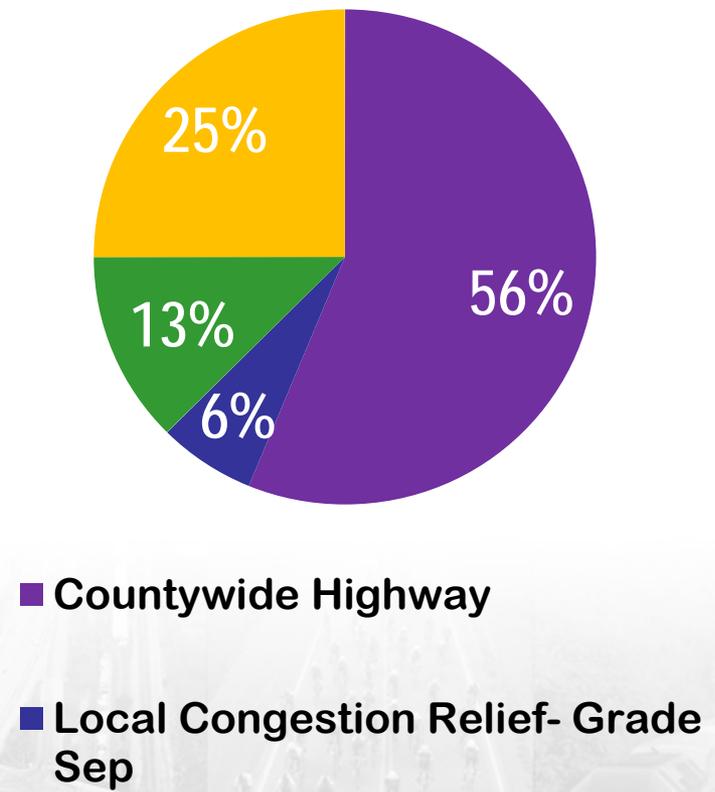




Measure W Categories (in millions)

Percent of TA Measure W Categories
FY2021 Interim Budget

	FY2020 Adopted	FY2021 Interim	% Change inc/(dec)
Countywide Highway Congestion Improvements	\$5.1	\$4.7	(8.1%)
Local Congestion Relief- Grade Separation	0.6	0.5	(8.1%)
Bicycle & Pedestrian Improvements	1.1	1.0	(8.1%)
Regional Transit Connections	2.3	2.1	(8.1%)
Total Measure W Categories	\$9.1	\$8.4	(8.1%)





FY2021 Interim Budget Conclusion

- As this crisis unfolds, staff anticipates having more clarity on the pandemic's impact on sales taxes in the near future and will be able to present the budget for the remaining quarters of FY2021.
- In August, staff will return to the board to present the FY2021 preliminary budget for the remainder of the fiscal year.
- In September, staff will return to the board for adoption of the FY2021 budget.



SAN MATEO COUNTY

**Transportation
Authority**

Interim FY2021 Budget

Board of Directors
June 04, 2020