

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
1250 SAN CARLOS AVENUE, SAN CARLOS, CA 94070
MINUTES OF JUNE 3, 2021

MEMBERS PRESENT: E. Beach (Chair), C. Groom (joined at 5:07 pm), D. Horsley (left at 6:55 pm), J. Mates, R. Medina (Vice Chair) (left at 7:01 pm),
Via
Teleconference M. Nagales, C. Romero

MEMBERS ABSENT: None

STAFF PRESENT: C. Mau, A. Chan, J. Hurley, J. Cassman, S. van Hoften, D. Hansel,
V. Baum, P. Gilster, P. Skinner, J. Brook, D. Seamans

1. CALL TO ORDER

Chair Emily Beach called the meeting to order at 5:03 pm.

2. ROLL CALL/PLEDGE OF ALLEGIANCE

Ms. Seamans confirmed that a quorum was present.

Chair Beach requested that Director Julia Mates lead the Pledge of Allegiance.

3. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Rich Hedges said that, in reference to C/CAG's (City/County Association of Governments of San Mateo County) lifeline program funds, he would support using such funds for a bus line that would serve communities of concern.

4. REPORT OF THE CITIZENS ADVISORY COMMITTEE

Chair Beach noted that the report was in the packet. Joe Hurley noted that Steven Green was moving to Portland and had left the CAC.

Director Carole Groom joined the meeting at 5:07 pm.

5. CONSENT CALENDAR

- a) Approval of Minutes of the Board of Directors Meeting of May 6, 2021**
- b) Acceptance of Statement of Revenues and Expenditures for the Period Ending April 30, 2021**
- c) Acceptance of Capital Projects Quarterly Status Report for 3rd Quarter Fiscal Year 2021**
- d) Establishing the Appropriations Limit for Fiscal Year 2021-22 – Approved by Resolution No. 2021-12**

Regarding Item #5c, Director Carlos Romero asked if the estimate regarding South San Francisco that was supposed to be ready by May 28 was completed. April Chan, Chief Officer, Planning, Grants/Transportation Authority, responded that the Caltrain project delivery team is reviewing the figures and that an update to the TA Board will be forthcoming.

Motion/Second: Romero/Nagales

Ayes: Beach, Groom, Horsley, Mates, Medina, Nagales, Romero

Noes: None

Absent: None

6. REPORT OF THE CHAIR

a. Appointment of Representatives to the San Mateo County Express Lanes Joint Powers Authority

Chair Beach nominated herself, Vice Chair Rico Medina, and Director Don Horsley for re-appointment to the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA).

Motion/Second: Beach/Groom

Ayes: Beach, Groom, Horsley, Mates, Medina, Nagales, Romero

Noes: None

Absent: None

7. SAN MATEO COUNTY TRANSIT DISTRICT LIAISON REPORT

Vice Chair Medina said that the report had been posted to the website and summarized highlights of the SamTrans Board meeting.

8. JOINT POWERS BOARD LIAISON REPORT

Carter Mau, Acting Executive Director, said that the report had been posted to the website. He provided highlights of the June 3, 2021 Joint Powers Board (JPB) meeting, noting that completion of the electrification project will be delayed until late 2024, and that the project cost is estimated to increase by \$333 million as determined by an FTA (Federal Transit Administration) *Risk Refresh* exercise. He said that Caltrain would be closely monitoring the cost increases, as will TA staff since the TA is a funding partner in the Project.

Director Horsley asked if Measure RR funds would be used to cover the cost increases. Mr. Mau said Measure RR would play a role in the funding of the cost increases, including borrowing from Measure RR funds and repaying with low-carbon fuel credit that the electrification project would generate in the future.

Director Romero asked how confident Caltrain was that they could handle the two-year delay of the electrification project. Mr. Mau said that the schedule will be closely monitored to keep on the schedule, and that issues of delay responsibility need to be worked out with the contractor.

Director Horsley asked if the work on the South San Francisco station was adding to the delay; Mr. Mau said that it was unlikely.

9. REPORT OF THE EXECUTIVE DIRECTOR

Mr. Mau said that his report was in the packet, and included discussion of the May 14 SMCEL-JPA meeting.

10. PROGRAM

a) Adoption of Short Range Highway Plan – Approved by Resolution No. 2021-13

Patrick Gilster, Manager, Programming and Monitoring, presented the staff report.

Motion/Second: Mates/Medina

Ayes: Beach, Groom, Horsley, Mates, Medina, Nagales, Romero

Noes: None

Absent: None

11. FINANCE

a) San Mateo County Express Lanes Joint Powers Authority's (SMCEL-JPA) Request to the Transportation Authority (TA) to Agendize, Discuss, and Consider the Credit Enhancement Fee Included in the July 2020 Loan Agreement for the Express Lanes Equity Program

April Chan, Chief Officer, Planning, Grants/Transportation Authority, provided the presentation.

Director Mates asked if there were legal risks or concerns on the JPA's (SMCEL-JPA) request. Joan Cassman, Legal Counsel, explained if the request from the JPA is to earmark the funds and then return to the JPA for the equity program, then such a request is viewed more as a grant. She said that this is because once the fees are remitted to the TA, the funds would then be governed by TA's own policies, including those policies that were established on how monies would be dispensed. She clarified that such a request would be governed by the TA's voter-approved transportation expenditure plan, and said that another way to address the JPA's request may be a discussion on reducing or eliminating the credit enhancement fee.

Director Carole Groom inquired if the word "equity" appears in any of the TA's expenditure plan documentation. Ms. Cassman said that such a term has become a term of art of late, and that such a term was not used in any of the programs in the expenditure plan that was originally drafted. Ms. Cassman did note that even though the term does not appear in the original plan, there are certain programs in the Expenditure Plan that may be able to support the equity program, including the ACR/TDM (Alternative Congestion Relief/Traffic Demand Management) program that was discussed by Ms. Chan in her presentation, as long as the funds are still being used to support what the ACR/TDM program is meant to do, e.g., provide congestion relief. Director Groom thanked Ms. Cassman for the explanation and added that the TA Board did express desire during the development of the 101 Express Lanes project to support an equity program.

Director Romero said he viewed the \$400,000 as a payment of a fee rather than a "repayment" of the loan to the TA. He said the money is earned income by the TA since it was not derived from tax revenues resulting from Measure A. Derek Hansel, Chief Financial Officer, said that he agreed that it is a payment and said the fee paid will be returned to the highway program as compensation for the risks the program took on for doing the loan transaction. Director Romero said if the money is returned to the highway program, then some of that money should rightly go towards the highway project, including the equity program. Ms. Cassman said there was a discrepancy between the equity program and the capital costs of the project since the equity program is part of the operation costs of the express lanes and such costs are not considered as infrastructure costs, which are the type of costs that can be paid out of

the highway program. Director Romero asked if the loan covers a portion of operations. Mr. Hansel said it covered start-up operational costs and start-up costs for the equity program.

Director Mark Nagales inquired if the funding request is a one-time grant of funds or if it is in perpetuity. Ms. Cassman and Ms. Chan responded that while the letter from the JPA does not mention the duration, it does not appear there is a time limit: as long as the fee is being paid, the intent is to request the funds be set aside for the equity program. Director Nagales asked if the JPA will be using the funds, if granted, to buy transponders and/or Clipper cards as part of the equity program. Ms. Chan responded that the funds can be used for either or both, and possibly over time as the equity program evolves, it may be used for other equity program strategies. Ms. Cassman said there are ways to address specific requests to supplement funding for an equity program, specifically a grant application.

Public Comment:

Diane Papan, SMCEL-JPA, said that she was in favor of earmarking the funds to support the equity effort.

Adina Levin, Friends of Caltrain, TEAMC, said they supported the equity program and urged the Board to seek additional funding for equity programs.

Gina Papan, MTC (Metropolitan Transportation Commission) Commissioner for San Mateo County and representing Supervisor David Canepa, said that equity programs would benefit SamTrans and Caltrain and have the most impact on communities of need.

Chair Beach noted that she confirmed with the JPA Policy/Program Manager that the San Mateo County Express Lanes equity program is the first in the country to begin operations even before any revenues are earned from the express lanes. She noted that, as part of the loan transaction between the TA and the JPA, there is \$1 million of benefit has been dedicated to communities of need as start-up funds. She requested comment from the TA representatives on the SMCEL-JPA board.

Director Horsley, SMCEL-JPA Chair, noted that TA has taken significant risks and that the credit enhancement fee is well earned.

Vice Chair Medina, the other TA director who sits on the SMCEL-JPA Board, commented that while the TA Board is supportive of the equity program, they feel that setting aside the fee as requested by the JPA now is premature since the equity program is still in the early stages of formation.

Director Groom said she advocated setting aside the \$400,000 and then discussing how best to use the funds.

Chair Beach, representing the SMCEL-JPA, concurred that the equity piece is a must-have, but that the appropriate bucket to fund it needs to be determined. She suggested Measures A or W or future toll revenues as potential sources of funding as opposed to setting aside the credit enhancement fee for that purpose.

Director Mates said she felt that renegotiating was off the table and that TA staff should be directed to work with JPA staff to finding funding sources; Director Nagales concurred.

Director Romero said that it was imperative to target low-income, working class residents in an equity program, saying that he believes that the current equity program is woefully underfunded. He said the credit enhancement fee will be paid by toll revenues, not by the taxpayers. He suggested putting the credit enhancement fee in a sinking fund for such purpose.

Director Horsley and Vice Chair Medina said they both agreed with the idea of TA and JPA staff working together to find other funding sources.

Director Horsley left the meeting at 6:55 pm.

Chair Beach said the opportunity to grow the equity program lies in future toll revenues. She said there will be important policy discussions in the future at the JPA on how to spend these revenues, including which infrastructure projects to fund and how much to spend on the equity program.

Director Groom asked why the express lane equity program cannot be considered part of the highway program. Ms. Cassman said that the highway program was geared to construction rather than operational expenses.

Vice Chair Medina left the meeting at 7:01 pm

Director Romero said he was not in favor of a subtractive approach, such as using other TA programs for the equity program that can be used for other projects/programs. He said that he was in favor of an additive approach.

Director Nagales said that he supported considering out-of-the-box ideas and continuing the conversions regarding equity programs.

b) Public Hearing: Adoption of Proposed Budget for Fiscal Year 2022– Approved by
Resolution No. 2021-14

1. Chair Beach opened the public hearing.
2. Virginia Baum, Budget Manager, provided the presentation.
3. Chair Beach called for any public comment.

There were no comments.

4. Chair Beach made a motion to close the public hearing.
5. Chair Beach asked for further comments from the Board.

There were no further comments.

Motion/Second: Groom/Romero

Ayes: Beach, Groom, Mates, Nagales, Romero

Noes: None

Absent: Horsley, Medina

12. STATE AND FEDERAL LEGISLATIVE UPDATE

Amy Linehan, Public Affairs Specialist, briefly summarized the highlights of recent federal and state legislation.

She said the President Biden released his Fiscal Year 2022 budget, which includes \$88.2 billion of funding proposed for the Department of Transportation.

She said that Governor Newsom recently released his May revised budget. She noted that June 15 was the deadline for passing a balanced budget at the state level.

13. REQUESTS FROM THE AUTHORITY

Director Nagales suggested adjourning in honor of victims of the VTA (Santa Clara Valley Transportation Authority) tragedy.

14. WRITTEN COMMUNICATIONS TO THE AUTHORITY

Chair Beach noted that the correspondence was available on the website.

15. DATE/TIME OF NEXT REGULAR MEETING

Chair Beach announced that the next meeting would be on Thursday, July 1, 2021 5:00 pm, via Zoom teleconference.

16. REPORT OF LEGAL COUNSEL

Ms. Cassman said that there was nothing to report.

17. ADJOURN

Chair Beach called for a moment of silence to honor those VTA employees who lost their lives in the May 26 light railyard shooting. The meeting adjourned at 7:26 pm in their memory.

An audio/video recording of this meeting is available online at www.smcta.com. Questions may be referred to the Authority Secretary's office by phone at 650.508.6242 or by email to board@smcta.com.