

US 101 Express Lanes: Update on Variable Rate Bond



SAN MATEO COUNTY
Transportation
Authority

Board of Directors
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Overview

- Background
- Repayment
- Flow of Funds
- Express Lanes Overview and Performance



Background

In 2020, TA issued \$100M variable rate demand bonds:

- To support JPA's \$581M cost for US 101 Express Lanes (EL)
- Secured by Measures A & W sales tax

Why did we take variable rate Bonds?

- Lowest cost of funds due to TA's superior sales tax credit
- 20 Year Historical average for short-term interest index: 1.1%
- Initial rates on Bonds: 0.07%
- Prepayment flexibility

Alternative: Fixed rate

- Estimated 3.00% to 3.50%

TA to be reimbursed for all bond expenses from EL toll revenue from JPA



Flow of Funds



Note: If in any given year, excess revenues to the TA are more than \$5 million, 0.15% of the TA's Credit Enhancement Fee will be used for additional Bond Loan principal repayment.



Repayment of Bond

- TA invested unexpended bond proceeds and continues to earn “Capitalized Interest” on such investments
- TA use of capitalized interest:
 - Repaying Bond interest through February 2024

Upcoming Principal:

- \$5.0M, June 2027
- \$10.0M, June 2030

Maturity Date	Revenue Bonds	Revenue Bonds	Total
	2020 Series A	2020 Series B	
6/1/2027	2,500,000	2,500,000	5,000,000
6/1/2028			
6/1/2029			
6/1/2030	5,000,000	5,000,000	10,000,000
6/1/2031	2,500,000	2,500,000	5,000,000
6/1/2032	2,500,000	2,500,000	5,000,000
6/1/2033	5,000,000	5,000,000	10,000,000
6/1/2034	1,745,000	1,745,000	3,490,000
6/1/2035	1,780,000	1,780,000	3,560,000
6/1/2036	1,815,000	1,815,000	3,630,000
6/1/2037	1,850,000	1,850,000	3,700,000
6/1/2038	1,885,000	1,885,000	3,770,000
6/1/2039	1,925,000	1,925,000	3,850,000
6/1/2040	1,965,000	1,965,000	3,930,000
6/1/2041	2,000,000	2,000,000	4,000,000
6/1/2042	2,045,000	2,045,000	4,090,000
6/1/2043	2,085,000	2,085,000	4,170,000
6/1/2044	2,125,000	2,125,000	4,250,000
6/1/2045	2,170,000	2,170,000	4,340,000
6/1/2046	2,210,000	2,210,000	4,420,000
6/1/2047	2,255,000	2,255,000	4,510,000
6/1/2048	2,300,000	2,300,000	4,600,000
6/1/2049	2,345,000	2,345,000	4,690,000
	50,000,000	50,000,000	100,000,000



Repayment of Bond

TA \$6M capitalized interest fund

- \$2.9M available in FY24
- \$2.3M expense expected in FY24 (thru 3/2/23)

Capitalized interest fund sufficient

JPA interest funding

- Projected to have sufficient funds for projected \$1.4M interest expense FY24
- Balance after interest payments will be reserved to fund expenses in out years including principal, repairs, and equity programs

JPA Waterfall - FY24 Source/ Use	
	FY24 Year End Estimate
Source - Toll Revenue	26,650,336
O&M expense	14,256,377
Equity set-aside	600,000
Interest on Operating Loan	262,632
Interest on Bond	1,430,138
Subtotal - Use	16,549,147
Balance (Source less Use)	10,101,189



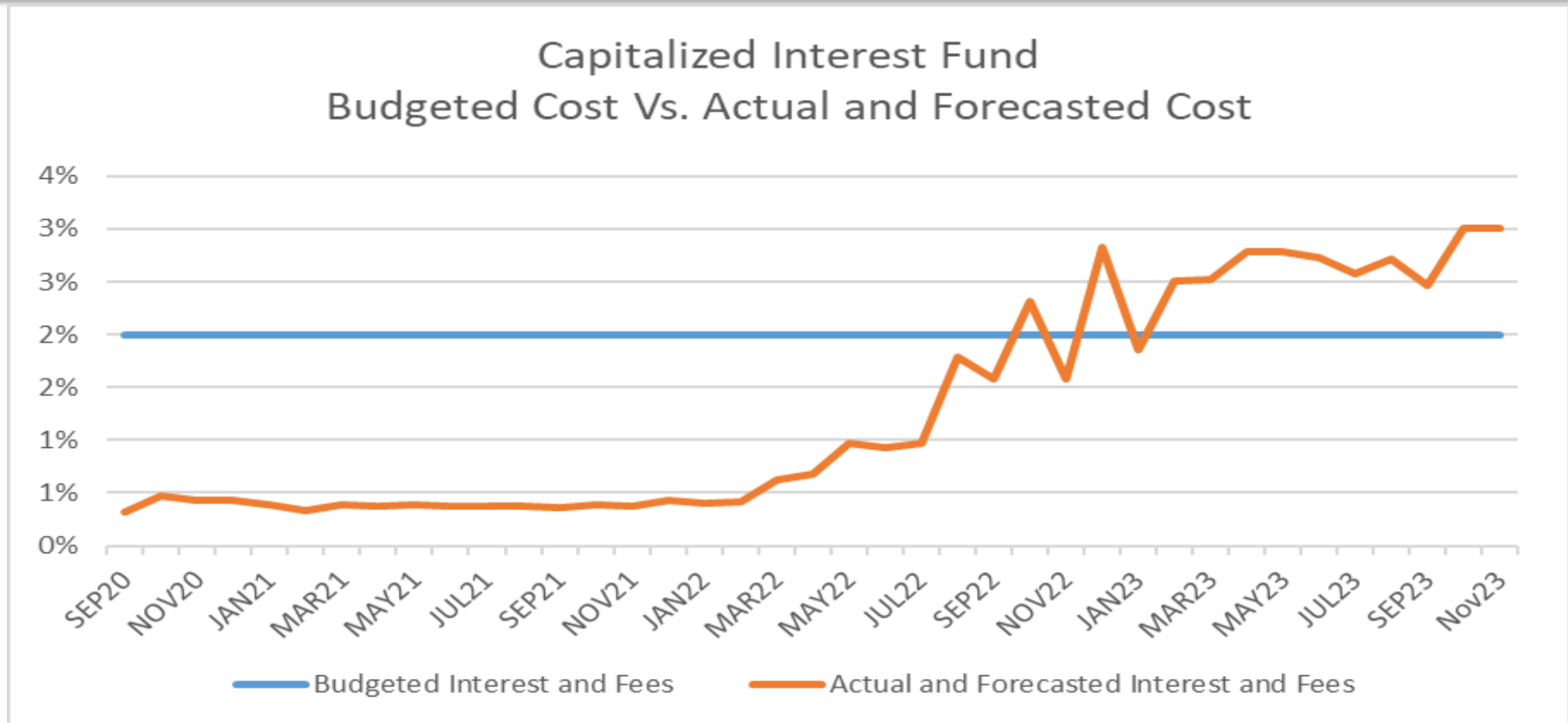
Interest Rates- Current Market

- Inflation hit its highest point since 1981 last year, but CPI has dropped from 9.06% in June 2022 to 3.7% in August 2023
- Federal Reserve Board – further tightening expected in 2023 (Core inflation still 4.3%)
 - September FOMC – Current Level 5.25 to 5.50%
 - Wall Street 2023 year-end expectations: one additional hike likely (two possible), but timing of when they might occur is uncertain.
 - US Treasury Benchmark Yields (as of 10/17/23)
 - 2 yr – 5.19%
 - 10 yr – 4.83%
 - 30 yr – 4.94%

Interest on bonds not reflecting interest rate increase the rest of economy is seeing.



Outlook on \$6M Capitalized Interest Fund



Capitalized Interest Fund fully expected to cover bond interest through 3/2/2024 due to VRDO rates well below 4% threshold.



Summary

- TA has sufficient capitalized interest up to March 2024
- JPA is estimated to have sufficient revenue to make interest payments through the remainder Fiscal Year 2024 (April-June)



US 101 Express Lanes: Operations Update

Express Lanes Overview

- Full corridor operations since March 2023
- Hours: 5 a.m. to 8 p.m. Monday – Friday
- FasTrak[®] **required**
 - Carpools (**HOV 3+**), buses, and motorcycles travel toll-free with FasTrak[®] Flex toll tags
 - Carpools (**HOV 2**) pay half-price tolls with FasTrak[®] Flex toll tags
 - Solo drivers in eligible clean-air vehicles pay half-price toll with FasTrak[®] **CAV** toll tags



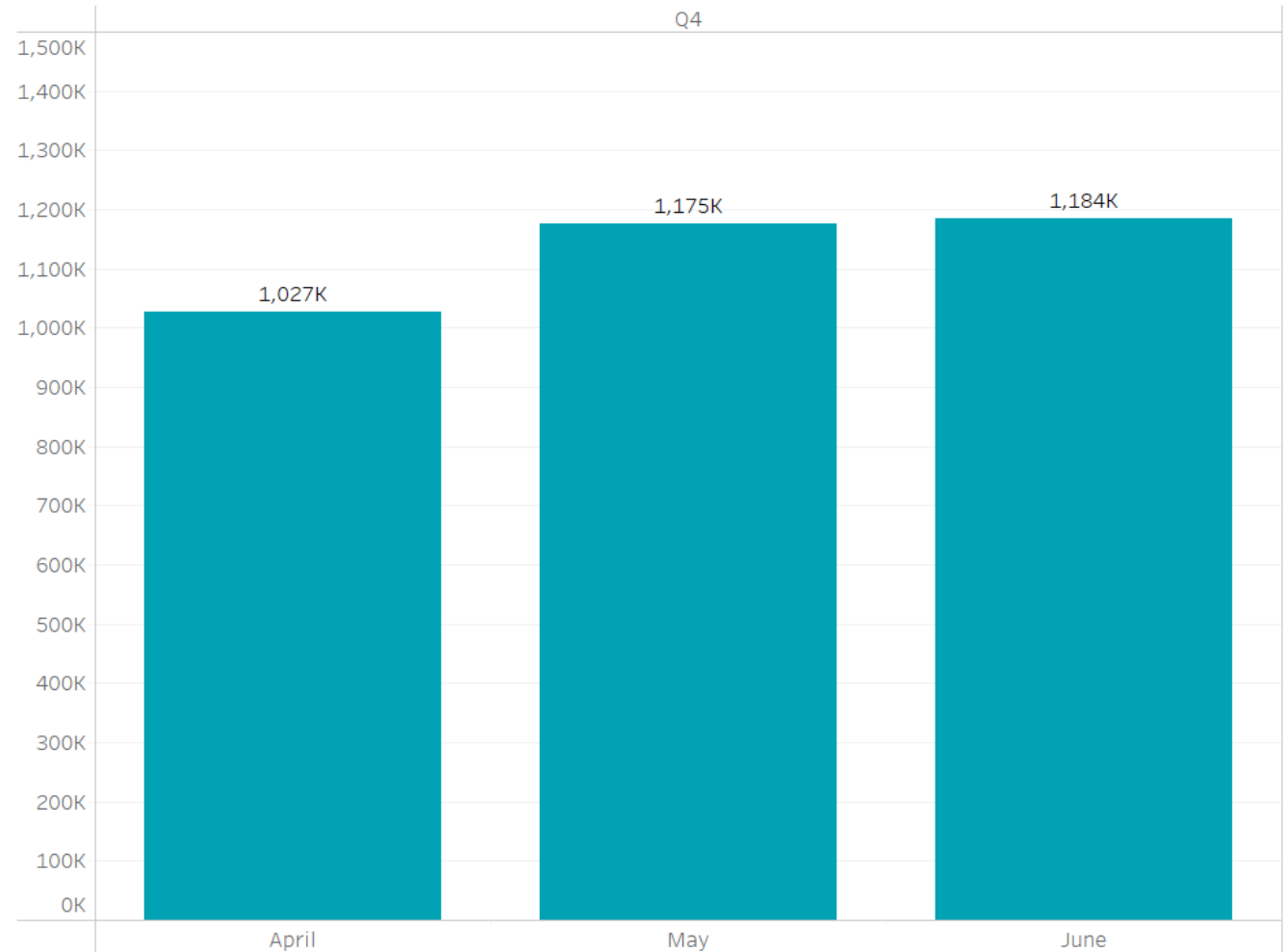
Performance Highlights

- About **3.4 million** express lane trips were taken on over 64 tolling days in the Q4 2023.
- Average Toll Rates for Q4 2023:
 - Southbound: \$2.86
 - Northbound: \$3.02
- Speeds were generally **above 45 mph** in the Express Lanes on tolling days with an **average benefit of over 10 mph** compared to the General Purpose lanes.



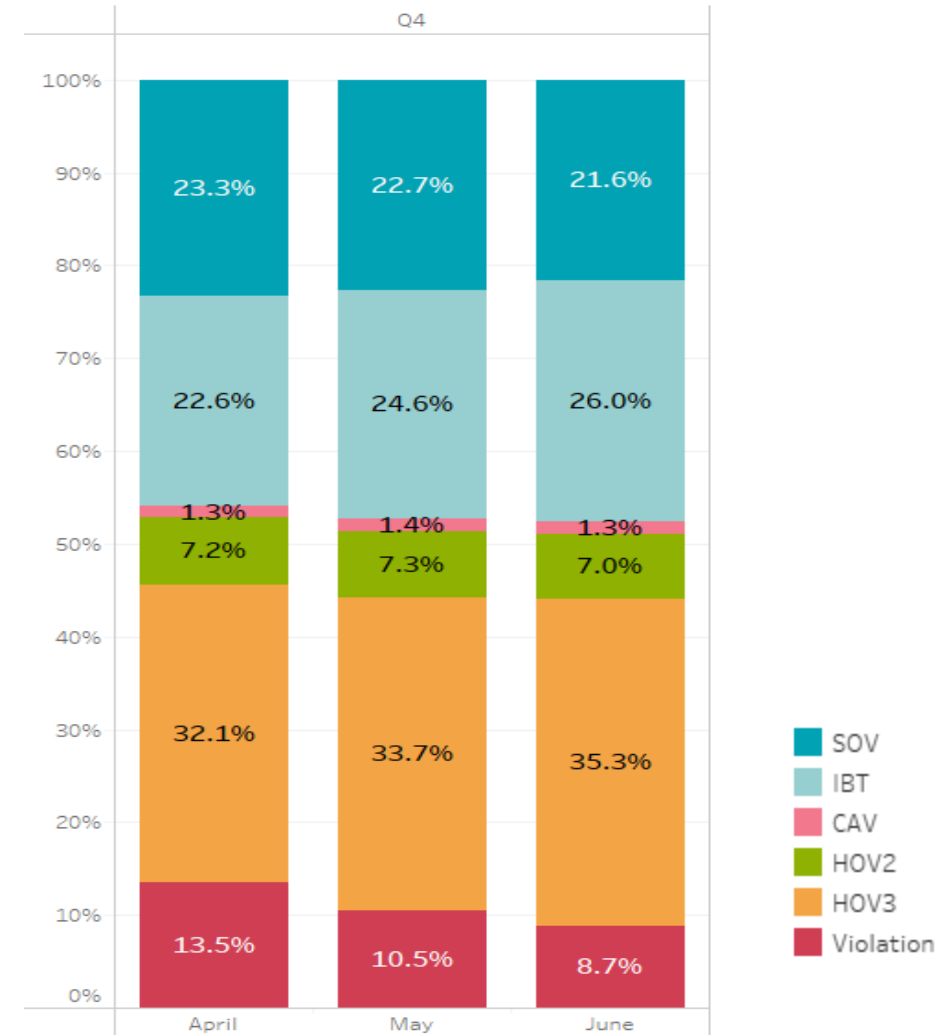
Express Lane Trips

- Q4 of FY23 consisted of 64 tolling days.
- In Q4 of FY23, an average of 52,900 express lane trips have been made daily, totaling 3,386,146 trips for the quarter.

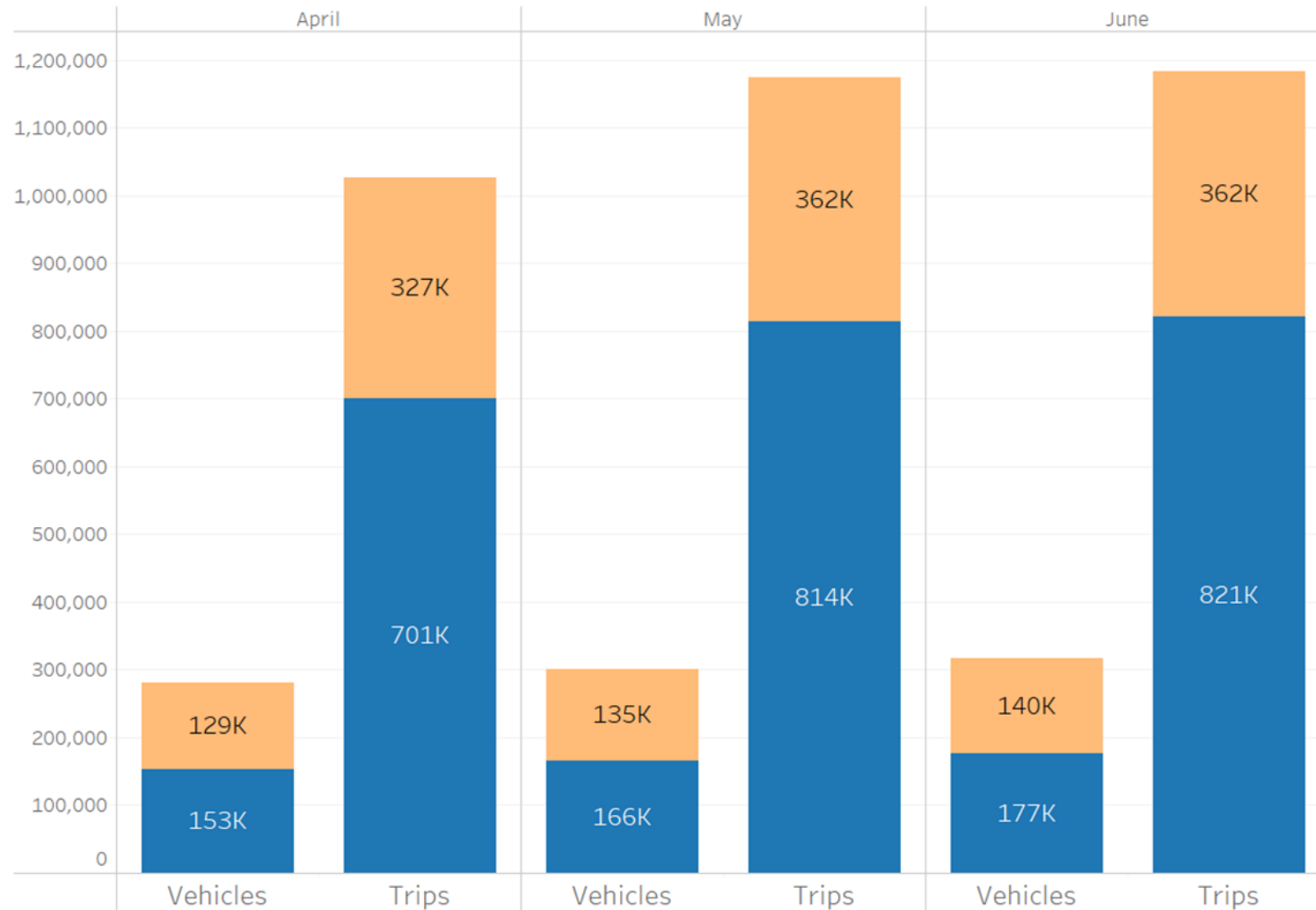


Express Lane Trip Types

- Toll-free trips: 33.8%
 - HOV 3+
- Tolloed trips: 66.2%
 - 57.7% full toll (SOV + IBT)
 - 7.2% half toll (HOV 2)
 - 1.3% half toll (CAV)
- Violation trips: 10.8%
 - Trips with No FasTrak account at the time of the trip



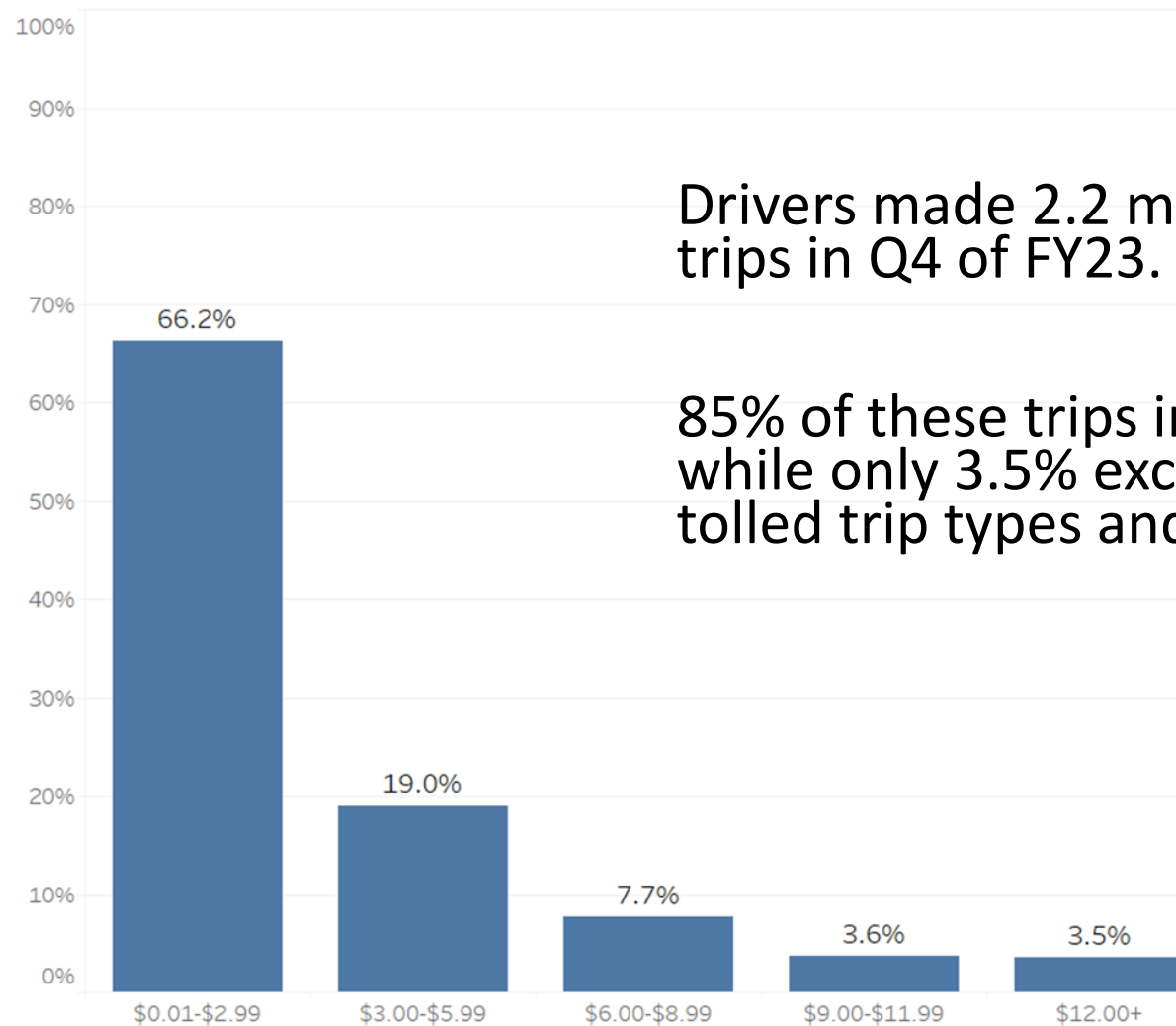
How Drivers Use the Lanes



- In Q4 of FY23, about 606,000 unique vehicles made about 3.4 million express lane trips.
- 60% of these vehicles utilized FasTrak® toll tags and made 69% of the total trips.
- The other 40% of these vehicles did not carry toll tags and instead were captured as image-based trips for the remaining 31% of the total trips.



Distribution of Assessed Tolls

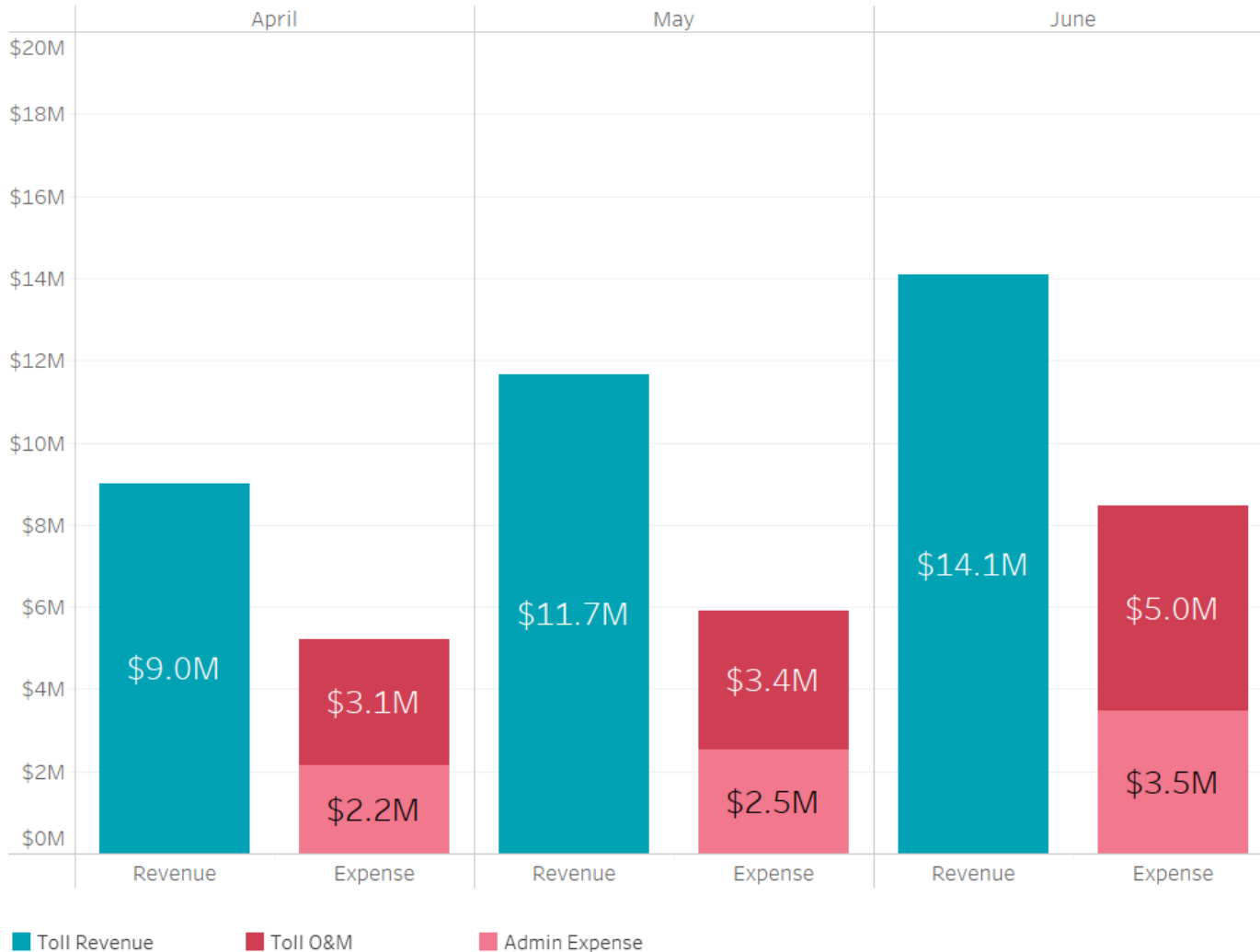


Drivers made 2.2 million tolled express lane trips in Q4 of FY23.

85% of these trips incurred a toll less than \$6, while only 3.5% exceeded \$12. This includes all tolled trip types and lengths.



Actual Cumulative Toll Revenue & Toll O&M



- In Q4, SMCEL-JPA received \$7.3 million in toll revenue.
- To date in FY2023:
 - \$14.1 million in toll revenue
 - \$8.5 million in Expenses



Actual Toll Revenue and Expenses

FY2023 Toll Revenue◆	\$14,105,732
FY2023 Expenses	
Operations and Maintenance Costs*	\$4,999,093
Equity Program Costs	\$226,950
Staff Support	\$602,558
Legal & Consultant Services	\$1,334,450
Administrative Costs**	\$1,299,922
Toll Revenue over Expenses	\$5,642,759

◆Toll revenue collected includes toll and violation fees.

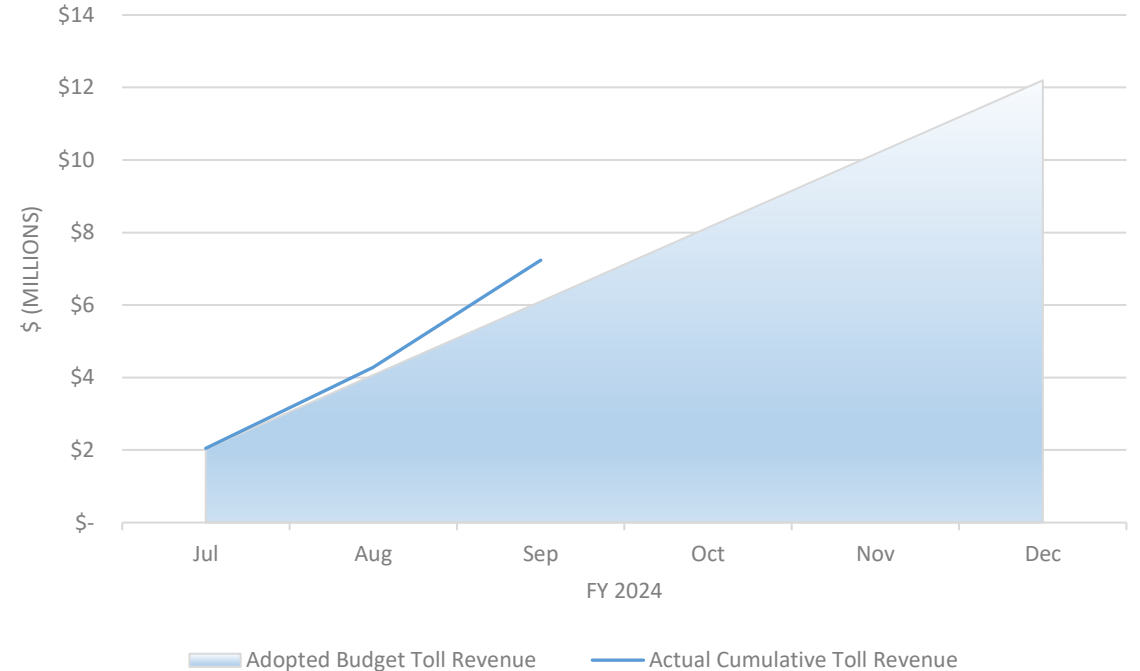
*O&M Includes: Express lanes maintenance, toll system O&M, FasTrak Customer Service, CHP Enforcement

**Administrative Cost Includes: Admin Overhead, Seminar/Training & Business Travel, Audit & Bank Fees, Office Supplies, Printing and Information Services, Promotional Advertising, Utilities, Software Maintenance & License, Insurance, Miscellaneous



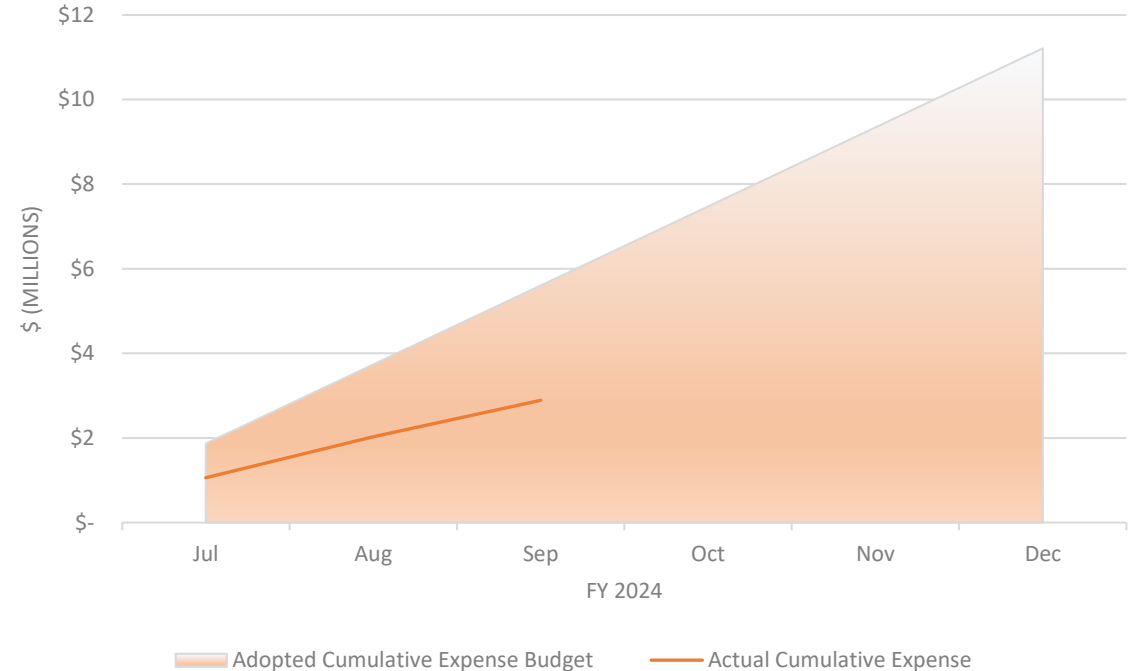
FY24 Toll Revenues Outlook

- FY24 Adopted Toll Revenues Budget: \$24.4 Million
 - Approximately \$2.0M per month on average
- FY24 Actual Toll Revenues through September 2023:
 - July 2023: \$2.0M
 - August 2023: \$2.2M
 - September 2023: \$3.0M

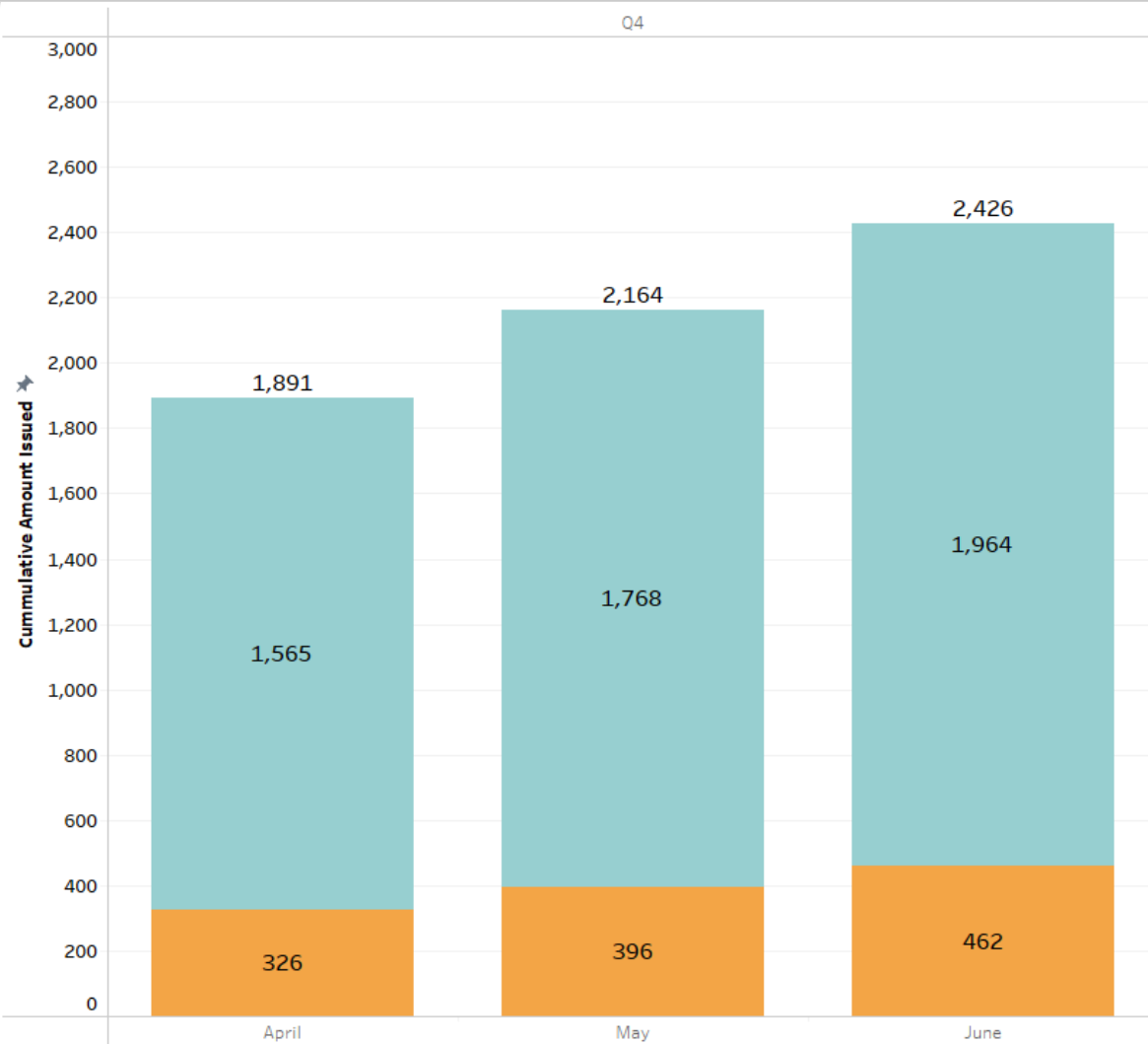


FY24 Toll Expense Outlook

- FY24 Adopted Expense Budget: \$22.4 Million
 - Approximately \$1.9M per month on average
- FY24 Actual Expenses through September 2023:
 - July 2023: \$1.1M
 - August 2023: \$965k
 - September 2023: \$867k



Community Transportation Benefits Program – Cumulative Benefits Issued



Benefit
■ Clipper Card
■ FasTrak



Thank you!

