



# AGENDA

## BOARD OF DIRECTORS MEETING

### SAN MATEO COUNTY TRANSPORTATION AUTHORITY

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

**August 2, 2018 – Thursday**

**5:00 p.m.**

- 1) Call to Order/Pledge of Allegiance
- 2) Roll Call
- 3) Report of the Citizens Advisory Committee
- 4) Consent Calendar

Members of the Board may request that an item under the Consent Calendar be considered separately

- a) Approval of Minutes of the Board of Directors Meeting of June 7, 2018
- b) Acceptance of Statement of Revenues and Expenses for May and June 2018
- c) Acceptance of Quarterly Investment Report

- 5) Public Comment

Public comment by each individual speaker shall be limited two (2) minutes. If you wish to address the Board, please fill out a speaker's card located on the agenda table and hand it to the TA Secretary.

- 6) Nominating Committee Report for the Citizens Advisory Committee (R. Medina)
  - a) Appointment of Citizens Advisory Committee Member Mario Rendon

- 7) Report of the Chair

- 8) San Mateo County Transit District Liaison Report

- 9) Joint Powers Board Report

- 10) Report of the Executive Director

- 11) Authorization to Execute Funding Agreements to Receive \$50 million for the 101 Corridor Managed Lanes Project and Associated Amendment to Increase the FY 2019 Budget

- 12) Authorize the Allocation of \$17,270,640 in Measure A Funds to the San Mateo County Transit District for the SamTrans Paratransit Program and for Caltrain Operations

- 13) Program

- a) 101 Corridor Managed Lanes – Ownership & Operations
- b) State and Federal Legislative Update

San Mateo County Transportation Authority Meeting  
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- c) Resolution Opposing Proposition 6
- 14) Requests from the Authority
- 15) Written Communications to the Authority
- 16) Date/Time of Next Regular Meeting: Thursday, September 6, 2018, 5:00 p.m. at San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2<sup>nd</sup> Floor, San Carlos Avenue, San Carlos, CA 94070
- 17) Report of Legal Counsel
- 18) Adjourn

### **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 650-508-6279. 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 650-508-6279, 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.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY (TA)  
1250 SAN CARLOS AVENUE, SAN CARLOS, CA 94070**

**MINUTES OF JUNE 7, 2018**

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

**MEMBERS ABSENT:** C. Groom, R. Medina

**STAFF PRESENT:** J. Hartnett, C. Mau, S. van Hoften, A. Chan, C. Fromson, J. Hurley, J. Brook, C. Gumpal

**CALL TO ORDER/PLEDGE OF ALLEGIANCE**

Chair Horsley called the meeting to order at 5:03 pm and led the Pledge of Allegiance.

**ROLL CALL**

Acting District Secretary Gumpal called the roll. A quorum was present.

**REPORT OF THE CITIZENS ADVISORY COMMITTEE**

Committee Chair Barbara Arietta presented her report summarizing the June 5 Transportation Authority Citizens Advisory Committee (TA CAC) meeting.

**CONSENT CALENDAR**

- Approval of Minutes of May 3, 2018
- Acceptance of Statement of Revenues and Expenses for April 2018
- Acceptance of Capital Projects Quarterly Status Report – 3<sup>rd</sup> Quarter Fiscal Year 2018

Motion/Second: Beach/Johnson

Ayes: Beach, Freschet, Matsumoto, Johnson, Horsley

Absent: Groom, Medina

**PUBLIC COMMENT**

None.

**NOMINATING COMMITTEE REPORT FOR THE CITIZENS ADVISORY COMMITTEE**

Director Beach announced the new and renewing members of the CAC.

Three-year Term Expiring 5-31-2021:

- Barbara Arietta (renewed)
- Diana Bautista (renewed)
- Kate Bond (renewed)
- Shaunda Scruggs (renewed)
- Daniel Ross-Jones (new)

Remainder of Term Expiring 5-31-2019:

Essam El-Dardiry (renewed)

Motion/Second: Matsumoto/Johnson

Ayes: Beach, Freschet, Matsumoto, Johnson, Horsley

Absent: Groom, Medina

**REPORT OF THE CHAIR**

None.

**SAN MATEO COUNTY TRANSIT DISTRICT LIAISON REPORT**

Executive Director Jim Hartnett summarized the actions and discussions from the June 6 District Board meeting. He noted that the budget was a deficit budget, balanced with reserves.

He stated that the District Board received a draft investment plan for the potential new sales tax ballot measure referred to as "Get Us Moving" (GUM). The consensus appeared to be that 50 percent of the potential sales tax revenues should be used to support public transportation.

**PENINSULA CORRIDOR JOINT POWERS BOARD (JPB) REPORT**

Mr. Hartnett noted that the report was in the reading file. He noted that the adopted budget is predicated on an expected funding commitment by the Santa Clara Valley Transportation Authority (VTA), which is the last of the JPB member agencies to make a final commitment.

**REPORT OF THE EXECUTIVE DIRECTOR**

None.

**GET US MOVING DRAFT INVESTMENT PLAN**

Casey Fromson, Director of Government and Community Affairs, presented an update on the Get Us Moving Draft Investment Plan and fielded questions and comments from the Board.

Mr. Hartnett said that the category allotments could be part discretionary and partially based on a formula.

Director Matsumoto asked whether funding would be available for bicycle/pedestrian projects only from that specific category or if bike/ped improvements could also be funded through other programs. April Chan, Chief Officer of Planning, Grants and Transportation Authority, said there could be bike/ped components in other projects funded by other categories of the plan.

Director Freschet noted that the Board had just received a letter dated June 6 from members of the Transportation Equity Allied Movement Coalition (TEAMC) with their recommendations for refining the GUM plan.

Mr. Hartnett discussed the need for the investment plan associated with a potential tax to allow for the District's transit service model to evolve in the future.

Public Comment:

- Paul Krupka, Project Manager, City of Redwood City's Highway 101/Woodside Road Interchange Project, talked about how that highway project has helped traffic congestion in the area without increasing highway capacity.
- Chris Lepe, Senior Community Planner, TransForm, talked about how the potential tax could be used to promote affordable housing.
- Drew, San Mateo, said that signal maintenance should be a priority.

**APPROVAL OF FISCAL YEAR (FY) 2019 INSURANCE PROGRAM**

Derek Hansel, Chief Financial Officer, stated that the TA will have a small savings on their insurance policies in FY 2019. He said that District will begin paying for the Dumbarton Rail Bridge coverage in FY 2019 instead of the TA. He added that all revenue from, and all other expenses for, the Dumbarton Rail Corridor also will be moving to the District.

Resolution No. 2018-13: Approving and Ratifying the Insurance Program for Fiscal Year 2019

Motion/Second: Matsumoto/Freschet

Ayes: Beach, Freschet, Matsumoto, Johnson, Horsley

Absent: Groom, Medina

**ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2019**

Resolution No. 2018-14: Establishing the Appropriations Limit Applicable to the San Mateo County Transportation Authority During Fiscal Year 2019

Motion/Second: Beach/Johnson

Ayes: Beach, Freschet, Matsumoto, Johnson, Horsley

Absent: Groom, Medina

**PUBLIC HEARING: ADOPTION OF FISCAL YEAR 2019 BUDGET**

Mr. Hansel discussed updates that had been made to the preliminary budget presentation from May. Chair Horsley opened the public hearing.

Public Comment:

None.

Shayna van Hoften, TA Legal Counsel, confirmed that the Authority had met all legal requirements by posting and publishing a Notice of Public Hearing in advance of the Board meeting, confirmed that no written comments were submitted, and advised that the Board could close the public hearing and take action on the budget.

Motion to Close the Public Hearing:

Motion/Second: Johnson/Beach

Ayes: Beach, Freschet, Matsumoto, Johnson, Horsley

Absent: Groom, Medina

Resolution No. 2018-15: Adopting a Budget in the Amount of \$76,199,681 for Fiscal Year 2019

Motion/Second: Matsumoto/Freschet

Ayes: Beach, Freschet, Matsumoto, Johnson, Horsley

Absent: Groom, Medina

**PROGRAM**

**Program Report – Paratransit Program**

Tina Dubost, Manager, Accessible Transit Services, gave a presentation on the Paratransit Program. She said that paratransit is federally mandated via the Americans with Disabilities Act of 1990 (ADA). She acknowledged that while paratransit is one of the most expensive services operated by SamTrans, it serves as a lifeline to the elderly and those with disabilities.

**State and Federal Legislative Update**

Ms. Fromson gave a summary of bills and measures of interest to the TA, the District, and the JPB. Mr. Hartnett noted that Senator Dianne Feinstein has been very proactive and supportive of legislation that benefits the agencies, and that the agencies' Government and Community Affairs office is in regular contact with Senator Feinstein's office.

**REQUESTS FROM THE AUTHORITY**

Director Matsumoto requested a copy of the applications for the new appointees to the TA CAC.

**WRITTEN COMMUNICATIONS TO THE AUTHORITY**

Chair Horsley noted that correspondence was in the reading file.

**DATE/TIME OF NEXT REGULAR MEETING**

Chair Horsley announced that the July 5 meeting is cancelled. He said the next meeting will be Thursday, August 2, 2018, 5:00 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

**REPORT OF LEGAL COUNSEL**

Ms. van Hoften announced that no closed sessions were needed.

**ADJOURN**

The meeting adjourned at 6:40 pm.

An audio/video recording of this meeting is available online at [www.smcta.com](http://www.smcta.com).

Questions may be referred to the Board Secretary's office by phone at 650.508.6279 or by email to [board@smcta.com](mailto:board@smcta.com).

# TA CAC Chair's Report

## June 7, 2018

Good evening Chairman Horsley and Members of the Board,

Before I begin this evening's report, I would like to thank Director Emily Beach for attending and sharing a few words with the CAC at our Tuesday evening meeting. It was very much appreciated by my colleagues. And, we certainly extend the invitation to all Board members to attend our meetings at any time that is convenient for you to share your thoughts with us. Having said that, I have the following to report from Tuesday's CAC meeting.

**(TA Items 4a and 4b)** The CAC reviewed the Board's Minutes of May 3, 2018 and Revenues and Expenses for April 2018, without questions or comments.

**(TA Item 4c)** The CAC received an update on the Capital Projects Quarterly Report - 3rd Quarter Fiscal Year 2018 from Joe Hurley, Transportation Authority Program Director. The CAC was pleased to hear that the Holly Street Interchange Project will soon receive additional State funding that will allow the project to move into construction this fall.

**(TA Item 10a)** The CAC received a highly informative update on "Get Us Moving San Mateo County" from Casey Fromson, Director of Government and Community Affairs. The CAC was impressed with the range of the public outreach that had been exhibited. Compliments were given for the TV spots, the social media outreach, the public presentations, the town halls and the hundreds of thousands of mailers that had been employed in this gargantuan effort to get feedback from the residents of our county concerning both the identification and priority of transportation issues in San Mateo County. Members of the CAC commented that we might also look to additional sources for bike transportation in this county, as biking has become more and more popular. A suggestion was also made for more bus transportation service on the coast to help alleviate traffic congestion problems and reduce the use of single occupancy vehicle. Overall, the CAC agreed with the collective feedback garnered throughout this outreach process.

**(TA Item 11)** Following a brief report from Joe Hurley concerning Comprehensive General Liability and Public Official Liability, the CAC supported the Board's Approval of the Fiscal Year 2019 Insurance Program, with the understanding that costs for Dumbarton insurance protection will now be transferred to SamTrans. A question was posed concerning what, if any, public liability protection coverage was afforded to the CACs in the San Mateo County Transit District. Joe Hurley advised the CAC that he would research that and advise the answer at a later time.

**(TA Item 12)** The CAC supported the Board's approval of the appropriations limit.

**(TA Item 13)** After receiving a comprehensive report from Tina Medeiros, Senior Budget Analyst, the CAC supported the Board's Adoption of the Proposed Budget for Fiscal Year 2019. A few questions came up during the presentation. One was a question asking about the currently unallocated \$5.5 million and what were the plans for using that money and a second question was posed asking if we do any investing in corporate stocks at all or just in corporate bonds. Having received the answer to



these questions, the CAC had no further questions or comments concerning the 2019 proposed budget.

(TA Item 14a) The CAC received a Program Report on the Paratransit Program from Tina Dubost, Manager of Accessible Transit Services. The CAC was surprised to find a decline in recent ridership and asked what might be the reasons. Potential contributing factor mentioned included: the users have moved away, passed away, couldn't afford it or, perhaps, experienced problems with the service in general. One CAC member reported that the San Carlos Community Center partners with Uber with assisting its elderly members' transportation needs to and from the Center for a nominal charge. Would it be wise to pursue a partnership with ride sharing services in this regard? Another CAC member reported that her elderly clientele reported periodic problems with getting picked up from medical appointments when they run late. Others remarked that it was a "wonderful service" and that MV Transit has done a great job! Overall the CAC highly complimented the Redi Wheels Program and the job that it is doing in this county.

(TA Item 14b) The CAC received a State and Federal Legislative Update from Casey Fromson. The CAC was pleased to hear that there is legislation proposed that will reduce the extra overhead costs that Caltrans adds on to a project from 20-30% to no more than 10% overhead costs. They were also happy to find out that we have received \$220 million for the 101 Managed Lanes Project from the SB-1 Program. The CAC understand the importance of helping get out the word on the various transportation projects and programs that are dependent on the SB-1 Program funds in light of the potential repeal effort in November.

#### **CAC CHAIR'S REPORT:**

In my own report to the CAC, I advised the CAC that the new Salesforce Transit Center is due to open in San Francisco this summer. Heralded by backers as the "Grand Central Station of the West", this new transportation hub will gather buses, a subway, Caltrain, high-speed rail-and possibly BART-and will substantially be complete in early July and due for an official opening in August.

#### **STAFF REPORT TO CAC:**

Joe Hurley, Transportation Authority Program Director, advised the CAC that the City of San Mateo acknowledged, at a recent City Council meeting, the completion of the Hwy 92 El Camino Real Interchange and the \$18.4 million that the TA contributed to that \$26 million project. He also reported that we have received \$220 million from SB1 for the 101 Managed Lanes Project and provide an update on the environmental document.

Respectfully submitted,

**BARBARA ARIETTA**  
Chair, San Mateo County Transportation Authority CAC

SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
STAFF REPORT

TO: Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

FROM: Derek Hansel  
Chief Financial Officer

SUBJECT: **STATEMENT OF REVENUES AND EXPENDITURES FOR THE PERIOD ENDING  
MAY 31, 2018**

**ACTION**

Staff proposes that the Board accept and enter into the record the Statement of Revenues and Expenditures for the month of May 2018 and supplemental information.

The statement columns have been designed to provide easy comparison of year to date prior to current actuals for the current fiscal year including dollar and percentage variances.

**SIGNIFICANCE**

**Year to Date Revenues:** As of May year-to-date, the Total Revenues (page 1, line 7) is \$4.4 million higher than prior year. This is primarily driven by higher Sales Tax revenue (page 1, line 1) and Interest Income (page 1, line 2).

**Year to Date Expenses:** As of May year-to-date, the Total Expenditures (page 1, line 26) are \$102.8 million higher than prior year. This is primarily driven by Measure A Categories (page 1, line 15) with \$49.1 million spent for Caltrain Electrification project, \$13.1 million spent for 25<sup>th</sup> Avenue Grade Separation, \$28.1 million spent for 101 Interchange to Willow project, and \$12.1 million spent for SR92 El Camino Real Ramp.

**Budget Amendment:**

At the May 3, 2018 board meeting, as per resolution no. 2018-10, the Board approved an amendment that increased Measure A Categories to reflect FY2017 actual sales tax receipts, and increased oversight by \$600,000 and staff support by \$300,000 to reflect year end projections based on current actuals. The overall impact to the FY2018 Budget is an increase of \$1,746,294 in total expenditures, from \$87,101,864 to \$88,848,158.

Prepared By: Tiffany Chuang, Accountant  
Jeannie Chen, Manager, General Ledger

650-622-7848  
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**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
STAFF REPORT**

TO: San Mateo County Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

FROM: Derek Hansel  
Chief Financial Officer

SUBJECT: **INFORMATION ON STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD  
ENDING JUNE 30, 2018**

The Finance Division engages in many activities following the end of the June 30 fiscal year both to close out the old fiscal year and set up the new fiscal year. The demands of these activities require a longer time to produce a complete Statement of Revenues and Expenses than allowed by the normal board meeting cycle. Consequently, staff will present a Statement of Revenues and Expenses for June at the October 4th meeting of the Board of Directors. The auditors, Vavrinek, Trine, Day & Co., expect to finish the audit in late October. We expect to have the Comprehensive Annual Financial Report finalized by November 2018.

Prepared by: Jeannie Chen, Interim Manager, General Ledger 650.508.6259

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

FROM: Derek Hansel  
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 June 30, 2018.

**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 July 27, 2018 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, and 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 8,9,10 and 11. 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.

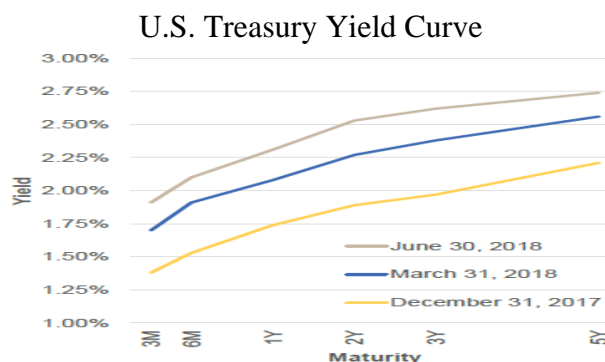
## **DISCUSSION**

### **Economic Snapshot**

- U.S. Gross domestic product (GDP) grew at an annualized rate of 2.0% in the first quarter of 2018, slower than in the prior three quarters.
- GDP reflected positive contributions from business investment, consumer spending, exports, private inventory investment, and both federal and state and local government spending.
- The U.S. labor market added 213k jobs in June, capping a total of 632k jobs added in the quarter
- The headline unemployment rate rose slightly to 4.0% in June after falling to 3.8%, the lowest level since 1970, as more people entered back into the workforce pushing the labor force participation rate higher
- The broader measure of unemployment – the U-6 measure – stood at 7.8% in June. This is down from 8.5% a year ago

## Interest Rates

- The core personal consumption expenditures (PCE) price index, the Fed’s preferred measure of inflation, rose to 2.0% year-over-year in May
- Forward-looking inflation expectations remain anchored around the 2% level
- The second quarter marked the eighth straight quarterly rise in the 2-year yield as the U.S. economy remained strong and the Federal Reserve continued on its path of quantitative tightening, raising the federal funds target rate by 25 basis points at its June meeting.
- The 2-year Treasury increased by 26 basis points to 2.53% in the second quarter. However, the majority of the yield increase came in April, as market uncertainty dampened the pace of yield increase during the last two months of the quarter.



**U.S. Treasury Yields**

	2Q2018 6/30/18	1Q2018 3/31/18	4Q2017 12/31/17
<b>3 month</b>	<b>1.91%</b>	<b>1.70%</b>	<b>1.38%</b>
<b>6 month</b>	<b>2.10%</b>	<b>1.91%</b>	<b>1.53%</b>
<b>1 year</b>	<b>2.31%</b>	<b>2.08%</b>	<b>1.74%</b>
<b>2 year</b>	<b>2.53%</b>	<b>2.27%</b>	<b>1.89%</b>
<b>3 year</b>	<b>2.62%</b>	<b>2.38%</b>	<b>1.97%</b>
<b>5 year</b>	<b>2.74%</b>	<b>2.56%</b>	<b>2.21%</b>

## Portfolio Recap

- We continued to strategically position portfolios with a modestly defensive duration bias relative to benchmarks in the well-choreographed interest rate environment. However, with rates at or near multi-year highs, there were also opportunities to capture higher yields selectively in some parts of the yield curve when rebalancing portfolios and participating in new issuances.
- Calmer bond market volatility and a U.S. Treasury curve on a continued ascent resulted in the majority of investment-grade sectors adding positive excess returns (returns in excess of similar duration Treasuries) to fixed income portfolios for the quarter.
- Federal agency yield spreads remained very narrow throughout the quarter. Limited incremental yield in combination with light issuance and diminishing supply influenced our continued preference to reduce allocations in the sector.
- Supranational allocations benefited from modest spread tightening.
- Corporate Fundamentals once again drove performance with corporate allocations in the portfolio outperforming positively relative to benchmarks for Q2.
- Asset-backed securities (ABS) generated attractive returns for the quarter, while simultaneously providing a level of downside protection in the face of potential corporate headwinds. During the quarter, we continued to build allocations as the structure and high-quality profile of specific ABS issues continued to serve as diversifier to credit allocations.

- Short-term, high-quality negotiable certificates of deposit and commercial paper continued to offer considerable value relative to not only similar-maturity government alternatives, but also Treasury maturities 12 to 18 months or longer. The combination of incremental income and the interest rate risk protection offered by these sectors' shorter durations continue to benefit portfolios.
- The mortgage-backed security (MBS) sector rebounded in Q2, following significant underperformance in Q1.

## **INVESTMENT STRATEGY OUTLOOK**

- In light of continued economic growth, inflation near the Fed's symmetric target of 2%, and strong labor market conditions, the Fed appears poised to raise rates further. As a result of the expectation for one or two additional hikes in 2018 and three to four more in 2019, our view remains that the general trend of interest rates will be to increase gradually over the near-term. We therefore prefer to maintain a defensive duration posture to mitigate a portion of interest rate risk relative to benchmarks.
- Our outlook for each of the major investment-grade fixed income sectors are as follows:
- Federal agency securities remain expensive as most maturities offer less than five basis points of incremental yield relative to U.S. Treasuries. We will continue to reduce rich exposure, seeking better value in either Treasuries or other sectors. However, there may be opportunities to add to the sector via new issues in certain portions of the curve (2 to 3 years).
- We are expecting a lighter supply of supranationals over the coming months: new additions to portfolios may wane. We will maintain current allocations as portfolios benefit from decent incremental income relative to traditional agencies.
- While fundamentals remain generally healthy and incremental income is still modestly attractive, potential headwinds in the corporate sector are beginning to temper our overall constructive guidance. As a result, our view has shifted to a more neutral and selectively opportunistic stance. We feel a market-neutral allocation is warranted and prefer financials and industrial issuers with stronger fundamentals, which may help navigate looming leverage concerns, heightened merger and acquisition risks, and softer Eurozone corporate purchases.
- In conjunction with a generally more defensive tone, negotiable certificates of deposit (CD) and asset-backed securities (ABS) offer attractive incremental income compared to other government alternatives.
- As the Fed balance sheet is set to reduce mortgage-backed securities (MBS) exposure more significantly over the next six months, the sector may experience spread pressures through the second half of the year. As a result, we will maintain allocations to the sector with new additions focused on specific structures that limit interest rate sensitivity and are expected to outperform under potentially adverse conditions.

- Short-term money market investors continue to reap the rewards of current monetary policy tightening and higher overnight target rates. Further, the high-quality commercial paper and negotiable certificates of deposit (CP/CD) spread curve is quite steep and attractive, as the spread between 2-month CP/CD and 3-month CP/CD is nearly 20 basis points.

## **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 June 30, the total return of the portfolio was **0.36 percent**. This compares to the benchmark return of **0.20 percent**. The Performance graph on page 11 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 **2.03 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 June 30, the portfolio's market yield to maturity was **2.72 percent**.

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

*650-508-7765*

## **Investment Glossary:**

**Asset Backed Securities** - An asset-backed security (ABS) is a financial security backed by a loan, lease or receivables against assets other than real estate and mortgage-backed securities. For investors, asset-backed securities are an alternative to investing in corporate debt.

**Certificate of Deposit** - A certificate of deposit (CD) is a savings certificate with a fixed maturity date, specified fixed interest rate and can be issued in any denomination aside from minimum investment requirements. A CD restricts access to the funds until the maturity date of the investment. CDs are generally issued by commercial banks and are insured by the FDIC up to \$250,000 per individual.

**Collateralized Mortgage Obligation** - Collateralized mortgage obligation (CMO) refers to a type of mortgage-backed security that contains a pool of mortgages bundled together and sold as an investment. Organized by maturity and level of risk, CMOs



receive cash flows as borrowers repay the mortgages that act as collateral on these securities. In turn, CMOs distribute principal and interest payments to their investors based on predetermined rules and agreements.

**Commercial Paper** - Commercial paper is an unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. Maturities on commercial paper rarely range any longer than 270 days. Commercial paper is usually issued at a discount from face value and reflects prevailing market interest rates.

**Credit Spreads** - The spread between Treasury securities and non-Treasury securities that are identical in all respects except for quality rating.

**Duration** - The term duration has a special meaning in the context of bonds. It is a measurement of how long, in years, it takes for the price of a bond to be repaid by its internal cash flows. It is an important measure for investors to consider, as bonds with higher durations carry more risk and have higher price volatility than bonds with lower durations.

**Net Asset Value** - Net asset value (NAV) is value per share of a mutual fund or an exchange-traded fund (ETF) on a specific date or time. With both security types, the per-share dollar amount of the fund is based on the total value of all the securities in its portfolio, any liabilities the fund has and the number of fund shares outstanding.

**Roll-down** - A roll-down return is a form of return that arises when the value of a bond converges to par as maturity is approached. The size of the roll-down return varies greatly between long and short-dated bonds. Roll-down is smaller for long-dated bonds that are trading away from par compared to bonds that are short-dated.

Roll-down return works two ways in respect to bonds. The direction depends on if the bond is trading at a premium or at a discount. If the bond is trading at a discount the roll-down effect will be positive. This means the roll-down will pull the price up towards par. If the bond is trading at a premium the opposite will occur. The roll-down return will be negative and pull the price of the bond down back to par.

**Volatility** - Volatility is a statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security.

**Yield Curve** - A yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt. This yield curve is used as a benchmark for other debt in the market, such as mortgage rates or bank lending rates, and it is also used to predict changes in economic output and growth.

**Yield to Maturity** - Yield to maturity (YTM) is the total return anticipated on a bond if the bond is held until the end of its lifetime. Yield to maturity is considered a long-term bond yield, but is expressed as an annual rate. In other words, it is the internal rate of return of an investment in a bond if the investor holds the bond until maturity and if all payments are made as scheduled.

Source: Investopedia.com

**EXHIBIT 1**

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
REPORT OF INVESTMENTS  
FOR QUARTER ENDED JUNE 30, 2018**

TYPE OF SECURITY	CUSIP #	MATURITY DATE	PAR VALUE	ORIGINAL	MARKET VALUE	INTEREST REC'VBLE	MARKET VALUE
				PURCHASE PRICE			+ ACCR INT.
<b><u>SECURITIES MANAGED BY INVESTMENT ADVISOR:</u></b>							
<b><u>U.S. TREASURY NOTES AND BONDS</u></b>							
US TREASURY NOTE	912828Q78	04-30-21	2,570,000	2,519,001.56	2,483,362.73	5,953.60	2,489,316.33
US TREASURY NOTE	912828F62	10-31-19	600,000	602,414.06	592,546.80	1,524.59	594,071.39
US TREASURY NOTE	912828VF4	05-31-20	505,000	498,470.51	494,090.99	588.13	494,679.12
US TREASURY NOTE	912828VP2	07-31-20	1,585,000	1,638,431.83	1,567,230.57	13,222.93	1,580,453.50
US TREASURY NOTE	912828x47	04-30-22	12,900,000	12,596,751.95	12,517,540.80	40,750.68	12,558,291.48
US TREASURY NOTE	912828L32	08-31-20	335,000	341,124.22	326,677.26	1,556.51	328,233.77
US TREASURY NOTE	912828R77	05-31-21	3,500,000	3,409,082.03	3,377,636.50	4,076.16	3,381,712.66
US TREASURY NOTE	912828D72	08-31-21	8,400,000	8,472,773.45	8,236,267.20	57,082.87	8,293,350.07
US TREASURY NOTE	912828T67	10-31-21	10,050,000	9,862,746.09	9,601,679.55	21,280.74	9,622,960.29
			21.80%				
<b><u>FEDERAL AGENCY COLLATERIZED MORTGAGE OBLIGATIONS</u></b>							
FNA 2018-M5 A2	3136B1XP4	9-25-21	1,025,000	1,045,388.28	1,039,493.60	3,040.83	1,042,534.43
FNA 2014-M6 A2	3136AJ7G5	05-25-21	3,205,172	3,270,026.30	3,173,237.24	2,060.00	3,175,297.24
FHTS	3137BM6P6	08-25-22	800,000	806,812.50	800,310.64	7,154.24	807,464.88
FANNIE MAE	3136AQDQ0	09-01-19	473,046	477,782.72	470,621.46	648.86	471,270.32
			2.46%				
<b><u>FEDERAL AGENCY NOTES AND BONDS</u></b>							
FHLB	3130A8QS5	07-14-21	3,200,000	3,180,540.80	3,062,137.60	16,700.00	3,078,837.60
FNMA	3135G0N82	08-17-21	825,000	822,177.68	789,343.50	0.00	789,343.50
FNMA	3135G0N82	08-17-21	2,675,000	2,664,166.25	2,559,386.50	16,284.71	2,575,671.21
FNMA	3135G0P49	08-28-19	700,000	698,908.00	688,551.50	2,391.67	690,943.17
FNMS	3135G0T60	07-30-20	900,000	897,273.00	879,555.60	5,662.50	885,218.10
FHLB	3130A9EP2	09-26-19	4,700,000	4,695,911.00	4,618,624.20	12,402.78	4,631,026.98
FHLMC	3137EAEJ4	09-29-20	990,000	988,208.10	968,458.59	4,111.25	972,569.84
FNMA	3135G0T29	02-28-20	1,955,000	1,953,748.80	1,921,960.50	10,019.37	1,931,979.87
FHLB	3130ACE26	09-28-20	365,000	363,828.35	354,871.25	1,296.51	356,167.76
FHLMC	3137EAEF2	04-20-20	2,700,000	2,690,766.00	2,643,880.50	7,321.88	2,651,202.38

**CORPORATE NOTES**

TOYOTA MOTOR	89236TDH5	10-18-19	1,150,000	1,149,425.00	1,133,834.45	3,614.51	1,137,448.96
TOYOTA MOTOR CREDIT CORP	89236TDM4	01-09-19	800,000	799,720.00	796,644.80	6,497.78	803,142.58
UNILEVER CAPITAL	904764AZ0	03-22-21	1,200,000	1,193,868.00	1,190,559.60	9,075.00	1,199,634.60
MORGAN STANLEY	6174467P8	07-24-20	3,150,000	3,516,187.50	3,290,619.15	75,556.25	3,366,175.40
PFIZER INC	717081EB5	12-15-19	2,080,000	2,078,502.40	2,049,885.76	1,571.56	2,051,457.32
JOHN DEERE CAPITAL CORP.	24422ETM1	10-15-18	1,200,000	1,199,220.00	1,197,226.80	4,180.00	1,201,406.80
JOHN DEERE CAPITAL CORP.	24422ETL3	01-06-22	685,000	681,979.15	670,251.27	8,824.13	679,075.40
American Express Mtn	0258M0EC9	10-30-19				0.00	0.00
CATERPILLAR FINL	14913Q2A6	09-04-20	1,100,000	1,099,076.00	1,071,191.00	6,613.75	1,077,804.75
GOLDMAN SACHS	38141GGQ1	07-27-21	2,750,000	3,035,092.50	2,890,057.50	61,760.42	2,951,817.92
AMERICAN HONDA	02665WAH4	08-15-19	3,150,000	3,165,655.50	3,132,022.95	26,775.00	3,158,797.95
BANK OF AMERICA	06051GGS2	10-01-21	965,000	965,000.00	943,390.76	5,616.30	949,007.06
BANK OF AMERICA	06051GFW4	04-19-21	175,000	176,358.00	171,915.98	918.75	172,834.73
CITIGROUP INC	172967LF6	01-10-20	1,575,000	1,574,370.00	1,557,311.18	18,329.06	1,575,640.24
MICROSOFT CORP	594918BV5	02-06-20	1,520,000	1,518,981.60	1,500,577.44	11,326.11	1,511,903.55
BERKSHIRE HATHAWAY	084670BL1	08-14-19	3,150,000	3,167,829.00	3,132,237.15	25,173.75	3,157,410.90
WALT DISNEY	25468PDP8	03-04-20	660,000	659,828.40	649,064.46	4,182.75	653,247.21
APPLE INC BONDS	037833CS7	05-11-20	1,325,000	1,323,648.50	1,302,549.20	3,312.50	1,305,861.70
JP MORGAN CHASE & CO	46625HJD3	01-24-22	1,500,000	1,622,730.00	1,551,618.00	29,437.50	1,581,055.50
HOME DEPOT INC	437076BQ4	06-05-20	750,000	749,565.00	736,509.75	975.00	737,484.75
PEPSICO INC	713448DX3	04-15-21	1,015,000	1,014,797.00	989,583.39	4,285.56	993,868.95
TOYOTA MOTOR CREDIT CORP	89236TEU5	04-13-21	1,200,000	1,199,520.00	1,193,816.40	7,670.00	1,201,486.40
HERSHEY COMPANY CORP NOTES	427866BA5	05-15-21	630,000	629,565.30	630,706.86	2,766.75	633,473.61
AMERICAN EXPRESS	025816BU2	05-17-21	1,550,000	1,549,736.50	1,551,847.60	6,393.75	1,558,241.35
CHARLES SCHWAB CORP NOTES	808513AW5	05-21-21	965,000	964,971.05	968,856.14	3,397.60	972,253.74
BANK OF AMERICA	06051GHH5	05-17-22	400,000	400,000.00	399,862.80	1,710.62	401,573.42
IBM CORP CORP NOTES	44932HAG8	02-05-21	1,500,000	1,499,265.00	1,485,784.50	16,010.42	1,501,794.92
NATIONAL RURAL UTIL COOP	63743HER9	03-15-21	1,500,000	1,495,605.00	1,488,841.51	15,104.17	1,503,945.68
WALMART STORES INC	931142EA7	12-15-20	1,550,000	1,547,752.50	1,518,590.80	1,308.89	1,519,899.69
BRANCH BANKING & TRUST CORP	05531FAZ6	02-01-21	750,000	749,655.00	729,375.75	6,718.75	736,094.50

**COMMERCIAL PAPERS**

BANK OF TOKYO MITSUBISHI	06538CGL9	07-20-18	3,000,000	2,963,236.67	2,996,463.00	0.00	2,996,463.00
DEXIA CREDIT LOCAL SA NY COMM	25214PJBO	03-18-19	3,200,000	3,141,111.11	3,140,984.64	0.00	3,140,984.64
BNP PARIBAS NY BRANCH	09659CCK3	10-19-18	3,200,000	3,151,221.33	3,177,062.40	0.00	3,177,062.40
MUFG BANK LTD/NY COMM PAPER	62479MOB2	03-11-19	1,500,000	1,471,082.50	1,473,139.50	0.00	1,473,139.50
ING (US) FUNDING LLC	4497W1G26	07-02-18	3,100,000	3,063,902.22	3,099,497.80	0.00	3,099,497.80

9.81%

**CERTIFICATE OF DEPOSIT**

CANADIAN IMPERIAL BANK NY	13606A5Z7	11-30-18	1,900,000	1,898,518.00	1,895,033.40	2,972.44	1,898,005.84
SVENSKA HANDELSBANKEN NY	86958JHB8	01-10-19	3,100,000	3,100,000.00	3,086,536.70	27,993.00	3,114,529.70
BANK OF NOVA SCOTIA HOUSTON	06417GUE6	04-05-19	1,500,000	1,500,000.00	1,491,288.00	6,923.75	1,498,211.75
BANK OF NOVA SCOTIA HOUSTON	06417GU22	06-05-20	1,600,000	1,599,392.00	1,608,878.40	3,285.33	1,612,163.73
ROYAL BANK OF CANADA NY CD	78012UEE1	06-07-21	2,750,000	2,750,000.00	2,769,354.50	5,692.50	2,775,047.00
SWEDBANK	87019U6D6	11-16-20	3,100,000	3,100,000.00	3,035,265.80	8,991.72	3,044,257.52
SUMITOMO MITSUI BANK NY	86563YVNO	05-03-19	3,100,000	3,100,000.00	3,086,818.80	10,238.61	3,097,057.41

9.81%

**ASSET-BACKED SECURITY/COLLATERIZED MORTGAGE OBLIGATIONS**

CCCIT 2017-A2 A2	17305EGA7	01-17-21	2,650,000	2,649,492.53	2,638,842.18	21,005.67	2,659,847.85
ALLYA 2017-1 A3	02007PAC7	06-15-21	705,000	704,938.38	699,154.70	532.68	699,687.38
FORDO 2017-A A3	34531EAD8	06-25-21	2,200,000	2,199,991.86	2,174,702.86	1,427.56	2,176,130.42
TAOT 2017-A A3	89238MAD0	02-15-21	780,000	779,908.19	772,402.64	1,632.89	774,035.53
ALLYA 2017-2 A3	02007HAC5	08-15-21	2,485,000	2,484,707.02	2,462,834.79	599.73	2,463,434.52
TAOT 2017-B A3	89190BAD0	07-15-21	3,100,000	3,099,762.23	3,061,287.51	1,965.90	3,063,253.41
HAROT 2017-3 A3	43814PAC4	09-18-21	580,000	579,937.19	570,726.21	2,424.89	573,151.10
CCCIT 2017-A3 A3	17305EGB5	04-07-22	1,600,000	1,604,272.00	1,572,908.80	374.91	1,573,283.71
TAOT 2018-A1 A1	89238BAD4	05-16-22	700,000	699,991.95	692,923.35	7,168.00	700,091.35
CCCIT 2018-A1 A1	17305EGK5	01-20-23	1,500,000	1,499,792.40	1,481,012.55	731.11	1,481,743.66
JDOT 2018-A A3	47788CAC6	04-15-22	485,000	484,965.13	482,506.47	15,666.25	498,172.72
JOHN DEERE ABS	47788BAD6	10-15-21	1,000,000	999,926.80	985,471.50	573.38	986,044.88
ALLYA 2018-2 A3	02004VAC7	11-15-22	1,100,000	1,099,800.24	1,099,268.61	808.89	1,100,077.50
AMXCA 2018-1 A	02582JHQ6	10-17-22	2,610,000	2,609,696.98	2,603,092.37	3,097.20	2,606,189.57
AMXCA 2017-4 A	02582JHG8	12-15-21	1,200,000	1,199,807.76	1,189,663.32	874.67	1,190,537.99

13.67%

**CASH AND CASH EQUIVALENT**

31846V534						3,085.30	3,085.30
22533UF16						0.00	0.00
46640QFJ5							0.00

**TOTAL**

<b>158,648,218.33</b>	<b>158,759,691.87</b>	<b>156,439,318.83</b>	<b>732,303.82</b>	<b>157,171,622.65</b>
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**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
 REPORT OF INVESTMENTS (continued)  
 FOR QUARTER ENDED , JUNE 30, 2018**

TYPE OF SECURITY	CUSIP #	MATURITY DATE	PAR VALUE	ORIGINAL		INTEREST REC'VBLE	MARKET VALUE + ACCR INT.
				PURCHASE PRICE	MARKET VALUE		
<b><u>LIQUIDITY FUNDS MANAGED BY DISTRICT STAFF:</u></b>							
SAN MATEO COUNTY POOL				250,582,660	250,582,660	326,247	250,908,907
LOCAL AGENCY INVESTMENT FUND				993,707	993,707	1,514	995,221
U,S, BANK (CASH ON DEPOSIT)				865,931	865,931		865,931
BANK OF AMERICA CHECKING				2,419,718	2,419,718		2,419,718
WELLS FARGO				0	0	0	0
<b>TOTAL FUNDS MANAGED BY DISTRICT STAFF</b>				<b>254,862,017</b>	<b>254,862,017</b>	<b>327,761</b>	<b>255,189,777</b>
<b>TOTAL AS OF JUNE 30, 2018</b>				<b>411,301,336</b>	<b>411,301,335</b>	<b>1,060,065</b>	<b>412,361,400</b>

## EXHIBIT 2

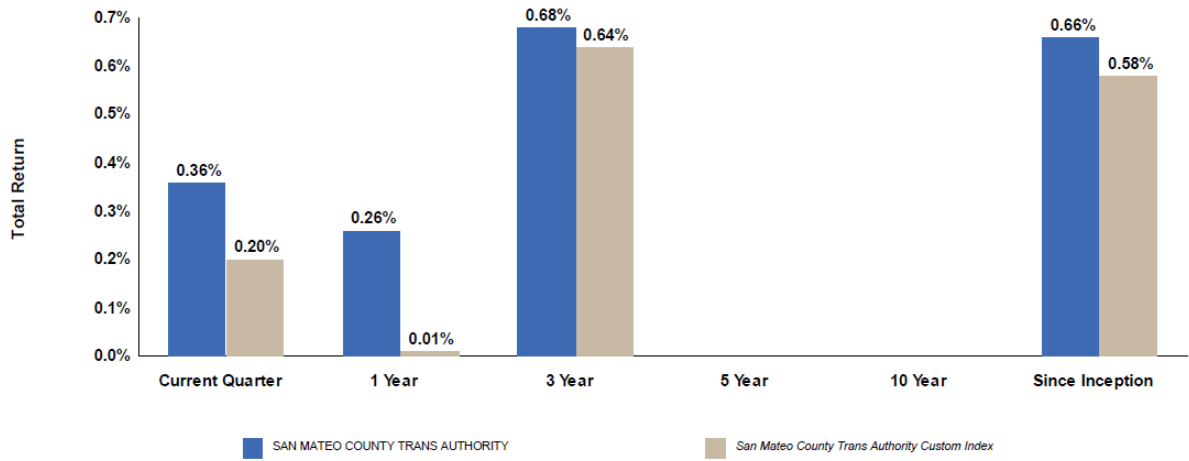
For the Quarter Ended June 30, 2018

SAN MATEO COUNTY TRANS AUTHORITY

Portfolio Performance

### Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	Annualized Return			
				3 Year	5 Year	10 Year	Since Inception (03/31/15) **
SAN MATEO COUNTY TRANS AUTHORITY	2.01	0.36%	0.26%	0.68%	-	-	0.66%
San Mateo County Trans Authority Custom Index	2.10	0.20%	0.01%	0.64%	-	-	0.58%
Difference		0.16%	0.25%	0.04%	-	-	0.08%

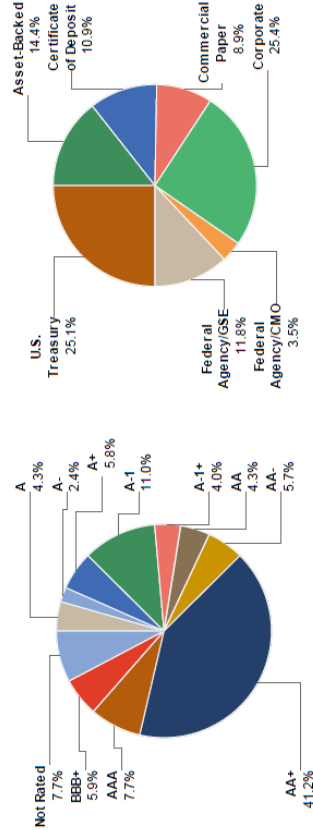


Portfolio performance is gross of fees unless otherwise indicated. \*\*Since Inception performance is not shown for periods less than one year.

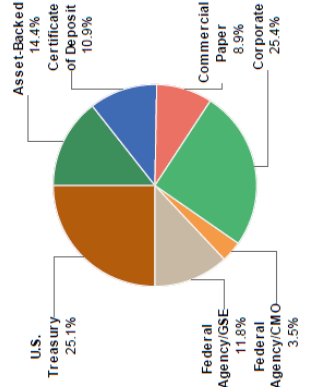
**Portfolio Statistics**  
As of June 30, 2018

Par Value:	\$158,646,217
Total Market Value:	\$159,033,481
Security Market Value:	\$156,439,319
Accrued Interest:	\$728,231
Cash:	\$865,931
Amortized Cost:	\$156,596,539
Yield at Market:	2.72%
Yield at Cost:	2.03%
Effective Duration:	2.01 Years
Duration to Worst:	2.05 Years
Average Maturity:	2.40 Years
Average Credit:*	AA

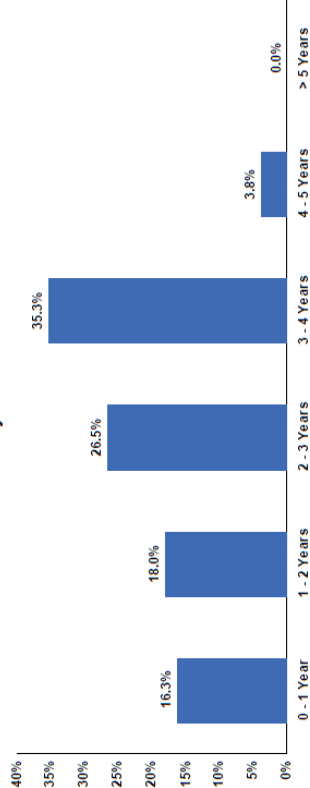
**Credit Quality (S&P Ratings)**



**Sector Allocation**



**Maturity Distribution**



\* 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 June 30, 2018	% of Portfolio	Permitted by Policy	In Compliance
U.S. Treasury	\$39,197,032	24.9%	100%	✓
Federal Agency/GSE	\$18,486,770	11.8%	100%	✓
Federal Agency/CMO	\$5,483,663	3.5%	20%	✓
Corporate Notes	\$39,924,733	25.4%	30%	✓
Negotiable CDs	\$16,973,176	10.8%	10%	✓
Asset-Backed Securities	\$22,486,798	14.3%	30%	✓
Commercial Paper	\$13,887,147	8.8%	15%	✓
<b>Securities Sub-Total</b>	<b>\$156,439,319</b>	<b>99.4%</b>		
Accrued Interest	\$728,231			
<b>Securities Total</b>	<b>\$157,167,549</b>			
Money Market Fund	\$865,931	0.6%	10%	✓
<b>Total Investments</b>	<b>\$158,033,481</b>	<b>100.0%</b>		

*As of 6/30/2018. Detail may not add to total due to rounding.*



## Memorandum

**Date:** July 23, 2018  
**To:** TA Board of Directors  
**From:** Jim Hartnett, Executive Director  
**Subject:** August 2, 2018 TA Board Meeting Executive Director's Report

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### 101 Managed Lanes Project

The Draft Environmental Impact Report/Environmental Assessment (DEIR/EA) for the 101 Managed Lanes Project was first circulated for public comment from November 20, 2017 through January 19, 2018. At the close of the comment period, the project management team began their effort to respond to the comments received which would be recorded and presented as part of the final environmental document. Upon further review, the team decided the best way to respond to some of the questions and address concerns, was to modify certain sections of the draft DEIR/EA document. The sections modified included greenhouse gas emissions and water quality; in addition, the updated DEIR/EA also includes an enhanced discussion of other project alternatives that were considered but withdrawn.

To solicit maximum public input, the modified sections of the draft environmental document are being recirculated for comment. The second public circulation began on July 10 and will run through August 9, 2018. Ads were placed in local newspapers and Caltrans issued a press release to make the public aware of this recirculation.

Copies of the modified document are available at local libraries and on the Caltrans website

at: [http://www.dot.ca.gov/d4/101managedlanes/docs/101mlp\\_recirpartded\\_signed.pdf](http://www.dot.ca.gov/d4/101managedlanes/docs/101mlp_recirpartded_signed.pdf)

Caltrans is the environmental lead agency responsible for certifying the final environmental document. The current schedule is targeting certification early Fall 2018.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

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

Derek Hansel  
Chief Financial Officer

SUBJECT: **AUTHORIZATION TO EXECUTE FUNDING AGREEMENTS TO RECEIVE \$50  
MILLION FOR THE 101 CORRIDOR MANAGED LANES PROJECT AND AMEND  
THE FISCAL YEAR 2019 BUDGET FROM \$76,199,681 TO \$126,199,681**

**ACTION**

Staff proposes the Board:

1. Authorize the Chair of the Board of Directors, or his designee, to execute funding agreements with Facebook, Inc. and the San Mateo County Economic Development Association (SAMCEDA) under which the San Mateo County Transportation Authority (TA) would receive an aggregate total of \$50 million from private employers in San Mateo County to supplement public funding for the construction phase of the 101 Corridor Managed Lanes Project (Project);
2. Increase the Fiscal Year (FY) 2019 Budget by \$50 million from \$76,199,681 to \$126,199,681 to accept the funds and provide the additional budget authority toward completing the proposed work;
3. Authorize the Chair of the Board of Directors, or his designee, to take any additional actions necessary to give effect to this resolution.

**SIGNIFICANCE**

The TA Board previously approved and allocated a total of \$35.5 million for the Project. The initial \$2 million allocated in October 2012 by Resolution No. 2012-17 was used to complete a Project Initiation Document and to begin traffic studies for the Project. The Board allocated another \$8.5 million in October 2015 by Resolution No. 2015-19, which was used for the environmental phase of the Project. An additional \$3 million of private funding was allocated in June 2016 by Resolution No. 2016-13. In February of this year, by Resolution No. 2018-05, the Board allocated \$22 million for the design and right of way phases of the Project. With this most recent allocation, along with federal, state and private funding, all pre-construction work is fully funded. The Project is expected to secure environmental clearance in October 2018, complete the design phase in the Summer of 2019, begin construction in the Fall of 2019 and open to vehicles in the

Summer of 2021.

The construction phase has an estimated cost of \$438 million. The Project team has been working to secure the full funding for the construction phase of the Project. In May 2018, the California Transportation Commission (CTC) awarded funding from programs established by Senate Bill 1 (S.B. 1), the landmark statewide transportation funding legislation that was signed into law last year, for this Project. Funding programmed by the State includes \$200 million from the Solutions for Congested Corridors Program and \$21.8 million from the Local Partnerships Program. The Project funding plan also includes other state, regional, and local sources totaling \$165.5 million.

In addition to this public funding, Facebook, along with other private employers working through SAMCEDA, have committed a combined \$50 million of funding to the Project.

### **BUDGET IMPACT**

The cost of completing the construction phase of the Project is estimated at \$438 million. The FY2019 Expenditures and Revenue Budgets are proposed to be increased by \$50 million for the 101 Managed Lanes project (SMCTA#000791) to accept the funds from Facebook and SAMCEDA. This increases the 101 Managed Lanes project expenditure budget to a total of \$85.5 million. FY2019 revenue for Miscellaneous Income will be increased to \$50 million and increases total revenue for FY2019 from \$94.7 million to \$144.7million. The budget for this Project, which is under the Supplemental Roadway Projects within the Streets and Highways category, will be increased by \$50 million. Total FY2019 expenditures increase from \$76.2 million to \$126.2 million.

### **BACKGROUND**

The 2004 Measure A Highway Program funds projects that will reduce congestion on roadways in San Mateo County (County). Out of the 27.5 percent of Measure A funds set aside for the Highway Program, Key Congested Area Projects that are specifically listed in the 2004 Expenditure Plan receive 17.3 percent, with the remaining 10.2 percent set aside for non-specified County-wide Supplemental Roadways Projects that account for changing needs and are critical for congestion reduction.

The 101 Managed Lanes Project is funded under the Supplemental Roadways category and has significant County and regional importance. A team of Project stakeholders is working together to seek a highway solution that will reduce congestion for commuters and other users on the 101 corridor.

The Project is being implemented through a collaborative effort between Caltrans, the City/County Association of Governments of San Mateo County, and the TA. The Project will address congestion and improve mobility on Highway 101 by creating an express lane in each direction between the Santa Clara County Line and Interstate 380 in San Bruno.

The Project will incentivize the use of public transit, carpools, and other shared-ride

options, while also creating a new revenue stream from individuals willing to pay a fee to drive in the express lanes. Net revenues generated can be used for additional transportation enhancements in the corridor.

The Board authorized a similar funding agreement with SAMCEDA in June 2016 by Resolution 2016-13 for \$3 million of private funding in support of the environmental phase of the Project.

Prepared By: Joseph Hurley, Director Transportation  
Authority Program

650-508-7942

SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
FY2019 REVISED BUDGET

	FY2017 <u>ACTUAL</u> A	FY2018 <u>REVISED</u> B	FY2019 <u>ADOPTED</u> C	FY2019 <u>REVISED</u> D	FY19 REVISED TO FY19 ADOPTED Increase (Decrease) E = D-C	BUDGET PERCENT CHANGE F = E/C	
<b>REVENUE:</b>							
1 Sales Tax	84,354,070	84,660,000	86,353,200	86,353,200	-	0.0%	1
2							2
3 Interest Income	1,446,698	3,700,000	5,927,618	5,927,618	-	0.0%	3
4							4
5 Miscellaneous Income	-	-		50,000,000	50,000,000		5
6							6
7 Rental Income	1,223,663	792,930	836,684	836,684	-	0.0%	7
8							8
9 Grant Proceeds	1,210,306	222,000	1,550,000	1,550,000	-	0.0%	9
10							10
11 <b>TOTAL REVENUE</b>	<b>88,234,737</b>	<b>89,374,930</b>	<b>94,667,502</b>	<b>144,667,502</b>	<b>50,000,000</b>	<b>52.8%</b>	11
12							12
13							13
<b>EXPENDITURES:</b>							
14							14
15							15
16 Annual Allocations	30,789,235	30,900,900	31,518,918	31,518,918	(1)	0.0%	16
17							17
18 Measure A Categories	38,281,849	54,001,394	41,017,770	91,017,770	(1)	50,000,000 121.9%	18
19							19
20 Maintenance of Way	137,812	260,000	-	-	-		20
21							21
22 Oversight	1,220,649	1,800,000	1,800,000	1,800,000	-	0.0%	22
23							23
24 Administrative:							24
25 Staff Support	654,582	1,167,563	1,121,306	1,121,306	-	0.0%	25
26 Measure A Info-Others	120	15,000	15,000	15,000	-	0.0%	26
27 Other Admin Expenses	661,603	703,301	726,687	726,687	-	0.0%	27
28 Total Administrative	1,316,306	1,885,864	1,862,993	1,862,993	-	0.0%	28
29							29
30 <b>TOTAL EXPENDITURES</b>	<b>71,745,851</b>	<b>88,848,158</b>	<b>76,199,681</b>	<b>126,199,681</b>	<b>50,000,000</b>	<b>65.6%</b>	30
31							31
32 <b>EXCESS/(DEFICIT)</b>	16,488,886	526,772	18,467,821	18,467,821	-	0.0%	32
33 <i>*Previously allocated to the 25th Ave Grade Separation Project</i>			(12,952,980)	(12,952,980)	(2)		33
34 <b>Adjusted EXCESS/(DEFICIT)</b>			5,514,841	5,514,841			34
35							35
36 <b>BEGINNING FUND BALANCE</b>	472,689,403	489,178,289	489,705,061	495,219,902			36
37							37
38 <b>ESTIMATED ENDING FUND BALANCE</b>	<b>489,178,289</b>	<b>489,705,061</b>	<b>495,219,902</b>	<b>500,734,743</b>			38
39							39
40 (1) See Attachment B for details.							40
41 (2) The FY2019 proposed budget does not include Grade Separation that was previously included in FY2017 per resolution 2016-25. The budget authority was increased							41
42 in FY2017 to include future years' budget authority for the 25th Ave Grade Separation Project.							42
43							43
44							44
45 <b>FUND BALANCE</b>	<b>FY2017 AUDITED BALANCE</b>		<b>PROJECTED BALANCE AS OF MARCH 31, 2018</b>				45
46							46
47 1988 Measure	210,374,208		124,228,384				47
48 2004 Measure	278,804,081		305,089,204				48
49 <b>Ending Fund Balance</b>	<b>489,178,289</b>		<b>429,317,588</b>				49
50							50

**ATTACHMENT B**

**FY2019 ALLOCATIONS AND EXPENDITURES**

		<b>New Measure TEP % Share</b>	<b>Measure A</b>	<b>Non-Measure A</b>	<b>FY2019 Revised</b>	
<b>ANNUAL ALLOCATIONS:</b>						
1	ALLOCATION TO LOCAL ENTITIES	22.50%	19,429,470		N/A	1
2	SFO BART EXTENSION	2.00%	1,727,064		N/A	2
3		<b>Total Pass-Thru</b>	<b>21,156,534</b>			3
4						4
5	PARATRANSIT	4.00%	3,454,128		N/A	5
6	TRANSFER TO SMCTD FOR CALTRAIN	8.00%	6,908,256		N/A	6
7						7
8	<b>TOTAL ANNUAL ALLOCATIONS</b>		<b>31,518,918</b>			8
9						9
10	<b>MEASURE A CATEGORIES:</b>	<b>PROJECT</b>				10
11	ALTERNATIVE CONGESTION RELIEF	1.00%				11
12	Available for future ACR projects 000903		315,472		315,472	12
13	Commuter.org TDM program 000807		548,060		548,060	13
14						14
15	DUMBARTON	2.00%	1,727,064		1,727,064	15
16						16
17	CALTRAIN	8.00%	6,908,256		6,908,256	17
18						18
19	PEDESTRIAN AND BICYCLE PROGRAM	3.00%	2,590,596		2,590,596	19
20						20
21	LOCAL SHUTTLE	4.00%	3,454,128		3,454,128	21
22						22
23	STREETS AND HIGHWAYS					23
24	Key congested corridors program 000900	17.30%	14,939,104		14,939,104	24
25	Supplemental roadway projects 000901	10.20%	8,808,026		8,808,026	25
26	<b>101 Managed Lanes Project 000791</b>		-	50,000,000	50,000,000	26
27						27
28	GRADE SEPARATION	15.00%	- (1)		-	28
29						29
30	SAN MATEO COUNTY FERRY SERVICE	2.00%	1,727,064		1,727,064	30
31						31
32	<b>TOTAL MEASURE A CATEGORIES</b>		<b>41,017,770</b>		<b>91,017,770</b>	32
	Staff Support	1.00%	863,532		863,532	
			<b>73,400,220</b>		<b>91,881,302</b>	

(1) The FY2019 proposed budget does not include Grade Separation that was previously included in FY2017 per resolution 2016-25. The budget authority in FY2017 to include future years' budget authority for the 25th Ave Grade Separation Project.

**RESOLUTION NO. 2018 –**  
**SAN MATEO COUNTY TRANSPORTATION AUTHORITY**  
**STATE OF CALIFORNIA**

\* \* \*

**AUTHORIZING FUNDING AGREEMENTS WITH FACEBOOK, INC. AND THE SAN MATEO COUNTY ECONOMIC DEVELOPMENT ASSOCIATION TO SUPPLEMENT FUNDING FOR CONSTRUCTION OF THE 101 CORRIDOR MANAGED LANES PROJECT AND AMENDING THE FISCAL YEAR 2019 TO INCLUDE AN ADDITIONAL \$50 MILLION FOR THE PROJECT**

**WHEREAS**, on November 2, 2004, the voters of San Mateo County (County) approved the continuation of the collection and distribution by the San Mateo County Transportation Authority (TA) of the New Measure A half-cent transactions and use tax for an additional 25 years to implement the 2004 Transportation Expenditure Plan beginning January 1, 2009; and

**WHEREAS**, the TA previously programmed and allocated \$2.0 million, \$8.5 million, \$3.0 million and \$22 million in October 2012, October 2015, June 2016 and February 2018, respectively, to plan, environmentally-clear and design the 101 Corridor Managed Lanes Project (Project); and

**WHEREAS**, the Project will address congestion and improve mobility on Highway 101 by creating an express lane in each direction between the Santa Clara County Line and Interstate 380 in San Bruno, and will incentivize the use of public transit, carpools, and other shared-ride options, while also creating a new revenue stream from individuals willing to pay a fee to drive in the express lanes, which will be available to fund additional transportation enhancements in the corridor; and

**WHEREAS**, TA staff has been working extensively with the City/County Association of Governments of San Mateo County (C/CAG), the California Department of Transportation (Caltrans), the California State Transportation Agency (CalSTA) and private employers in the County to secure additional funding for the Project, including through a possible public-private partnership to fund and deliver the Project; and



**WHEREAS**, private employers in the County previously contributed \$3.0 million to support the environmental phase of the Project; and

**WHEREAS**, private employers in the County now have committed to provide an additional \$50 million to support the construction phase of the Project; and

**WHEREAS**, Facebook, Inc. has agreed to enter into an agreement with the TA for a portion of the private sector contribution while the San Mateo County Economic Development Association (SAMCEDA) will enter into an agreement to act as the fiscal agent to accept and pass through to the TA the rest of the private sector contributions; and

**WHEREAS**, the TA's Fiscal Year 2019 budget needs to be increased by \$50 million to accept the \$50 million in funding from the private employers, including Facebook, Inc.; and

**WHEREAS**, staff recommends that the Board of Directors (Board) (1) authorize the Chair of the Board to execute funding agreements with Facebook, Inc. and SAMCEDA to provide an aggregate total of \$50 million of private-sector contributions for the construction phase of the Project, (2) amend to increase the Fiscal Year 2019 budget by the same amount, and (3) authorize staff to take such other actions as may be necessary to give effect to this resolution.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the San Mateo County Transportation Authority hereby:

1. Authorizes the Chair of the Board, or his designee, to execute funding agreements with Facebook, Inc. and the San Mateo County Economic Development Association to provide an aggregate total of \$50 million for the construction phase of the 101 Managed Lanes Project;

2. Increases the Fiscal Year 2019 budget by \$50 million, to provide additional budget authority toward the completion of the Project; and
3. Authorizes the Chair of the Board, or his designee, to take any additional actions necessary to give effect to this resolution.

Regularly passed and adopted this 2nd day of August, 2018 by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Chair, San Mateo County Transportation Authority

ATTEST:

\_\_\_\_\_  
Authority Secretary

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett  
General Manager/CEO

FROM: Derek Hansel  
Chief Financial Officer

April Chan  
Chief Officer, Planning/Grants  
and Transportation Authority

SUBJECT: **ALLOCATION OF \$17,270,640 IN MEASURE A FUNDS TO THE  
SAN MATEO COUNTY TRANSIT DISTRICT FOR THE SAMTRANS PARATRANSIT  
PROGRAM AND CALTRAIN**

**ACTION**

Staff proposes the Board:

1. Allocate \$6,908,256 in Measure A funds from the Caltrain Program category to the San Mateo County Transit District (District) for San Mateo County's share of local match for Caltrain's Fiscal Year (FY) 2019 Capital Budget;
2. Allocate \$6,908,256 in Measure A funds from the Caltrain Program category to the District for San Mateo County's share of Caltrain's FY2019 Operating Budget;
3. Allocate \$3,454,128 in Measure A funds from the Paratransit Program category to the District for its Paratransit Program in FY2019; and
4. Authorize the Executive Director or his designee to execute any necessary agreements or other documents, or take any other actions necessary to encumber the subject funding.

**SIGNIFICANCE**

In accordance with the 2004 Transportation Expenditure Plan (2004 TEP), up to one-half of the available funding in the Caltrain Program category, or 8 percent of the annual sales tax revenues, may be utilized by the District to support Caltrain capital costs. The total local match required for Caltrain's Capital Program in FY2019 is \$22.5 million, of which San Mateo County's share is \$7.5 million. Of the \$7.5 million required, \$6,908,256 can be funded from anticipated FY2019 Measure A revenues in the Caltrain Category. The additional \$591,744 required is available from prior years' Measure A revenues reserved for the same category which reside with the San Mateo County Transportation Authority (TA). Responsibility for the local match needed for Caltrain's FY2019 Capital Budget is equally shared by the three Peninsula Corridor Joint Powers Board (JPB) member agencies. The proposed allocation of Measure A funds,

combined with San Francisco and Santa Clara counties' share of local match, will be used to leverage Federal and State grants to fund capital improvements necessary to rebuild and upgrade Caltrain, and make other system-wide infrastructure improvements.

In accordance with the 2004 Transportation Expenditure Plan (2004 TEP), up to one-half of the available funding in the Caltrain Program category, or 8 percent of the annual sales tax revenues, may be utilized by the District to support Caltrain operating costs. In FY2019, San Mateo County's share for the Caltrain Operating budget is \$7,634,404. Of this amount, \$6,908,256 can be funded from anticipated FY2019 Measure A revenues in the Caltrain Category. The additional \$726,148 required is available from prior years' Measure A revenues reserved for the same category which reside with the District.

The 2004 TEP also provides that 4 percent of sales tax revenues, or \$3,454,128 in FY2019, will be allocated to support the operating and capital needs of providing paratransit or other accessible services to eligible seniors and people with disabilities in the County. The District will be using the \$3,454,128 to provide paratransit service for eligible seniors and people with disabilities through Redi-Wheels and other accessible services.

#### **BUDGET IMPACT**

The proposed allocation of \$6,908,256 to the District for San Mateo County's share of local matching funds for the Caltrain Capital Budget is included in the TA's FY2019 Adopted Budget as the San Mateo Local Share JPB Capital Improvement Program project (TA Project #605) under the Caltrain Program category.

The proposed allocations to the District of \$6,908,256 for San Mateo County's local share of the Caltrain Operating Budget, and \$3,454,128 for the Paratransit Program, are included in the TA's FY2019 Adopted Budget under the Expenditures category under Annual Allocations.

#### **BACKGROUND**

The TA's 2004 TEP sets the program categories and percentage splits of the sales tax revenues for each of six categories: Transit, Highways, Local Streets/Transportation, Grade Separations, Pedestrian and Bicycle, and Alternative Congestion Relief. Within the Transit Program, funding is provided for multiple modes of transit including Caltrain, Local Shuttles, Accessible Services, Ferry, the Dumbarton Corridor and Bay Area Rapid Transit. The 2004 TEP also provides for allocation of funds remaining in the Original Measure A Program for projects outlined in the 1988 Measure A Transportation Expenditure Plan, including Caltrain improvements. The TA's Strategic Plan was approved by the Board of Directors to provide a policy framework for guiding programming and allocation decisions within the structure established by the 2004 TEP. The proposed allocations are consistent with the Strategic Plan.

Prepared By:	Ryan Hinchman Manager, Financial Planning & Analysis	650-508-6425
	Tina Medeiros, Senior Budgets Analyst	650-508-6302

RESOLUTION NO. 2018 –

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

\* \* \*

**ALLOCATING \$17,270,640 IN MEASURE A FUNDS TO THE SAN MATEO COUNTY TRANSIT DISTRICT FOR THE SAMTRANS PARATRANSIT PROGRAM AND FOR CALTRAIN**

**WHEREAS**, on June 7, 1988, the voters of San Mateo County approved the ballot measure known as "Measure A" (Original Measure A), which increased the local sales tax in San Mateo County by one-half percent with the tax revenues to be used for highway and transit improvements pursuant to the Transportation Expenditure Plan presented to the voters; and

**WHEREAS**, on November 2, 2004, the voters of San Mateo County approved the continuation of the collection and distribution by the San Mateo County Transportation Authority (TA) of the Measure A (New Measure A) half-cent transactions and use tax for an additional 25 years to implement the 2004 Transportation Expenditure Plan (2004 TEP) beginning January 1, 2009; and

**WHEREAS**, the 2004 TEP provides for Measure A funding for various program categories and percentage splits of the sales tax revenue for these program categories; and

**WHEREAS**, the TA designates Measure A revenues to fund the San Mateo County Transit District's (District) share of the annual Caltrain Capital Program, which, when combined with San Francisco and Santa Clara Counties' equal shares, provides a portion of the annual Caltrain Capital Program, which funds are then leveraged to attain other Federal and State financial support; and

**WHEREAS**, the TA designates up to 8 percent of Measure A revenues for Caltrain to support the operating costs for which the San Mateo County Transit District (District) is responsible; and

**WHEREAS**, the TA designates 4 percent of Measure A revenues to support the operating and capital needs of providing paratransit or other accessible services to eligible seniors and people with disabilities in San Mateo County; and

**WHEREAS**, the Executive Director proposes that the TA allocate a total of \$17,270,640 in Measure A funds, as follows:

1. \$6,908,256 from the Caltrain Program category to the District for San Mateo County's share of local match for Caltrain's Fiscal Year (FY) 2019 Capital Budget;
2. \$6,908,256 from the Caltrain Program category to the District to fund a portion of San Mateo County's share of Caltrain's FY 2019 Operating Budget;
3. \$3,454,128 in from the Paratransit Program category to the District for its Paratransit Program in FY2019; and

**WHEREAS**, the proposed allocations are consistent with amounts approved in current and prior year budgets and meet the intent of the 2004 TEP.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the San Mateo County Transportation Authority hereby allocates a total of \$17,270,640 in Measure A funds to the San Mateo County Transit District as detailed above.

**BE IT FURTHER RESOLVED** that the Executive Director or his designee is authorized to execute any necessary agreements or other documents, and take any other actions necessary to encumber the subject funding.

Regularly passed and adopted this 2<sup>nd</sup> day of August, 2018 by the following vote:

AYES:

NOES:

ABSENT:

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Chair, San Mateo County Transportation Authority

ATTEST:

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Authority Secretary

**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: 101 CORRIDOR MANAGED LANES – OWNERSHIP & OPERATIONS**

**ACTION**

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

**SIGNIFICANCE**

Staff will make a presentation via powerpoint at the August 2, 2018 meeting to provide an overview of the tolling system proposed to be operated on US 101 in San Mateo County. The presentation will include an overview of the tolling system, potential ranges of revenues and costs, and an assessment of owner and operator options.

The intent of the presentation is to provide information regarding the general roles and responsibilities of owning and operating a toll lane facility for the Board's consideration in advance of selecting a system and operator later this Fall.

**BUDGET IMPACT**

There is no impact on the budget.

**BACKGROUND**

In June 2016, work began on the environmental phase of the 101 Corridor Managed Lanes Project which proposes to modify 101 resulting in a 22 ½ miles of managed lanes in each direction from Santa Clara County to I-380. The Board took an action for the San Mateo County Transportation Authority's (TA) to become a Co-Sponsor with The City/County Association of Governments of San Mateo C/CAG for the project. The Board also authorized an agreement with San Mateo County Economic Development Association, which has brought an additional \$3 million in private sources to fund the \$11.5 million environmental phase of the project. The team was successful in securing an additional \$9.5 million of federal-earmarked funding to fund advanced design work that will expedite project delivery.



Public outreach and engagement with project stakeholders began in October 2016 with a public scoping meeting. Since that time there have been a number of meetings with staff from local jurisdictions along the 101 corridor. There have been two Community Meetings, in San Mateo in May and in Redwood City in June.

Multiple technical studies (e.g. traffic, air quality noise, biological etc.) that assess the performance and impacts of the project have now been completed. Project decisions and directions were made based on the following adopted project's purpose:

- Reduce congestion in the corridor
- Encourage carpooling and transit use
- Improve travel time reliability
- Minimize operational degradation of the general purpose lanes
- Increase person throughput
- Apply technology and/or design features to help manage traffic

After extensive outreach and public review, the environmental document, which reports the benefits and impacts that are anticipated to be realized with the implementation of the project, is scheduled to be finalized by Caltrans later this Fall.

As the project moves into the design phase, the decision on who owns and operates the facility will need to be made in order to ensure the appropriate input is made during that process. Staff has prepared information to assist the Board in making the decision, and will present that at the August 2, 2018 meeting.

Prepared by: April Chan, Chief Officer, Planning, Grant, and Transportation Authority  
650-508-6228

**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**

The 2018 Legislative Program establishes the principles that will guide the legislative and regulatory advocacy efforts. Based on those principles, staff coordinates closely with our Federal and State advocates on a wide variety of issues that are considered in Congress and the State legislature. The attached reports highlight the recent issues and actions that are relevant to the Board.

Prepared By: Casey Fromson, Government and  
Community Affairs Director

650-508-6493



July 11, 2018

TO: Board Members, San Mateo County Transportation Authority  
FROM: Gus Khouri, Principal  
Khouri Consulting

**RE: STATE LEGISLATIVE UPDATE – AUGUST**

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**2018-19 State Budget Signed**

On June 27, Governor Brown signed SB 840 (Mitchell), Chapter 29, 2018, the Budget Act of 2018, which covers FY 2018-19. This bill authorizes General Fund expenditures of \$138.6 billion. A total reserve of \$15.9 billion is also provided by fully funding the Budget Stabilization Account to its constitutional limit per Proposition 2 (\$13.8 billion), and by setting aside money in the Special Fund for Economic Uncertainties (SFEU) and the newly created Net Reserve (\$2.1 billion). The Proposition 2 funds will predominantly be used to ensure that education is fully funded under Proposition 98, as well as retire outstanding loans and unfunded pension obligations. Given the Rainy Day Fund is at capacity, excess revenues that were deposited into the SFEU and Net Reserve may be used to fund infrastructure projects.

As part of the 2018 Budget package, the Governor also signed AB 1831 (Committee on Budget), Chapter 43, Statutes of 2018, a budget trailer bill, which creates a structure for the expenditure of Proposition 2 revenues that are dedicated for infrastructure. The plan stipulates that until FY 2021-22, the first \$415 million of infrastructure funding would be deposited in the State Infrastructure Maintenance Fund for improvements to the State Capitol. Beyond that amount, half of the funding would be dedicated to the rail corridor improvements identified by the California State Transportation Agency (CalSTA) and the other half would be used for Multifamily Housing Programs.

Given the current \$2.1 billion additional reserve, this could result in approximately \$850 million being made available for rail corridor improvements from which Caltrain may be able to receive an award.

## **SB 1 Repeal Discussion**

On June 18, the legislature held a Joint Hearing of the Senate Transportation & Housing, Assembly Transportation, and Assembly Revenue and Taxation Committees to discuss the then pending November ballot measure to repeal SB 1.

The Legislative Analyst's Office provided a very brief overview of SB 1 before moving to public comment. Most speakers read a list of projects that are in jeopardy if SB 1 were repealed. In my testimony, I attempted to demonstrate that SB 1 does not place an onerous burden on taxpayers, because the gas tax increase amounts to only about 13 cents per day per motorist. Yet, the benefits the gas tax will bring are many – it will help to fill potholes, improve safety, ease congestion on state highways, maintain and expand public transportation and rail services, manage goods movement, and provide opportunities for bicycle and pedestrian programs.

It is key to remember that people drive across town just to save 10 cents a gallon. The 12 cents per gallon gas tax, unlike the Vehicle Registration Fee (VRF), is a regular reminder that they are paying a higher gas tax. With respect to the VRF, 85% of all cars registered will pay less than \$50 annually. When you consider the fuel efficiency of the average vehicle, and the average miles driven per day, the average motorist will end up paying only about 13 cents per day. Adding the VRF, the average motorist will pay 27 cents a day, \$8 per month.

The proponents of the repeal campaign, Reform California, also testified. Carl DeMaio, who is leading the cause, stated the following:

- We pay enough for rebuilding our roads. We had the second highest gas tax in the nation prior to the enactment of SB 1.
- We have diverted money to pay for pensions, went on "road diets" and favored mass transit and high-speed rail over road repairs.
- Senator Josh Newman (D-Riverside) being recalled reflects how fed up voters are and he expects others to lose their jobs in November for voting for SB 1.
- After the repeal effort is successful, they will have a plan to fund our roads.

The Reform California campaign submitted 963,905 signatures, and successfully acquired the 585,407 necessary to qualify what is now known as Proposition 6--a measure to repeal SB 1 and require that future tax items be made subject to voter approval--for the November ballot. On June 28, the Secretary of State certified the signatures, 131 days before the November 6 election, as required by the Constitution.

The proponents are advocating for the Republican transportation-funding plan, which relies on items such as sales tax from car sales and insurance premiums, in addition to the pre-existing gas tax and VRF at levels before the enactment of SB 1. This would make the general fund responsible for paying for transportation. Under this arrangement, transportation has been overwhelmingly underfunded due to other general fund priorities such as education, public safety, or health and human resources.

Voters will need to make a choice this November as to whether paying 27 cents a day is worth maintaining the state's transportation infrastructure and mobility needs.

**Deputy Directive 90-R1**

Given the statewide emergence of managed lanes, Caltrans has issued a regulation, DD-90 R1, that would require a portion of toll proceeds be used by Caltrans for oversight purposes. Caltrans contends that since it is the owner/operator of the state highway system, and that the current 500-mile High-Occupancy Vehicle Lane network is building on state assets, that a conversion to managed lanes should account for Caltrans oversight.

The Self-Help Counties Coalition (SHCC) is currently negotiating with Caltrans so that it adopts a project level agreement given that jurisdictions, such as SMCTA, are spending local sales tax revenue to make improvements to the state highway system, including filling gap closures, or providing connections to connector routes, such as I-380. SHCC argues that if additional proceeds for oversight are required, that it should be used to help expedite project delivery, which would save money. This issue is still pending due to securing a meeting with Caltrans Director Laurie Berman at a date to be determined.

# Holland & Knight

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## San Mateo County Transportation Authority Federal Update July 2018

### APPROPRIATIONS

With government funding set to expire on September 30, Congress is working quickly to pass FY 2019 appropriations spending bills. Senate Majority Leader Mitch McConnell (R-KY) and House Speaker Paul Ryan (R-WI) have already coordinated on part of the summer's spending bill schedule, and are working to package some bills into minibuses to move them across the floor.

On June 8, the House passed its first “minibus” package of three appropriations bills—Energy-Water, Military Construction-Veterans Affairs (VA), and Legislative Branch spending measures—by a vote of 235 to 179. The measure was opposed by most House Democrats, and 16 Republicans. Despite increases in funding for several programs, including veterans' health care, Democratic leaders opposed the boosts to security-related programs that would be offset by reductions to other domestic programs.

On June 25, the Senate passed its first minibus package by a vote 86 to 5. Like the House minibus, it included Energy-Water, Military Construction-VA, and Legislative Branch Appropriations bills. Despite their efforts, however, it is likely that Congress may need to package the appropriations bills as an omnibus to get a final spending package through both chambers by the end of the year.

FY 2019 Transportation/HUD Appropriations: On June 7, the Senate Appropriations Committee unanimously approved the FY 2019 Transportation/HUD Appropriations bill which provides funding for the Department of Transportation (DOT) and Department of Housing and Urban Development (HUD). The measure would fund the DOT at \$26.6 billion, \$698 million less than enacted for FY 2018. The bill includes funding for Capital Investment Grant program, transit grants, and BUILD (formerly TIGER) grants, all areas that the administration had targeted for cuts or elimination. The House Appropriations Committee approved its FY 2019 Transportation/HUD Appropriations bill on May 23. The funding included in both the House and Senate Transportation/HUD Appropriations bills include enough funding for the Core Capacity program so that the Peninsula Corridor Electrification Project should receive \$100 million. Summary of the DOT funding is in the chart below.

# TRANSPORTATION FY 2019 FEDERAL FUNDING PRIORITIES

	FY 2018 Enacted	FY 2019 President's Request	FY 2019 House	FY 2019 Senate
<b>TRANSPORTATION, HUD, AND RELATED AGENCIES</b>				
<b>Department of Transportation</b>	<b>\$27.414 B</b>	<b>\$16.408 B</b>	<b>\$27.9 B</b>	<b>\$26.767</b>
<b>BUILD</b>	\$1.5 B	\$0	\$750 M	\$1 B
• Planning Grants	\$15 M	\$0	\$0	\$15 M
<b>Federal Aviation Administration (FAA)</b>	\$18.115 B	\$16.122 B	\$17.69 B	\$17.701 B
• Airport Improvement Program (AIP)	\$4.35 B	\$3.35 B	\$3.85 B	\$4.1 B
<b>Federal-Aid Highways (FAST Act levels)</b>	\$44.23 B	\$45.268 B	\$45.268 B	\$45.268 B
<b>Highway Infrastructure</b> (funded from General Fund rather than HTF)	\$2.525 B	\$0	\$4.25 B	\$3.3 B
Federal Motor Carrier Safety Grants	\$561.8 M	\$381.8 M	\$381.8 M	\$381.8 M
<b>National Highway Traffic Safety Administration</b>	\$914.375	\$947.204	\$981.577	\$981.577
• Highway Traffic Safety Grants	\$597.629 M	\$610.208 M	\$610.208 M	\$610.208 M
<b>Federal Railroad Administration (FRA)</b>	\$3.091 B	\$854.025 M	\$3.153 B	\$2.768 B
• Amtrak	\$1.941 B	\$737.891 M	\$1.941 B	\$1.941 B
• Magnetic Levitation Technology Deployment (MAGLEV) Program	\$0	\$0	\$150 M	\$0
• Federal-State Partnership for State of Good Repair	\$250 M	\$0	\$500 M	\$300 M
• Consolidated Rail Infrastructure Safety Grants	\$592.547 M	\$0	\$300 M	\$255 M
<b>Federal Transit Administration (FTA)</b>	\$12.4 B	\$11.22 B	\$13.621 B	\$13.513 B
• Transit Formula Grants (FAST Act levels)	\$10.3 B	\$9.9 B	\$9.9 B	\$9.9 B
• Transit Infrastructure (funded from Treasury rather than HTF)	\$834 M	\$0	\$800 M	\$800 M
• Capital Investment Grants**	\$2.644	\$1 B	\$2.613 B	\$2.552 B

○ New Starts Projects with signed FFGAs		\$835.7 M	\$835.7 M	\$835.7 M	
○ New Starts Projects		\$0	\$500 M	\$480 M	
○ Signed Core Capacity Projects		\$200 M	\$200 M	\$200 M	
○ New Core Capacity Projects		\$0	\$550 M	\$343 M	
○ Small Starts	\$400 M	\$0	\$502.15 M	\$568 M	
○ Project Delivery Pilot Program	\$0	\$0	\$0	\$100 M	

*\*The FY 2018 Omnibus Appropriations bill did not include the same categories for the Capital Investment Grant program as the House and Senate FY 2019 THUD bills.*

The Senate THUD Appropriations bill includes report language related to the MPO’s transportation priorities—BUILD, project streamlining, and New Starts/Small Starts:

- **BUILD Grants:** “The National Infrastructure Investments program has become integral to the economic success of communities throughout the country for 10 years. The Committee is concerned with the Department’s use of this flexible and popular program to insert controversial policies from the administration’s infrastructure proposal, which the administration has acknowledged will not be enacted this year. These policies have not been agreed to or voted on by Congress, and there is clear bipartisan opposition to some of them.

In fiscal year 2018, the Committee explicitly prohibited the Department from using Federal share as a selection criteria in awarding projects and the Committee continues that prohibition. Despite this prohibition, the Department chose to use an applicant’s ability to generate non-Federal revenue as selection criteria in the most recent notice of funding opportunity [NOFO], in defiance of the intent of Congress. Favoring applicants that have recently generated non-Federal revenue is detrimental to areas that have high State and local gas tax levels. The NOFO also fails to recognize that transportation agencies that apply for funding under this NOFO are not able to raise revenue without enactment of a law by an independent legislative body. Holding transportation agencies responsible for raising revenue is unrealistic and detrimental to this grant program. The Committee recommendation prohibits the Department from using these criteria and directs the Department to use selection criteria from the fiscal year 2016 NOFO.”

- **Financing for Transportation Oriented Development (TOD):** “The Committee recognizes the potential of TOD to facilitate economic development, the construction of affordable housing, and more livable and healthier communities within walking distance of, or accessible to, public transit. Unfortunately, the Department has administered programs where TOD is an eligible activity with an impracticable, narrow definition of TOD that leads to near universal rejection of applications for Federal assistance. The Committee directs the Secretary to encourage the use of the Department’s financing



programs for TOD, where eligible, by issuing clear guidance and working with applicants to ensure projects meet the congressional intent of eligibility.”

- **Highway Infrastructure:** Of the \$3,300,000,000 from the general fund (Funding is available until September 30, 2022):
  - \$2,389,200,000 is for road and bridge projects eligible under the surface transportation block grant program (STBG)
  - \$15,800,000 is for the Puerto Rico highway program
  - \$5,000,000 is for the territorial highway program
  - \$90,000,000 is for the railway-highway crossings program,
  - \$800,000,000 is for a national program to improve and replace bridges in poor condition
  
- **Transit Infrastructure:** Of the \$800 million available for in transit infrastructure grants from the General Fund:
  - \$400,000,000 is available for buses and bus facilities grants
    - \$209,104,000 is provided for formula grants
    - \$161,446,000 is provided for competitive grants
    - \$29,450,000 is provided for low or no emission grants
  - \$362,000,000 is available for state of good repair grants
  - \$30,000,000 is provided for high density State apportionments
  - \$2,000,000 is provided for the bus testing facility
  - \$6,000,000 is provided for bus testing facilities
  
- **Capital Investment Grant Project Pipeline:** “The Committee is concerned with unnecessary delays for projects seeking advancement into engineering or a grant agreement. These delays are costly for local project sponsors and create uncertainty for transit planners and providers across the country. The Committee directs the Secretary to continue to advance eligible projects into project development and engineering in the capital investment grant evaluation, rating, and approval process pursuant to 49 U.S.C. 5309 and section 3005(b) of the FAST Act in all cases when projects meet the statutory criteria. The Committee also directs the Secretary to provide notice to the House and Senate Committees on Appropriations of not less than 90 days prior to altering or rescinding any rule, circular or guidance relating to the evaluation, rating and approval process pursuant to 49 U.S.C. 5309.”
  
- **Delays in Grants:** “The Committee is concerned with the increased number of programmatic decisions that have been elevated to the Office of the Secretary, leading to delays in funding and lack of cohesive policies between the Department and the modes. The Committee is particularly concerned with the slow pace of awarding and obligating funding from competitive discretionary programs appropriated in fiscal year 2017 and fiscal year 2018. The Committee directs the Department to abide by both the will and intent of Congress in all funding and policy decisions, and to consult with the House and Senate Committees on Appropriations prior to issuing all notices of funding opportunities.”

- **Categorical Exclusions:** “The Committee notes that the purpose of categorical exclusions is to achieve cost savings and speed projects to construction. The Committee directs FHWA to work with stakeholders, including State DOTs, to determine how best to minimize the bureaucratic burden of qualifying a project as a CE.”

Rescissions Legislation: On June 20, the Senate voted [48-50](#) against discharging the Administration’s \$14.7 billion rescissions legislation from the Senate Appropriations Committee. Senators Susan Collins (R-ME) and Senator Richard Burr (R-NC) voted against.

## ADMINISTRATION

FTA Announces Final Rule to Encourage Private Sector Investment: The Federal Transit Administration (FTA) finalized a rule on May 30 to encourage greater use of public-private partnerships (P3) in capital projects. The rule, [Private Investment Project Procedures](#), goes into effect on June 29. It sets private investment project procedures that FTA grantees can utilize to petition for waivers or modifications from mandatory agency rules, guidance, or practices that may hinder their ability to use P3s to help finance transit projects. The new rule will help the federal government develop more effective approaches to spur private participation and investment in project planning, development, finance, design, construction, maintenance and operations, according to the FTA.

Under the rules, those who receive federal funding, will be able to identify rules, practices, procedures or guidance that impedes the use of a P3 or private investment. They can then ask the FTA to grant a waiver or modification of a requirement if certain criteria are met. The rule does not list which FTA requirements can be waived, but FTA is allowed to modify or waive labor standard or NEPA.

White House Proposes Structural Realignment of the Executive Branch: On June 21, the White House Office of Management and Budget (OMB) released a [plan](#) to reorganize the federal government. The plan was criticized by both Republican and Democratic members. The suggested reforms include:

- Combining the Department of Labor and the Department of Education into a new Department of Education and Workforce.
- Dividing the Army Corps of Engineers so that its port, inland waterways, and dredging functions would go to the Department of Transportation (DOT) and its water supply functions would move to the Department of Interior (DOI).
- Removing food stamps and other nutrition programs from the Department of Agriculture (USDA) to the Department of Health and Human Services (HHS), which would be renamed Department of Health and Public Welfare.
- Moving rural housing assistance programs from the USDA and combining them with the urban housing assistance programs at the Department of Housing and Urban Development (HUD).
- Moving the Food and Drug Administration (FDA) from the HHS to the USDA’s Food Safety and Inspection Service.

- Merging the Department of Commerce’s National Marine Fisheries Service and DOI’s Fish and Wildlife Service (FWS) into one department.
- Merging the DOI’s Central Hazardous Materials Program and the USDA’s Hazardous Materials Management program into the Environmental Protection Agency (EPA)’s Superfund program.
- Transferring FEMA’s port security and rail/transit security grant programs to DOT.

White House Seeks Comment on NEPA Changes: The White House Council on Environmental Quality (CEQ) is seeking public comment on various potential procedural changes under the National Environmental Policy Act (NEPA). A notice will be published in the Federal Register on June 27, asking 20 specific questions about changing NEPA policy. These changes range government-wide, and include such policies as changing rules on the timing of agency actions, and requiring that reviews involving multiple agencies be conducted in “concurrent, synchronized, timely, and efficient” manner. The notice also suggests changing the definitions of key phrases such as “major federal action,” “effects,” and “significantly” to decrease the number of federal actions required in environmental reviews. CEQ will take public comment on the notice for 30 days after it is published, and subsequently will propose the procedural changes. After this, the agency will once again be required to accept public comment before finalizing the new procedures.

## CONGRESS

Meeting the Needs of Self-Driving Cars: With the year’s legislative calendar practically full, lawmakers overseeing transportation and infrastructure policy are looking ahead to the next ‘big bill’ – surface transportation. Current funding goes through 2020 but some are already thinking about what may be included in the next surface transportation bill they will write and need to pass next year. At the top of the list is autonomous vehicles.

The Senate Environment and Public Works Committee held a hearing on June 13<sup>th</sup> on the Effects of Emerging Autonomous Technologies on America’s Roads and Bridges. A bill to put a federal framework in place for encouraging research and experimentation in self-driving technology, the [AV START Act](#) (S. 1885) has stalled in the Senate, in part over worries in larger cities of less control of their streets. The bill would regulate self-driving cars and trucks lighter than 10,000 pounds, such as those developed by companies including Ford Motor Co. and Alphabet Inc.’s Waymo. While panelists agreed that automated vehicles could potentially reduce injuries and deaths on American roadways, there is much infrastructure work yet to be done, and these upgrades do not have a clear way to be paid for currently. Highway markings, signage, lighting and shared road information databases across cities and states were among changes needed to ensure the vehicles don’t put other road users at risk.

## LEGISLATIVE LANDSCAPE

With only 17 legislative days left before the August congressional recess, Senate Majority Leader Mitch McConnell (R-KY) and Minority Leader Chuck Schumer (D-NY) have identified their parties’ priorities for the summer. The Senate is expected to consider the Farm Bill after passing the first minibus appropriations bill, and then will consider the Water Resources

Development Act (WRDA) of 2018. The Senate will be in session through much of August, with McConnell citing the need to move legislation and Administration nominees. For the week of August 6, the Senate will be in recess, and will then return to Washington on a revised schedule. McConnell has noted that he hopes to use the time to confirm administration nominees and work on appropriations bills. While Democrats criticized McConnell's decision to cancel the August recess, which they claimed was to prevent them from using the time to return to their states for election campaigning, Schumer said that the party would use the work period to focus on a renewed push to reform health care. Schumer identified five priorities for measures that Democrats will focus on:

- Expanded access to Medicare;
- Increasing tax credits to help families afford the cost of health care;
- Creating a National Insurance Program to lower premiums;
- Ensuring that individuals with pre-existing conditions are not denied or priced out of insurance; and
- Lowering the cost of prescription drugs.

Health care, immigration, appropriations, and nominations are likely to consume the majority of Congress' summer work. However, when they return in September for the final work period before midterm elections in November, issues such as net neutrality, and other controversial legislative lightning rods may come up.

## SMCTA Bill Matrix – August 2018

Measure	Status	Bill Summary	Recommended Position
<a href="#">AB 1405</a> <a href="#">Mulin (D)</a>  Digital Sign Demonstration Project	Failed passage prior to policy committee deadline	This bill would require Caltrans to establish a digital sign demonstration program. As part of the program, the bill would authorize Caltrans, subject to federal approval, to enter into agreements with local jurisdictions until January 1, 2024, to install and operate up to 25 digital signs displaying commercial advertisements and public service announcements within the right of way of the state highway system. The signs could be used to display emergency messages, traveler information, motorist safety campaigns, and other messaging desired by the state, without providing compensation to the contracting entity. <b>Last amended on 6/13/18</b>	Watch
<a href="#">AB 2418</a> <a href="#">Mullin (D)</a>  Transportation: Advanced Technologies Grant Program	Failed passage prior to house of origin deadline (June 1)	Existing law creates the California Transportation Commission (CTC), with various powers and duties relative to the programming of transportation capital projects and allocation of funds to those projects pursuant to the state transportation improvement program and various other transportation funding programs.  This bill would establish the California Smart City Challenge Grant Program to enable municipalities to compete for grant funding for emerging transportation technologies to serve their transportation system needs, and would specify certain program goals. The bill would require the CTC to form the California Smart City Challenge Workgroup, on or before July 1, 2019, to provide the CTC with guidance on program matters, as specified. The bill would require the CTC, in consultation with the workgroup, to develop guidelines for the program on or before March 1, 2020, which would not be subject to the Administrative Procedure Act, and to revise them as necessary. The bill would make the implementation of the program contingent upon an appropriation in the annual budget act. <b>Last amended on 4/9/18</b>	Watch
<a href="#">AB 2535</a> <a href="#">Obernolte (R)</a>  Toll Evasion	6/20/18  Senate Appropriations Committee  Set for 8/6/18	This bill would require a notice of toll evasion violation to include a copy of all photographic evidence on which the toll evasion determination was based if the vehicle was found, by automated devices, to have evaded the toll through failure to meet occupancy requirements in a high-occupancy toll lane. <b>Amended on 3/19/18</b>	Watch
<a href="#">AB 2865</a> <a href="#">Chiu (D)</a>  HOT lanes: Santa Clara Valley Transportation Authority: Bay Area Infrastructure Financing Authority	6/27/18  Senate Appropriations Committee	This bill would authorize the Santa Clara Valley Transportation Authority (VTA) or the Bay Area Infrastructure Financing Authority (BAIFA) to conduct, administer, and operate a value pricing high-occupancy toll lane program on State Highway Route 101 and a specified portion of State Highway Route 280 in the City and County of San Francisco in coordination with the San Francisco County Transportation Authority, as prescribed. <b>Last amended on 6/20/18</b>  The "support if amended" recommendation is based on whether the bill is amended to provide SMCTA and C/CAG with the option of joining the BAIFA network.	Watch

## SMCTA Bill Matrix – August 2018

Measure	Status	Bill Summary	Recommended Position
<a href="#">SB 760</a> <a href="#">Wiener (D)</a>  Urban street design: guidance	Failed passage prior to policy committee deadline	Existing law authorizes Caltrans to issue a permit to the owner or developer of property adjacent to or near a state highway, including the associated right-of-way, to construct, alter, repair, or improve any portion of the highway for the purpose of improving local traffic access, as provided. Existing law specifies that the permit may be issued only if the work within the highway right-of-way is to be performed in accordance with plans and specifications approved by the department.  If the improvement would not affect the operation of the state highway and the associated work would be performed in accordance with local agency plans and specifications, this bill would prohibit Caltrans from denying an application for a permit solely because the associated work is not to be performed in accordance with plans and specifications approved by Caltrans. This bill failed passage from committee. <b>Last amended 6/4/18</b>	<b>Watch</b>
<a href="#">SB 1262</a> <a href="#">Beall (D)</a>  CM/GC	6/26/18  Assembly Appropriations Committee	This bill would remove the cap on the number of projects for which Caltrans is authorized to use the construction manger/ general contractor CM/GC method (currently 24), eliminate the minimum construction costs limitation (\$10 million), and make conforming changes to existing provisions. The bill would require the department to submit a report to the Legislature by July 1, 2022, that includes, among other requirements, a comprehensive assessment on the effectiveness of the Construction Manager/General Contractor project delivery method relative to project cost and time savings for all projects approved under these provisions as of January 1, 2022. <b>Last amended on 6/21/18</b>	<b>Supported</b>  4/5/18
<a href="#">SCA 6</a> <a href="#">Wiener (D)</a>  Local transportation measures: special taxes: voter approval	Failed passage prior to policy committee deadline	The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of 2/3 of the voters of the city, county, or special district voting on that tax, except that certain school entities may levy an ad valorem property tax for specified purposes with the approval of 55% of the voters within the jurisdiction of these entities.  This measure would require that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for transportation purposes, as specified, be submitted to the electorate and approved by 55% of the voters voting on the proposition. The measure would also make conforming and technical, non-substantive changes.	<b>Supported</b>  6/7/18

## Ballot Measures

## SMCTA Bill Matrix – August 2018

Measure	Status	Bill Summary	Recommended Position
<p><b>Proposition 69</b></p> <p><b>Transportation Taxes &amp; Fees Lockbox</b></p>	<p>Placed on June 5, 2018 statewide ballot by the State Legislature through the enactment of ACA 5 (Frazier), Chapter 30, Statutes of 2017</p> <p>Approved by 80% of all statewide voters.</p>	<p>Proposition 69, was placed on the ballot by the State Legislature as part of a legislative package that included SB 1. SB 1, which was also known as the Road Repair and Accountability Act of 2017 enacted an estimated \$5.2 billion annual increase in transportation-related taxes and fees, including a \$0.12 cents per gallon increase of the gasoline excise tax, a \$0.20 cents per gallon increase of the diesel excise tax, a 4 percentage points increase of the diesel sales tax, an annual \$25 to \$100 Transportation Improvement Fee, and an annual \$100 zero-emission vehicles fee. The state constitution already prohibits the diversion of gasoline or diesel excise tax revenues for general non-transportation purposes.</p> <p>The main feature of Proposition 69 is that it also protects proceeds derived from the Transportation improvement Fee (\$1.6 billion in vehicle registration fees, which funds competitive programs) and the sales tax on diesel, which funds the Public Transportation Account. The zero-emission fee is left unprotected.</p>	<p><b>Supported</b></p> <p><b>4/5/18</b></p>
<p><b>Proposition 6</b></p>	<p>Qualified for placement on the November 6, 2018 statewide ballot through the initiative process.</p>	<p>If approved by a majority of statewide voters, this measure would repeal SB 1, also known as the Road Repair and Accountability Act of 2017, which enacted an estimated \$5.2 billion annual increase in transportation-related taxes and fees, including a \$0.12 cents per gallon increase of the gasoline excise tax, a \$0.20 cents per gallon increase of the diesel excise tax, a 4 percentage points increase of the diesel sales tax, an annual \$25 to \$100 Transportation Improvement Fee, and an annual \$100 zero-emission vehicles fee.</p> <p>The measure would also require the Legislature to submit any measure enacting specified taxes or fees on gas or diesel fuel, or on the privilege to operate a vehicle on public highways, to the electorate for approval.</p> <p>The Legislative Analyst's Office and Director of the Department of Finance estimate reduced annual state and local transportation tax revenues of \$2.9 billion in 2018-19, increasing to \$4.9 billion annually by 2020-21. These are revenues that are primarily being used to support state highway maintenance and rehabilitation, local streets and roads, and mass transit. In addition, potentially lower transportation tax revenues in the future from requiring both legislative and voter approval of such tax increases.</p>	<p><b>Recommend Oppose</b></p>

## Budget Items

**SMCTA Bill Matrix – August 2018**

Measure	Status	Bill Summary	Recommended Position
<p><b>Indirect Cost Rate Proposal</b></p> <p><b>SB 848</b> (Committee on Budget)</p>	<p>6/27/18</p> <p>Signed by the Governor</p> <p>Chaptered by the Secretary of State, Chapter 46, Statutes of 2018</p>	<p>Caltrans does work on behalf of Self-Help Counties who develop projects on the state highway system, in addition to cities, regional transit and transportation agencies, certain state agencies, and private entities. Caltrans recovers the cost of these services and charges these entities a rate that covers the cost of both administrative and program functional rates. A portion of this rate however is not applicable to the direct costs affiliated with the project in question. These “indirect costs” add as much as 20%-30% to the cost of a project and erode the value of local sales tax revenue that self-help counties bring to the table, while making Caltrans less competitive in securing work.</p> <p>The purpose of this item, which is sponsored by the Self-Help Counties Coalition, is to either eliminate or cap the amount of indirect costs assessed on a project. A compromise was reached to cap the indirect costs at 10% for a period of 3 years.</p>	<p><b>Supported</b></p> <p><b>6/7/18</b></p>



**SAN MATEO COUNTY TRANSPORTATION AUTHORITY  
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett  
Executive Director

FROM: Seamus Murphy  
Chief Communications Officer

SUBJECT: **RESOLUTION EXPRESSING ITS STRENUOUS OPPOSITION TO PROPOSITION 6, WHICH WOULD REPEAL SENATE BILL 1, ALSO KNOWN AS THE "ROAD REPAIR AND ACCOUNTABILITY ACT"**

**ACTION**

Staff recommends Board adoption of the attached resolution that expresses strenuous opposition to Proposition 6, which would repeal Senate Bill 1, also known as the "Road Repair and Accountability Act"

**SIGNIFICANCE**

Opposition to Proposition 6 is consistent with the Board approved Legislative Program.

**BUDGET IMPACT**

There is no impact on the budget.

**BACKGROUND**

The passage of Proposition 6 would jeopardize the funding needed for execution of the San Mateo County Transportation Authority projects and deprive Californians of resources now available from S.B.1 for much needed improvements in transportation infrastructure and transit systems statewide.

Prepared By: Casey Fromson, Director, Government and Community Affairs 650-508-9435

RESOLUTION NO. 2018 –

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

EXPRESSING ITS STRENUOUS OPPOSITION TO PROPOSITION 6, WHICH WOULD  
REPEAL SENATE BILL 1, ALSO KNOWN AS THE "ROAD REPAIR AND ACCOUNTABILITY ACT

\* \* \*

**WHEREAS**, on June 7, 1988, the voters of San Mateo County approved a ballot measure known as "Measure A" which increased the local sales tax in San Mateo County by ½ percent with the new tax revenue to be used for highway and transit improvements pursuant to the 1988 Transportation Expenditure Plan (1988 TEP) presented to the voters; and

**WHEREAS**, on November 2, 2004, the voters of San Mateo County approved the continuation of the collection and distribution by the San Mateo County Transportation Authority (TA) of the New Measure A half-cent transactions and use tax for an additional 25 years to implement the 2004 Transportation Expenditure Plan (2004 TEP) beginning January 1, 2009; and

**WHEREAS**, in 2017, the California State Legislature passed, and Governor Brown signed, Senate Bill 1 (S.B. 1), also known as the "Road Repair and Accountability Act," a landmark transportation investment program designed to (1) rebuild California's transportation infrastructure by fixing neighborhood streets, freeways and bridges in communities across the State, and (2) strengthen, revitalize, and improve transit systems and congested trade and commute corridors; and,

**WHEREAS**, S.B. 1 will invest \$5.4 billion annually over the next decade to fix California's transportation systems and will address a backlog of repairs and upgrades, while ensuring a cleaner and more sustainable travel network for the future; and,

**WHEREAS**, in just this first year since S.B.1 became law, funds from the Road Repair and Accountability Act will provide the Transportation Authority with \$220 million for the San Mateo 101 Managed Lanes Project multi-jurisdictional partnership of the California Department of Transportation (Caltrans), San Mateo County Transportation Authority (TA), and City/County Association of Governments of San Mateo County (C/CAG); and,

**WHEREAS**, The San Mateo 101 Managed Lanes Project would provide a continuous managed lane in each direction on U.S. 101 from the terminus of the Santa Clara County Express Lanes to I-380 in San Mateo County in order to reduce congestion on the corridor, encourage carpooling and transit, increase travel time reliability and person throughput; and,

**WHEREAS**, Proposition 6 is a statewide measure that will be placed on the November 6th, 2018 ballot asking voters to repeal S.B. 1; and,

**WHEREAS**, the passage of Proposition 6 would jeopardize the funding needed for execution of the TA projects listed above and deprive Californians of resources now available from S.B.1 for much needed improvements in transportation infrastructure and transit systems statewide.

**NOW, THEREFORE BE IT RESOLVED**, that the San Mateo County Transportation Authority strenuously opposes Proposition 6, which would repeal S.B. 1, the "Road Repair and Accountability Act"; and,

**BE IT FURTHER RESOLVED**, that the San Mateo County Transportation Authority affirms its membership in the Coalition to Protect Local Transportation Improvements, a diverse coalition of local government, business, labor, transportation, and other organizations throughout the State that also are opposed to the repeal of S.B. 1;

Regularly passed and adopted this 2<sup>nd</sup> day of August 2018, by the following vote:

AYES:

NOES:

ABSENT:

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Chair, San Mateo County Transportation

Authority

ATTEST:

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TA Secretary