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SPECIAL MEETING AGENDA

Joint Ad Hoc Committee On 101 Managed Lanes Project

SAN MATEO COUNTY TRANSPORTATION AUTHORITY & CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY

~~Gallagher Conference Room, 3rd Floor~~
Dining Conference Room, 4th Floor
1250 San Carlos Avenue, San Carlos, CA 94070

February 1, 2019 – Friday

10:00 am

1. Call to Order/Pledge of Allegiance
2. Approval of minutes from the January 25, 2019 Joint Ad Hoc Committee Meeting
3. TA and CCAG Discussion and Potential Action on Joint Governance for the 101 Managed Lanes Project
4. Public Comment
5. Establishment of next meeting date
6. Adjourn

San Mateo County Transportation Authority & City/County Association of Governments
Joint Ad Hoc Committee On 101 Managed Lanes Project
Agenda for January 2, 2019

Committee Members:

C/CAG: Alicia Aguirre, Doug Kim, Diane Papan,
TA: Emily Beach, Maureen Freschet, Don Horsley,

INFORMATION FOR THE PUBLIC

If you have questions on the agenda, please contact:

- San Mateo County Transportation Authority Secretary at 650-508-6279
- C/CAG Clerk of the Board at 650-599-1406

Assisted listening devices are available upon request.

Communications to the TA Board of Directors can be e-mailed to board@smcta.com.

Communications to the C/CAG Board of Directors can be e-mailed to mguilles@smcgov.org.

Public Noticing:

This agenda and all notices of regular and special Authority Board meetings, and of regular and special C/CAG Board and standing committee meetings are posted at the San Mateo County Transit District Office, 1250 San Carlos Ave., San Carlos, CA, and on the Authority's website at <http://www.smcta.com> and on C/CAG's website at <http://www.ccag.ca.gov>, respectively.

Location, Date and Time of Regular Meetings

This meeting will be 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.

Public Comment

If you wish to address the Boards, 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 or C/CAG Clerk of the Board, who will distribute the information to the Boards' members and staff.

Public testimony by each individual speaker shall be limited to two minute and items raised that require a response will be deferred for staff reply.

Accessibility for Individuals with Disabilities

Upon request, the TA and C/CAG 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 submit a 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 made:

- by mail to the Authority Secretary at the San Mateo County Transportation Authority, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; by email to board@smcta.com; or by phone at 650-508-6279 or TTY 650-508-6448; or
- by phone to the C/CAG Administrative Assistant at 650-599-1406.

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 less than 72 hours prior to the meeting will be available for public inspection at the same time that the records are distributed or made available to the legislative bodies. Such materials will be available at:

- the Authority's office at 1250 San Carlos Avenue, San Carlos, CA 94070-1306;
- C/CAG's office at 555 County Center, 5th Floor, Redwood City, CA 94063; and
- <http://www.ccag.ca.gov>

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY AND
CITY/COUNTY ASSOCIATION OF GOVERNMENTS
AD HOC COMMITTEE FOR 101 MANAGED LANES PROJECT
MINUTES OF JANUARY 25, 2019**

MEMBERS PRESENT:	Transportation Authority Board (TA): Don Horsley, Emily Beach City/County Association of Governments: (C/CAG) Board: Alicia Aguirre, Diane Papan, Doug Kim
MEMBERS ABSENT	TA: Maureen Freschet C/CAG: None
STAFF PRESENT:	TA: Jim Hartnett, April Chan, Shayna van Hoften (Legal Counsel), Joe Hurley, Dora Seamans, Cindy Gumpal, Jean Brook C/CAG: Sandy Wong, Jean Higaki, Claire Cunningham (Legal Counsel) Bay Area Infrastructure Financing Authority (BAIFA): Andrew Fremier, Lisa Klein Santa Clara Valley Transportation Authority (VTA): Carolyn Gonot, Casey Emoto
PUBLIC MEMBERS	Maryann Moise Derwin, Kim Springer, Zachary Clark, Drew

CALL TO ORDER

The joint TA and C/CAG Ad Hoc committee meeting was called to order by C/CAG Ad Hoc committee member Alicia Aguirre at 10:03 am. Assistant District Secretary Cindy Gumpal called the roll for the TA; C/CAG Committee Executive Director Sandy Wong called the roll for C/CAG.

C/CAG Director Alicia Aguirre chaired the meeting.

APPROVAL OF MINUTES FROM THE JANUARY 2, 2019 JOINT AD HOC COMMITTEE MEETING

Motion/Second: Papan/Horsley
Ayes: Beach, Horsley, Aguirre, Kim, Papan
Noes: None
Absent: Freschet

Sandy Wong provided a copy of the draft minutes and requested the joint Ad Hoc to confirm the addition of the following paragraph:

Operational shortfall

- Under the VTA model, if toll revenue is insufficient to cover O&M costs, and if there is insufficient reserve to cover such overage, it will likely be the TA fronting the money until such time as toll revenue is in the positive. The TA will be reimbursed from future toll revenue.
- Under the BAIFA model, since BAIFA will own and operate, BAIFA will assume any operational shortfall for its members.

Drew, San Mateo, proposed a correction. A motion was made to approve the minutes with the changes noted above. Both changes are reflected in the attached.

DISCUSSION AND POSSIBLE ACTION ON OWNER/OPERATOR DECISION FOR 101 MANAGED LANES PROJECT

Jim Hartnett, Executive Director, TA, noted the representatives from Metropolitan Transportation Commission (MTC)/Bay Area Infrastructure Financing Authority (BAIFA), and VTA who were in attendance.

Presentation from BAIFA

Andrew Fremier, Deputy Executive Director of Operations, MTC/BAIFA, referred to his presentation, which was an updated version from the one sent out along with the agenda. Mr. Fremier noted that a question was raised during the last meeting on January 2 as to whether BAIFA can serve as the operator instead of both as owner and operator. He stated that BAIFA is still very supportive of Option 1 (owner/operator) but would like to explore other options that have merit. As a result of the January 2, 2019 Joint Ad Hoc Committee meeting, BAIFA staff took two options to the BAIFA board for input. One of the two options is for the TA and C/CAG ("San Mateo County agencies" or "SMC agencies") to own the facilities and contract with BAIFA to serve as the operator. The new option offered generated a robust discussion at the January 23, 2019 BAIFA Board meeting, and the BAIFA board considered both options viable.

In Mr. Fremier's presentation, he clarified what BAIFA and its current membership is, and how it relates to the MTC and Bay Area Toll Authority (BATA). Mr. Fremier provided a summary of Option 1 (BAIFA owns and operates), Option 2a (SMC owns/VTA operates) and Option 2b (SMC owns/BAIFA operates) in his presentation, which is available on the TA website at

http://www.smcta.com/Assets/___Agendas+and+Minutes/TA/Board+of+Directors/Presentations/2019/BAIFA+Options+for+San+Mateo+101+Express+Lanes.pdf..

TA Committee Member Emily Beach requested clarification on what the owner may decide in terms of toll discounts, including discounts for clean-air vehicles. While the presentation stated that there should be matching regional practice with regards to toll discounts under options 2A and 2B, Mr. Fremier agreed that the SMC agencies as owner retain decision-making authority.

C/CAG Committee Member Diane Papan inquired and Mr. Fremier agreed that other bay area lanes with lower traffic volumes could tolerate a 2+ (two or more passengers)

occupancy model but that congested lanes would require a 3+ (three or more passengers) model to function.

Carolyn Gonot, Chief Engineering & Program Delivery Officer, VTA, commented that the most congested areas are the highway and roadway system around San Francisco Bay, including the bridges and the 880, 237 and 101 corridors, and that there is a current effort to develop a 3+ "ring around the bay".

TA Committee Member Beach commented that while the net toll revenue is roughly the same with any of options, it is impacted by the allocation of gross revenue. Mr. Fremier confirmed that net revenues could be different depending on how toll policies are set (generating varying gross revenues), the amount of capital reserves set aside and whether financing is used under options 2A and 2B.

Regarding Option 2b, TA Committee Member Beach asked how BAIFA's operating expenses would be paid if BAIFA were to agree that gross revenues would come to the SMC agencies for distribution. Mr. Fremier noted that BAIFA would require an initial deposit from the SMC agencies to cover initial expenses so BAIFA would not be subject to fronting expenses for this 101 corridor.

TA Committee Member Don Horsley said that he appreciated the flexibility of the options and stated he is in favor of Option 2b: SMC agencies own and BAIFA operates.

C/CAG Committee Member Doug Kim commented that all six committee members should come to an agreement on an option prior to the upcoming Board meetings. He commented that Option 1 has more advantages and addressed some concerns. He said that Option 2a and 2b are the same in his mind. Operator ability is not an issue to him. Ownership is his concern. He would consider Option 2a or Option 2b but that is dependent on developing a shared joint ownership model, adding that details would matter if the SMC agencies are the owner.

C/CAG Committee Member Alicia Aguirre clarified that there are still three options on the table and stated that the governance structure may not be as critical under Option 1 but it would need to be discussed in more detail under Option 2a or Option 2b.

C/CAG Committee Member Papan said that she concurred with TA Committee Member Horsley on Option 2b. She did not think it would be too hard to develop a Joint Powers Authority which may either be composed of equal members from each Board or an entity that might be independent from both Boards.

C/CAG Committee Member Papan expressed that she would like to see San Mateo County forming a JPA and applying to the CTC directly rather than having BAIFA apply and transferring the ownership back to San Mateo County. Mr. Hartnett said, in the interest of time, it would be more important to adopt the operator model and work out the joint governance model later. In the near future both C/CAG and TA would sign agreements with BAIFA for operations.

C/CAG Committee Member Papan expressed concern about how the two Boards would handle potential disagreements in the future and would like to avoid the need to spend a lot of time and effort forming ad hoc committees to get the two Boards on the same page. Mr. Hartnett stated based on his experience of these past meetings that the TA and C/CAG can successfully work together.

Ms. Wong stated that, before selecting Option 2a or 2b, the C/CAG Board would be looking for a proposal on how the SMC agencies will work together through a joint policy committee or joint powers agency (JPA). She used an analogy of renting versus buying a home to illustrate the owner versus operator scenario (e.g., you can't make a decision to buy versus rent before you know if you will qualify for financing) and referenced how AB194 (Streets and Highways Code section 149.7) would apply to JPA ownership. She believes that the C/CAG Board is looking for some level of assurance on what a joint ownership model would look like.

TA Committee Member Beach said that she favored Option 2b and commented that it was a responsible route to pursue.

C/CAG Committee Member Kim stated that while he prefers Option 1, he is willing to compromise and go with Option 2b as long as the two Boards agree on the details on how to manage the joint authority. C/CAG Committee Member Papan expressed that the Ad Hoc work on an assurance of equality in the joint governance structure.

TA Committee Chair Horsley said that he recommended continuing the joint ad hoc committee and hearing future recommendations from TA and C/CAG staff on how to jointly manage it.

C/CAG Committee Chair Aguirre called for a motion.

TA Committee Chair Horsley made a motion to support Option 2b.

Motion/Second: Horsley/Beach
Ayes: Beach, Horsley, Aguirre, Kim, Papan
Noes: None
Absent: Freschet

TA Committee Member Horsley made a second motion that there should be continued discussion about governance, with the TA and C/CAG working together to form a JPA or some other arrangement that incorporates staff recommendations.

C/CAG Committee Member Kim requested meeting prior to the February 7 TA Board meeting.

Motion/Second: Horsley/Papan
Ayes: Beach, Horsley, Aguirre, Kim, Papan
Noes: None
Absent: Freschet

C/CAG Committee Member Doug Kim stated for the record, he changed his position from Option 1 to Option 2B in order to achieve consensus.

Mr. Hartnett requested a proposed structure from C/CAG. The C/CAG Committee members agreed.

The TA and C/CAG Committee members agreed to meet on Friday, February 1 at 10:00 am to consider options for a joint policy committee or JPA model as brought forth by staff of both agencies.

ADJOURN

The meeting adjourned at 11:30 am.



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ITEM 3

C/CAG AGENDA REPORT

Date: February 1, 2019
To: Joint Ad Hoc Committee
From: Sandy Wong, Executive Director
Subject: TA and C/CAG Joint Governance for the US101 Express Lanes
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(For further information, contact Sandy Wong at 650-599-1409)

RECOMMENDATION

It is recommended that the Joint Ad Hoc Committee discuss, consider, and recommend a joint governance model for managing US 101 Express Lanes between the San Mateo County Transportation Authority (TA) and the City/County Association of Governments of San Mateo County (C/CAG) for consideration at their February 7, 2019 and February 14, 2019 Board meetings respectively.

BACKGROUND

The Joint Ad Hoc Committee met on January 25, 2019 and approved to advance a recommendation to the TA and C/CAG Boards that would allow San Mateo County to retain ownership of the US101 express lanes, and for the Bay Area Infrastructure Financing Authority (BAIFA) to operate it on San Mateo County's behalf, subject to the California Transportation Commission's (CTC) approval.

In addition to the above recommendation, the Joint Ad Hoc Committee also agreed to continue to meet and discuss prior to the February 2019 Board meetings joint governance options between the two agencies. The options, as previously discussed, include the following:

Option A - Joint Policy Committee (JPC) –TA and C/CAG Boards set up a cross agency joint committee to make recommendations to the two boards. Decision-making process could be time consuming, but the ultimate decision making powers remain with the two Boards – TA and C/CAG.

Option B - Joint Powers Authority (JPA) - TA and C/CAG would form a new JPA. Decision-making powers will vest in the newly formed JPA; TA and C/CAG will need to determine membership of the JPA, as well as powers to delegate to the JPA.

The TA and C/CAG Joint Ad Hoc Committee for the 101 Managed Lanes Project met on January 2, 2019 and January 25, 2019 to discuss appropriate actions for the TA and C/CAG Boards to consider at their respective Board meetings on February 7 and February 14, 2019 that relates to which agency will own and operate the express lanes once it is operational. It is the intent of the two agencies to make requisite decisions and take appropriate actions to minimize the impact on the capital project's construction schedule and budget.

ATTACHMENT

None.