

San Mateo County Express Lanes Joint Powers Authority
(SMCEL-JPA)
Board of Directors Meeting Notice

Meeting No. 5

DATE: Friday, November 8, 2019
TIME: 9:00 a.m.
PLACE: San Mateo County Transit District Office
1250 San Carlos Avenue, Second Floor Auditorium
San Carlos, CA

Board of Directors: Alicia Aguirre (Chair), Don Horsley (Vice Chair), Emily Beach, Maryann Moise Derwin, and Diane Papan

1.0 CALL TO ORDER/ ROLL CALL

2.0 PLEDGE OF ALLEGIANCE

3.0 PUBLIC COMMENT

Note: Public comment is limited to two minutes per speaker. Public comment permitted on both items on the agenda and items not on the agenda.

4.0 APPROVAL OF CONSENT AGENDA

This item is to set the final consent and regular agenda, and to approve the items listed on the consent agenda. All items on the consent agenda are approved by one action. There will be no separate discussion on these items unless members of the Board, staff or public request specific items to be removed for separate action.

- a) Approval of the minutes of Board of Directors regular business meeting No. 4 dated October 11, 2019. ACTION p. 1

5.0 REGULAR AGENDA

- a) Review and approval of Resolution SMCEL19-06 and Resolution SMCEL 19-07 authorizing the Chair to execute the Cooperative Funding (Loan) Agreements with the City/County Association of Governments (C/CAG) and San Mateo County Transportation Authority (SMCTA) respectively, in the amount of \$872,456 each. ACTION p. 5

- b) Review and approval of Resolution SMCEL 19-08 authorizing reimbursement to the C/CAG and TA for staffing services pursuant to the San Mateo County Express Lanes Joint Powers Agreement. ACTION p. 9
- c) Receive a presentation and update on the US 101 Express Lanes project. INFORMATION p. 12
- d) Determination on the need for independent financial and legal advisor(s) and provide direction on procurement process. ACTION p. 16

6.0 REPORTS

- a) Chairperson Report.
- b) Member Communication.
- c) Executive Council Report.

7.0 WRITTEN COMMUNICATIONS

None.

8.0 NEXT REGULAR MEETING

December 13, 2019

ADJOURN

PUBLIC NOTICING: All notices of San Mateo County Express Lanes Joint Powers Authority regular Board meetings, standing committee meetings, and special meetings will be posted at the San Mateo County Transit District Office, 1250 San Carlos Ave., San Carlos, CA.

PUBLIC RECORDS: Public records that relate to any item on the open session agenda for a regular Board meeting, standing committee meeting, or special meeting are available for public inspection. Those public records that are distributed less than 72 hours prior to a regular Board meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members, of the Board. The Board has designated the location of 555 County Center, 5th Floor, Redwood City, CA 94063, for the purpose of making public records available for inspection.

PUBLIC PARTICIPATION: Public comment is limited to two minutes per speaker. Persons with disabilities who require auxiliary aids or services in attending and participating in this meeting should contact Mima Guilles at (650) 599-1406, five working days prior to the meeting date.

If you have any questions about this agenda, please contact:

Mima Guilles (650) 599-1406

San Mateo County Express Lanes Joint Powers Authority Board of Directors Meeting Minutes

Meeting No. 4

DATE: Friday, October 11, 2019
TIME: 9:00 A.M.
PLACE: San Mateo County Transit District Office
1250 San Carlos Avenue, Second Floor Auditorium
San Carlos, CA

Board of Directors: Alicia Aguirre (Chair), Don Horsley (Vice Chair), Emily Beach, Maryann Moise Derwin, Maureen Freschet, and Diane Papan

1.0 CALL TO ORDER/ ROLL CALL

Chair Aguirre called the meeting to order at 9:05 a.m. Roll call was taken. Chair Aguirre welcome new Board Member Maryann Moise Derwin.

Members Present:

C/CAG Members: Alicia Aguirre, Maryann Moise Derwin
SMCTA Members: Don Horsley, Emily Beach, Maureen Freschet

Members Absent:

C/CAG Member: Diane Papan
SMCTA Member: None

Staff Present:

Sandy Wong – Executive Council
April Chan – Executive Council
Mima Guilles – Secretary
Justin Mates – Legal Counsel
Jean Higaki, Van Ocampo – C/CAG Staff support SMCEL JPA
Derek Hansel, Joe Hurley, Jennifer Williams – TA Staff supporting SMCEL JPA

Other members of the public were in attendance.

2.0 PLEDGE OF ALLEGIANCE

3.0 PUBLIC COMMENT

Note: Public comment is limited to two minutes per speaker. Public comment permitted

on both items on the agenda and items not on the agenda.

None .

4.0 APPROVAL OF CONSENT AGENDA

This item is to set the final consent and regular agenda, and to approve the items listed on the consent agenda. All items on the consent agenda are approved by one action. There will be no separate discussion on these items unless members of the Board, staff or public request specific items to be removed for separate action.

- a) Approval of the minutes of Board of Directors regular business meeting No. 2 dated July 12, 2019. APPROVED

- b) Approval of the minutes of Board of Directors regular business meeting No. 3 dated September 13, 2019. APPROVED

Director Horsley **MOVED** to approve the CONSENT AGENDA. Director Freschet **SECONDED. MOTION CARRIED 5-0-0**

5.0 REGULAR AGENDA

- a) Review and approval of Resolution SMCEL 19-05 authorizing the Chair to execute a two-year agreement with HNTB Corporation for Policy/Program Management services for a total amount not to exceed \$1,381,716. APPROVED

Van Ocampo, C/CAG staff supporting the SMCEL-JPA on contracts and procurement, reported on the Request for Proposal (RFP) process taken to select HNTB Corporation for to provide Policy/Program Management services to the SMCEL-JPA.

HNTB Project Manager Matthew Click was introduced. He addressed the Board and provided a brief description on his professional background as it relates to highway tolling and pricing projects.

Director Beach **MOVED** to approve Resolution SMCEL 19-05 authorizing the Chair to execute a two-year agreement with HNTB Corporation for Policy/Program Management services for a total amount not to exceed \$1,381,716. Director Horsley **SECONDED. MOTION CARRIED 5-0-0**

6.0 REPORTS

- a) Chairperson Report.

None.

- b) Member Communication.

None.

c) Executive Council Report.

Sandy Wong, Member of the Executive Council, extended the welcome to Director Maryann Moise Derwin on behalf of the Executive Council and all staff. Also, since this is Director Freschet's last meeting, Ms. Wong thanked Director Freschet for her contribution and leadership throughout the process for the creation and initial set up of this SMCEL-JPA and making it a success. April Chan, Acting Member of the Executive Council, stated her regret of Executive Council member Jim Hartnett unable to attend this meeting due to traveling to another meeting. Ms. Chan welcome Director Derwin and thanked Director Freschet for her contributions to this JPA during the journey in past almost one year, and wished her well and success.

Director Freschet expressed that it has been an honor to work with all the esteem colleagues. She thanked everyone for the opportunity to serve on this Board.

Members of the Board also expressed their appreciation for Director Freschet.

April Chan, Acting Member of the Executive Council, mentioned an update on the capital project construction status and cost estimates will be presented to the Board at its next meeting. At this time, there is a potential cost increase of approximately \$30M anticipated in the overall capital project, due to some unanticipated cost of toll system as well civil work. As such, TA may need to increase the capital loan to the project. The capital loan will be subjected to negotiation between SMCEL-JPA and the TA. The reason being is that while the TA will provide the loan, the repayment will come from future toll revenues.

Chair Aguirre was concerned about the cost increase. Ms. Chan explained the negotiation between Caltrans and the contractor is still on going.

Sandy Wong, Member of the Executive Council, mentioned the bulk of the cost increase are from two components. One component is the civil part of the infrastructure work, which is still undergoing negotiation between Caltrans and the contractor as part of the final design. The second and bigger component is the electronic toll infrastructure work. The original cost estimate for toll infrastructure was made by the consultant during the environmental study phase, which preceded the decision of selecting BAIFA to be the operator.

Director Beach commented on the history of San Mateo County agencies are responsible for construction cost increases, regardless of who the operator is. She also mentioned that this sort of cost increase is not entirely unexpected, and thanked San Mateo County voters for Measure A that gives the financial backstop to make this kind of project possible.

Board members were reminded that in accordance with the Joint Exercise of Powers Agreement, "All actions of the Board will require five (5) Board members to be present for voting". Hence, attendance at the next meeting is important.

7.0 WRITTEN COMMUNICATIONS

None.

8.0 NEXT REGULAR MEETING

The next meeting is scheduled for November 8, 2019.

9.0 ADJOURN

The meeting was adjourned at 9:27 A.M.

**San Mateo County Express Lanes Joint Powers Authority
AGENDA REPORT**

Date: November 8, 2019

To: San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) Board of Directors

From: SMCEL-JPA Executive Committee

Subject: Review and approval of Resolution SMCEL19-06 and Resolution SMCEL19-07 authorizing the SMCEL-JPA Chair to execute the Cooperative Funding (Loan) Agreements with the City/County Association of Governments of San Mateo County (C/CAG) and the San Mateo County Transportation Authority (SMCTA), respectively, in the amount of \$872,456 each.

(For further information, contact Derek Hansel, CFO, at 650-508-6466)

RECOMMENDATION

That the SMCEL-JPA Board review and approve Resolution SMCEL19-06 and Resolution SMCEL19-07 authorizing the SMCEL-JPA Chair to execute the Cooperative Funding (Loan) Agreements with the City/County Association of Governments of San Mateo County (C/CAG) and San Mateo County Transportation Authority (SMCTA), respectively, in the amount of \$872,456 each.

FISCAL IMPACT

Fiscal impact will be in the form of loan proceeds from both C/CAG and SMCTA in the amount of \$872,456 each. The adopted operating budget of SMCEL-JPA for FY 2019-20 is \$1,744,911 and the proceeds from these two loans will fully cover the said budget amount.

SOURCE OF FUNDS

C/CAG and SMCTA will each loan up to \$872,456 to the SMCEL-JPA for FY 2019-20. SMCEL-JPA will receive up to a total of \$1,744,912. Loans will be repaid with interest, based on the net earning rates on the San Mateo County Investment Pool Fund.

BACKGROUND

The SMCEL-JPA was created as a Joint Powers Authority by C/CAG and SMCTA effective June 1, 2019. On July 12, 2019 the SMCEL-JPA Board adopted an operating budget for FY 2019-20 in the amount of \$1,744,911. As an agency with no current operating revenue, SMCEL-JPA will have to rely on its member agencies to initially pay its operating costs until such time as toll revenue is generated from the US 101 Express Lanes Project (Project), which SMCEL-JPA will own. It is staff's anticipation that the Project will begin to generate toll revenue as early as 2022.

Staff from C/CAG and SMCTA jointly recommend that both their agencies support the SMCEL-JPA's FY 2020 operating needs with loans as follows:

- C/CAG and SMCTA will issue equally-sized loans to the SMCEL-JPA in the amount of \$872,456 each, to cover the FY 2019-20 operating budget of \$1,744,911, subject to written agreements.
- Loans will bear interest, accrued monthly, at the then-current County Investment Pool interest rate.
- Loans will be repaid by SMCEL-JPA with toll revenues from the operations of the Project, but repayments will be subordinated to (a) operations and maintenance (O&M) costs and (b) interest on loans used to fund the capital project (as opposed to operations).
- Repayment of principal of the operating loans will be on a parity basis with the repayment of principal on the capital loan anticipated to be made by the TA.
- The repayment schedule for the FY 2019-20 operating loans will be based on a five-year payback schedule, which would begin upon the commencement and ramp-up of toll facility operations. The payback schedule will assume excess toll revenues are available after payment of the O&M costs, as well as interest on any capital loans, as discussed above. Accelerated repayment of the loan principal in less than five years may be possible, depending on the availability of excess funding and consistent with loan agreement for funding of the capital project.
- Operating support for the SMCEL-JPA in future fiscal years will be subject to future negotiations.

In addition to this loan to SMCEL-JPA for the operating funds needed in FY 2019-20, SMCTA will also extend up to approximately \$92.5 million in a capital loan (plus accrued and capitalized interest) to SMCEL-JPA to help fully fund the construction of the Project. The capital loan principal as well as the interest costs, are also anticipated to be repaid from future toll revenues.

Given the need to integrate the repayment of operating loans and the capital loan, staff recommends that this initial operating loan cover only FY 2019-20, with terms of additional advances to be developed in conjunction with or subsequent to the negotiation of the capital loans. This will afford SMCEL-JPA time to consider other critical decisions relative to the development of the Project.

These recommendations were discussed with and have the concurrence of the SMEL-JPA Finance Ad Hoc Committee.

ATTACHMENTS

1. Resolution SMCEL19-06
2. Resolution SMCEL19-07

RESOLUTION SMCEL 19-06

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY (SMCEL-JPA) AUTHORIZING THE SMCEL-JPA CHAIR TO EXECUTE THE COOPERATIVE FUNDING (LOAN) AGREEMENT WITH THE CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY (C/CAG) IN AN AMOUNT OF \$872,456

RESOLVED, by the Board of Directors of San Mateo County Express Lanes Joint Powers Authority that,

WHEREAS, C/CAG and the San Mateo County Transportation Authority (SMCTA) approved, on April 11, 2019 and May 2, 2019, respectively, the Joint Exercise of Powers Agreement for the San Mateo County Express Lanes, which created the JPA pursuant to the California Joint Exercise of Powers Act to oversee the operations and administration of the San Mateo 101 Express Lanes Project, and to jointly exercise ownership rights over the Project, and

WHEREAS, C/CAG and SMCTA approved the First Amended and Restated Joint Exercise of Powers Agreement for the San Mateo County Express Lanes (SMCEL-JPA Agreement) to specify the title of San Mateo County Express Lanes Joint Powers Authority effective June 13, 2019; and

WHEREAS, C/CAG and SMCTA are co-sponsors of the US 101 Express Lanes Project (Project) and are member agencies of the SMCEL-JPA; and

WHEREAS, pursuant to Section 5.3 of the SMCEL-JPA Agreement, C/CAG and SMCTA acknowledged that SMCEL-JPA will incur indebtedness for contractual and administrative expenses before and after the express lanes are operational; and

WHEREAS, SMCEL-JPA, as an agency with no current operating budget, will have to rely on its member agencies to initially pay for its operating costs until such time as toll revenue is generated from the Project, which SMCEL-JPA will own; and

WHEREAS, on July 12, 2019 the SMCEL-JPA Board adopted an operating budget for FY 2019-20 in the amount of \$1,744,911; and

WHEREAS, the SMCEL-JPA and the SMCTA are entering into a separate but equal Cooperative Funding (Loan) Agreement in November 2019; and

WHEREAS, SMCEL-JPA and C/CAG both desire to enter into a Cooperative Funding (Loan) agreement to document the terms of the loan.

NOW THEREFORE BE IT RESOLVED, by the Board of Directors of the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) that the SMCEL-JPA Chair is authorized to execute the Cooperative Agreement (Loan) Agreement with C/CAG in an amount of \$872,456.

PASSED, APPROVED, AND ADOPTED, THIS 8TH DAY OF NOVEMBER, 2019.

Alicia Aguirre, Chair

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RESOLUTION SMCEL 19-07

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY (SMCEL-JPA) AUTHORIZING THE SMCEL-JPA CHAIR TO EXECUTE THE COOPERATIVE FUNDING (LOAN) AGREEMENT WITH THE SAN MATEO COUNTY TRANSPORTATION AUTHORITY (SMCTA) IN AN AMOUNT OF \$872,456

RESOLVED, by the Board of Directors of San Mateo County Express Lanes Joint Powers Authority that,

WHEREAS, the City/County Association of Governments (C/CAG) and SMCTA approved, on April 11, 2019 and May 2, 2019, respectively, the Joint Exercise of Powers Agreement for the San Mateo County Express Lanes, which created the JPA pursuant to the California Joint Exercise of Powers Act to oversee the operations and administration of the San Mateo 101 Express Lanes Project, and to jointly exercise ownership rights over the Project, and

WHEREAS, C/CAG and SMCTA approved the First Amended and Restated Joint Exercise of Powers Agreement for the San Mateo County Express Lanes (SMCEL-JPA Agreement) to specify the title of San Mateo County Express Lanes Joint Powers Authority effective June 13, 2019; and

WHEREAS, C/CAG and SMCTA are co-sponsors of the US-101 Express Lanes Project (Project) and are member agencies of the SMCEL-JPA; and

WHEREAS, pursuant to Section 5.3 of the SMCEL-JPA Agreement, C/CAG and SMCTA acknowledged that SMCEL-JPA will incur indebtedness for contractual and administrative expenses before and after the express lanes are operational; and

WHEREAS, SMCEL-JPA, as an agency with no current operating budget, will have to rely on its member agencies to initially pay for its operating costs until such time as toll revenue is generated from the Project, which SMCEL-JPA will own; and

WHEREAS, on July 12, 2019 the SMCEL-JPA Board adopted an operating budget for FY 2019-20 in the amount of \$1,744,911; and

WHEREAS, the SMCEL-JPA and C/CAG are entering into a separate but equal Cooperative Funding (Loan) Agreement in November 2019; and

WHEREAS, SMCEL-JPA and SMCTA both desire to enter into a Cooperative Funding (loan) agreement to document the terms of the loan.

NOW THEREFORE BE IT RESOLVED, by the Board of Directors of San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) that the SMCEL-JPA Chair is authorized to execute the Cooperative Funding (Loan) Agreement with SMCTA in an amount of \$872,456.

PASSED, APPROVED, AND ADOPTED, THIS 8TH DAY OF NOVEMBER, 2019.

Alicia Aguirre, Chair

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San Mateo County Express Lanes Joint Powers Authority
AGENDA REPORT

Date: November 8, 2019

To: San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) Board of Directors

From: Executive Council

Subject: Review and approval of Resolution SMCEL 19-08 authorizing reimbursement to the C/CAG and San Mateo County Transportation Authority (TA) for staffing services pursuant to the San Mateo County Express Lanes Joint Powers Agreement

(For further information, contact Sandy Wong at 650-599-1409 or April Chan at 650-508-6228)

RECOMMENDATION

That the SMCEL-JPA Board review and approve Resolution SMCEL 19-08 authorizing reimbursement to the C/CAG and TA for staffing services pursuant to the San Mateo County Express Lanes Joint Powers Agreement.

FISCAL IMPACT

The SMCEL-JPA has budgeted a total of \$610,276 for staff support services for Fiscal Year 2019-20.

SOURCE OF FUNDS

SMCEL-JPA operating fund for fiscal year 2019-20 comes from operating loans from TA as well as C/CAG.

BACKGROUND

C/CAG and the TA executed the First Amended and Restated Joint Exercise of Powers Agreement for the San Mateo County Express Lanes (“Agreement”) to specify the title of San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) effective June 13, 2019.

Pursuant to Section 4.8 of the Agreement, the TA and C/CAG have pledged to use their best efforts to provide staff resources to the SMCEL-JPA as may be required or requested by the SMCEL-JPA to carry out its purposes.

That Agreement, including specifically in the “Initial Staffing Model,” established that C/CAG shall provide contracts, procurement, and board clerk support staffing services to the SMCEL-JPA, while the TA shall provide fiscal agent, finance, marketing and communications staffing services. Detail is as outlined below:

C/CAG shall provide staff to support the SMCEL-JPA in the areas of:

- Contracts & Procurement
 - o Procure, manage, and maintain all SMCEL-JPA contracts and agreements
 - o Manage consultant work scope, cost and schedule
 - o Review and approve invoices, and submit to TA for payments
 - o Maintain contracts between SMCEL-JPA and other entities
- Board Clerk and Support
 - o Board support to the SMCEL-JPA, including agenda, notices, and records of meetings
 - o Serve as the Board Clerk
 - o Manage public records requests
 - o Ensure Form 700s are completed and filed

TA shall provide staff to support the SMCEL-JPA in the areas of:

- Fiscal Agent and Finance
 - o Budgeting and reporting
 - o Accounting, including accounts payable and accounts receivables
 - o Audits
 - o Treasury
- Marketing and Communications
 - o Marketing use of the lanes
 - o Promoting the broader benefits of the lanes
 - o Media relations
 - o Website creation and maintenance
 - o Community relations (addressing community concerns about policies, operation of the lanes, etc.)

Staff recommends the Board approve Resolution SMCEL 19-08 authorizing the reimbursement to C/CAG and TA for staffing services, based on invoices that specify the staff time, rates, and actual expenses incurred, as well as supporting documentation.

ATTACHMENT

1. Resolution SMCEL 19-08.

RESOLUTION SMCEL 19-08

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AUTHORITY AUTHORIZING REIMBURSEMENT TO THE CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY (C/CAG) AND THE SAN MATEO COUNTY TRANSIT AUTHORITY (TA) FOR STAFFING SERVICES PROVIDED PURSUANT TO THE SAN MATEO COUNTY EXPRESS LANES JOINT POWERS AGREEMENT.

RESOLVED, by the Board of Directors of the San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) that,

WHEREAS, C/CAG and the TA executed the First Amended and Restated Joint Exercise of Powers Agreement for the San Mateo County Express Lanes (“Agreement”) to specify the title of San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) effective June 13, 2019; and

WHEREAS, pursuant to Section 4.8 of the Agreement, the TA and C/CAG have pledged to use their best efforts to provide staff resources to the SMCEL-JPA as may be required or requested by the SMCEL-JPA to carry out its purposes; and

WHEREAS, the Agreement, including specifically in the “Initial Staffing Model,” established that C/CAG shall provide contracts, procurement, and board clerk support staffing services to the SMCEL-JPA, while the TA shall provide fiscal agent, finance, marketing and communications staffing services; and

WHEREAS, the Board desires to establish an efficient process by which to regularly reimburse C/CAG and the TA for staffing services actually provided to the SMCEL-JPA.

NOW THEREFORE BE IT RESOLVED, that the Executive Council is hereby authorized to approve and issue reimbursement to C/CAG and the TA on a time-and-materials basis for services and materials actually provided by C/CAG and the TA pursuant to the Agreement. Said reimbursements may be issued no more frequently than monthly and must be preceded by the receipt of detailed invoices specifying the staff time, rates, and any actual expenses incurred, as well as supporting documentation. The Executive Council shall report to the Board on the amounts so reimbursed on a semi-annual basis. The total amount expended for such reimbursement in a fiscal year shall not exceed the amount budgeted for staff support in that fiscal year.

PASSED, APPROVED, AND ADOPTED, THIS 8TH DAY NOVEMBER 2019.

Alicia Aguirre, Chair

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San Mateo County Express Lanes Joint Powers Authority
AGENDA REPORT

Date: November 8, 2019

To: San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) Board of Directors

From: Executive Council

Subject: Receive a presentation and update on the US 101 Express Lanes project.

(For further information, contact Joe Hurley at 650-508-7942)

RECOMMENDATION

That the SMCEL-JPA Board receive a presentation and update on the US 101 Express Lanes project.

FISCAL IMPACT

This is an information item. There is no fiscal impact related to receiving the information.

SOURCE OF FUNDS

N/A

BACKGROUND

Project Status Update

The 101 Express Lanes Project is jointly sponsored by Caltrans, the City/County Association of Governments of San Mateo County (C/CAG) and the San Mateo County Transportation Authority (TA). The 101 Express Lanes Project will result in the creation of 44 miles (22 miles in each direction) of new express lanes on the 101 corridor in San Mateo County between the San Mateo - Santa Clara County line and I-380. The 101 Express Lanes Project is to be delivered through three major construction contracts.

The first contract, which began in March 2019, will make the requisite roadway infrastructure modifications to the existing High-Occupancy Vehicle (HOV) lanes between the Santa Clara County Line and Whipple Avenue in Redwood City. Construction for this contract is estimated to be completed in February 2020.

The second contract, which will provide roadway infrastructure to add new lanes from Whipple Avenue to I-380, recently completed final design. Cost negotiation for this construction contract is currently underway. It is anticipated that construction will begin in January 2020 and is estimated to last through January 2022.

The third contract is for Toll System Integration, which includes the hardware and software

utilized to operate the toll system. Design for this work began in September 2019. This work is being performed by the Bay Area Infrastructure Financing Authority (BAIFA) utilizing a contract with Transcore. Construction under this contract is currently scheduled to begin in May 2020 for the southern segment (Santa Clara County line to Whipple) and May 2021 for the northern segment (Whipple to I-380).

Project Cost & Funding Summary

When the 101 Express Lanes Project report was approved by Caltrans in the fall of 2018, the overall cost was estimated at \$514.3 million. Funding for the initial \$514.3 comes from an assortment of federal, State and local funds.

Due to (a) cost escalation associated with 101 Express Lanes Project design components; (b) an expanded scope of work being pursued at the request of the State and fully funded by the State; (c) new costs related to overlapping work areas with the Holly I/C Project, which is another TA-funded project; and (d) the need to fund initial operating costs for the 101 Express Lanes Project before toll revenues are available, the current cost estimate has increased to \$586.9 million, as described in more detail below.

<u>Exhibit A: Funding Source</u>	<u>Amount (in millions)</u>
1. Federal	\$9.5
2. a) STIP (C/CAG Administered) b) State - ITIP	\$33.5 \$18
3. State SB1 Solutions for Congested Corridors	\$200
4. State SB1 Local Partnership Program	\$21.5
5. SHOPP	\$33.1
6. Regional Bridge Tolls	\$95
7. Private Sector	\$53
8. SMCTA Measure A	\$30.5
9. Loan to be repaid with Express Lanes tolls	\$53 (authorized September 2019) + \$39.5 (proposed) = \$92.5
Total	\$547.4 + \$39.5 (proposed) = \$586.9

a. Project Design Components

At present, with design work for the second contract recently completed and design work for the third contract underway, the total 101 Express Lanes Project cost is expected to grow by \$33.5 million, or 6.5%, from \$514.3 million to \$547.8 million. The increase is due primarily to higher-than-estimated labor and material costs associated with the roadway infrastructure and toll system work. To cover these cost increases, at the November 7, 2019 meeting, the TA Board will consider an increase to the loan previously authorized by the TA Board (line 9 in Exhibit A) from \$53 million to \$92.5 million.

b. State-requested Scope of Work Increases

The State has added scope of work to the 101 Express Lanes Project to complete pavement

overlay and other roadway maintenance work that will be included in the second contract described above. The cost of the additional scope of work is expected to cost \$33.1 million, leading to a new total 101 Express Lanes Project cost of \$580.9 million. The funds for this additional scope of work will come from the State through an October, 2019 allocation by the CTC (line 5 in Exhibit A).

c. San Carlos US 101/Holly Interchange Reconstruction Project (Holly I/C Project)

The Holly I/C Project, funded in part by TA Measure A funds, will convert the existing interchange to a partial cloverleaf design, realign the on- and off-ramps to eliminate weaving problems, and reduce the number of pedestrian/bicyclist crossings, which conflict with the free right-turn vehicular traffic movements. The Holly I/C Project will also add new signalized intersections and improved bicycle and pedestrian facilities to promote overall safety within the interchange area. In addition, the construction contract for the Holly I/C Project will include a new pedestrian overcrossing (POC) parallel to the interchange. The State has programmed \$4.2 million in Active Transportation Program (ATP) funds to the POC, which funds will be lost if a construction contract is not awarded before the end of 2019.

Unfortunately, the construction schedule and work area of the Holly I/C Project overlap with that of the 101 Express Lanes Project. To avoid conflicts from constructing two projects concurrently in the same area, the TA, City of San Carlos (City), and Caltrans have agreed to allow contract award for the Holly I/C Project to proceed, and thereby allow the City to retain the awarded ATP funds, but then delay construction of the Holly I/C Project by up to one year. This delay is expected to cost an estimated \$1.3 million.

In addition, the TA, City and Caltrans have agreed that it is more appropriate for a portion of the 101 Express Lanes Project scope of work in the shared construction area to be done by the Holly I/C Project contractors. This scope of work also has an estimated value of \$1.3 million.

The various parties have agreed, and subject to TA Board approval at its November 7, 2019 meeting, to make available and provide up to \$2.6 million to fund the Holly I/C Project delay and the cost of the increased scope.

Additional \$39.5 million Capital Loan

As discussed above, the 101 Express Lanes Project is anticipated to have a cost increase of \$33.5 million to the total project cost. In addition, due to the need to delay the start of the Holly I/C Project, \$1.3 million is needed for the San Carlos project as discussed above. Finally, staff anticipates that 101 Express Lanes operations in advance of the facility receiving toll revenues will cost approximately \$4.7 million.

The TA Board previously approved a \$53 million capital loan for the 101 Express Lanes Project, and is asked to authorize another \$39.5 million in the form of a loan to the 101 Express Lanes Project to cover the costs detailed above at its November 7, 2019 meeting. Repayment of the loan is anticipated from future toll revenues. As the SMC EL JPA manages the use of the express lanes' toll revenues, the loan will be subject to terms and conditions to be negotiated between the TA and the SMC EL JPA.

Upon consultation with the Finance Ad Hoc Committee, staff will return to the Board seeking authority to execute agreements with the TA documenting these loans, and associated interest and fee provisions.

ATTACHMENT

1. US 101 San Mateo Express Lanes Update PowerPoint Presentation (Available on <http://ccag.ca.gov/express-lane-jpa/>)

San Mateo County Express Lanes Joint Powers Authority
AGENDA REPORT

Date: November 8, 2019

To: San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) Board of Directors

From: Executive Council

Subject: Determination on the need for independent financial and legal advisor(s) and provide direction on procurement process

(For further information, contact Derek Hansel, CFO, at 650-508-6466)

RECOMMENDATION

That the SMCEL-JPA Board determine the need for independent financial and legal advisor(s), and if there is a need, provide direction on the appropriate procurement process.

FISCAL IMPACT

Cost of independent financial and legal advisor(s) is unknown at this time; staff estimates the total would likely be no more than \$100,000 in total.

SOURCE OF FUNDS

Source of funds is from the SMCEL-JPA operating budget; and the Fiscal Year 2020 Budget may need to be amended and increased if funds are insufficient to accommodate the additional cost.

BACKGROUND

At the October 23, 2019 Finance Ad Hoc Committee meeting, committee members discussed the upcoming capital loan agreement SMCEL-JPA will be entering into with the San Mateo County Transportation Authority (TA). The TA is scheduled to secure a loan vehicle to assist in fully funding the construction of the current 101 Express Lanes project (south of 1-380 to the San Mateo-Santa Clara county line), and will be discussing the terms and conditions of the loan agreement with the Finance Ad Hoc Committee. As a result, the Finance Ad Hoc Committee desires to seek direction from the SMCEL-JPA Board regarding the need to procure independent financial and legal advisor(s) to advise the Board in the negotiation with the TA. In addition, the Finance Ad Hoc Committee would like direction as to the types of procurement process this engagement should take.

Staff recommend the Board to discuss and provide further directions.

ATTACHMENT

None.

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