

Definition:

For the purpose of this discussion, VTA model means C/CAG and TA will be the owners while VTA will be the operator. BAIFA model means BAIFA will be both the owner and operator, and San Mateo County will have a seat on the BAIFA Board, and that C/CAG and TA will make decisions on net revenue.

LIABILITIES

A. Construction Shortfall

1. No City will be liable for a shortfall.
2. When this project was awarded the \$200 million SB1 grant from the State, there was a Baseline Agreement with signatures from both C/CAG, and TA, agreeing to secure funds, in partnership with MTC, for any additional costs of the project. (The reason for that is the State is not interested in funding shortfalls). The commitment in the Baseline Agreement applies to both VTA and BAIFA models.
3. The San Mateo County sources for money are Measure A funds administered by TA, and STIP funds administered by C/CAG. Since Measure A has more readily available funds, TA staff believes the TA Board would vote to either grant or loan money.
4. Caltrans does not have money. MTC has various sources of money. Historically, they have helped projects in the Region for construction needs. Andy, speaking as MTC staff, indicated they will continue to help San Mateo County just as they would for other counties.

B. Operational Shortfall

1. No City will be liable for a shortfall.
2. 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.
3. Under the BAIFA model, since BAIFA will own and operate, BAIFA will assume any operational shortfall for its members.

C. Tort Liabilities

1. Under the VTA model, generally public agencies, including Caltrans, will have risks. As the owner of the toll system, C/CAG and TA will need to purchase insurance.
2. Under the BAIFA model, since BAIFA will be the owner and operator, BAIFA will have that responsibility.
3. Under VTA or BAIFA, there would likely be reserves set aside for tort liability.

NET REVENUES (Gross Income – Expenses)

A. Income from Tolls

1. Toll Rates and Toll Caps – Toll rates and toll cap can affect traffic throughput as well as affect how much money is collected. The owner can make decision on toll rates and toll cap. The three existing Bay Area express lanes operators (including BAIFA and VTA) prioritize operations when setting toll rates. The electronic toll collection systems used with express lanes systems include the setting of an internal maximum toll rate that is used for setting tolls. The Boards of VTA and BAIFA have adopted toll rate policies that include a policy on minimum toll rates to cover operating costs but no maximum toll rate. The maximum toll rates that are set within the electronic toll collection systems are set by staff through approval of agency executives. As express lanes systems grow and become more connected in the Bay Area, there would be a need to add this topic to the ongoing dialogue between express lanes owners and operators

BAIFA: BAIFA's toll policy includes no cap on tolls.

VTA: The VTA Board's adopted policy on toll rates is to not include a maximum toll rate. The internal operational toll rate for the electronic toll collection system for Route 237 is \$8.

2. Toll Discounts – Owners set discounts within the parameters of state and federal laws. Both BAIFA and VTA, along with other toll authorities in the Bay Area, are coordinating on toll discounts. The VTA Board approved a toll ordinance that included toll discounts that would include the following: clean air vehicles (CAVs) would be tolled at 50% of displayed toll rate (in line with existing operations at Bay Bridges). Future implementation of HOV 3+ express lanes would have HOV-2 also tolled at 50% discount. Some Ad Hoc members noted that regional parity may not exist on all subjects. For example, this corridor and the VTA's corridor have a ton of Clean Air Vehicles so may wish to have a discount less than 50%. Likewise, we may have more express busses than Solano. BAIFA staff noted that there may be more similarities than it seems. The I-880 and I-680 corridors are major commute routes to the South Bay, have similar levels of clean air vehicles. I-80 is one of the heaviest regional corridors for express bus and vanpool.

B. Expenses

1. Operational Costs

VTA – San Mateo County would have more control on operational costs through negotiations with the VTA. Administrative costs may not exceed 3%. Logistically, VTA does not get the money upfront. We receive the gross revenues and pay them for the operation based upon our contract with them. VTA staff indicated that VTA could not dip into our revenues to shore up its transit expenses. Moreover, even if the VTA did get the money upfront, there are firewalls between funds.

BAIFA – BAIFA staff indicated they already report on the costs of operations and will continue to do so. Budgets for operation, administration, maintenance, reserve, etc. will be part of the Expenditure Plan. BAIFA member agencies may provide input on Expenditure Plan prior to adoption by the BAIFA board. As of yet, the BAIFA Board has not adopted policies for an Expenditure Plan because they have only operated the I-680 corridor for approximately one year.

2. Reserves -- The Owner will decide on the reserves, including the set aside for capital replacement expenditures. The BAIFA Board has not adopted policies for reserves. However, BAIFA staff indicated it's likely BAIFA's approach will be similar to other operators. If C/CAG and TA were to retain ownership, we would set the reserve policies.
3. Financing for Future Expansion (north of I-380) – Debt service would come off of toll revenues before net revenue is distributed. (BAIFA staff cautions that bonding could be difficult because our express lanes do not have a physical barrier separating the toll lanes from the general purpose lanes.) However, if it is decided to use toll revenue to secure bonding to finance future expansions, the following would occur:

BAIFA – As the owner, BAIFA would set the priorities for the projects in its network and establish the financing for these projects. These decisions on debt service would affect net revenue. BAIFA does not currently have a set policy for financing decisions. BAIFA advises that the extension north of I-380 to San Francisco would be a (but not the only) Tier 1 project. There would be other members who also have projects.

VTA – As the owner, C/CAG and TA would determine project priorities and financing policies.

Cobbled Financing – A few Ad Hoc members indicated that like most other projects, the 380/SF connector would likely be the result of a cobbling together of many sources of money including: STIP Funds, Measure A, Measure W, Toll Revenues, MTC funds (note MTC/BAIFA indicated that this extension north of I-380 is still important and it will work to support it even if ownership remains with our County), Federal grants to the Region – i.e. grants to SF and SMC to complete the connection to SFO, SB1 (note the gas tax is now indexed to rise).

EQUITY

This concept entails the use of “net revenues” to assist with the mobility needs of lower income county residents. Under either scenario, we would likely create the equity programs. As noted by some Ad Hoc members, the difference lies in the ability to affect net revenue. As the owner’s decisions affect net revenue, the owner has an impact on the amount of money that may be available for the equitable programs.

ENFORCEMENT – Enforcement is expected to be very similar no matter the operator.

OTHER ITEMS OF INFORMATION

A. Working Relationship with Both Entities

This County currently works with both the VTA and MTC. It was mentioned Caltrain works with the VTA and the MTC helps fund transportation projects in the County such as the 92/El Camino enhancements in San Mateo and the Broadway Interchange enhancements in San Mateo. MTC runs Clipper, in which it partners with SamTrans and Caltrain, and FasTrak, through which it serves numerous San Mateo residents.

B. TA/C/CAG Jt. Governance Structure

The parties acknowledged that under either scenario, there would need to be a joint governance structure. Different formats were briefly discussed. There could possibly be a joint policy board or a joint advisory board that makes recommendations back to each of board of C/CAG and the TA. There could also be a JPA made up of members from both boards.

C. Ownership

SB 595 authorizes VTA to administer express lanes on San Mateo 101, but mandates that VTA to have formal agreement with both C/CAG and TA. As such, VTA has been working with C/CAG and TA on the staff level to set up a relationship in which VTA will operate and C/CAG TA will maintain ownership.

BAIFA to ownership and operations would be through AB 194, subject to the approval by the California Transportation Commission (CTC). At the meeting when asked about why BAIFA could not contract for operations like VTA, it said that it would prefer to own the lanes as it could offer a better suite of services if the corridor was part of the BAIFA. It also said that ownership would make it easier for it to go to the bond market for funding, but then cautioned that bonding is not an easy way to raise money for toll lane construction.