San Mateo County Transportation Authority
San Carlos, California

SAN MATEO COUNTY
Transportation Authority

Popular Annual Financial Report

Fiscal Year Ended June 30, 2022

SAN MATEO COUNTY
Transportation Authority

December 30, 2022

We are pleased to present the Popular Annual Financial Report (PAFR) of the San Mateo County Transportation Authority (TA) for the Fiscal Year (FY) July 1, 2021 through June 30, 2022. The PAFR provides a summary of the TA's organization and governance, an overview of Measures A & W, a highlight of the TA's programs, financial performance, and the following year's budget for readers without a technical background in accounting or finance. The PAFR financial performance section summarizes the financial information presented in the TA's FY 2022 Annual Comprehensive Financial Report (ACFR). The PAFR does not substitute for the TA's ACFR. Readers desiring a more detailed discussion of the TA's financial results may refer to the TA Annual Comprehensive Financial Report.

It is important to note that the TA and the City/County Associated of Governments of San Mateo County (C/CAG) jointly created the San Mateo County Express Joint Powers Authority (SMCELJPA) to administer and manage the operations of the San Mateo 101 Express Lanes Project. SMCELJPA has its own separate corporate identity and governance, and it is not a component unit of the TA. Therefore, this report represents solely the activities, transactions, and status of the TA.

San Mateo County residents demonstrate a consistent willingness to invest in critical transportation infrastructure projects and programs that enhance mobility and improve the quality of life for all of our communities. This support has been evident since the original approval of dedicated transportation investment when the San Mateo County Transportation Authority (TA) was formed in 1988 with the passage of Measure A, which was then reauthorized in 2004. In 2018, San Mateo County voters passed Measure W, a half-cent sales tax. With both Measure A and Measure W, we can continue to invest in our future and move people faster, more efficiently, and help address to improve transit and relieve traffic congestion throughout the County.

Sincerely,

April Chan
General Manager/
Chief Executive Officer

Grace Martinez, CPA
Acting Chief Financial Officer

Content

Who We Are

The San Mateo County Transportation Authority (TA) plans, funds and delivers transportation programs and projects throughout San Mateo County.

The TA was formed in 1988 with the passage of the voter-approved half-cent tax for countywide transportation projects and programs, known as Measure A.

The original Measure A ran through 2008. In 2004, county voters overwhelmingly voted to reauthorize Measure A through 2033. In 2018, county voters passed Measure W, which provided an additional revenue stream to improve transit and relieve traffic congestion. The TA's role is to administer the proceeds from Measure A and Measure W to fund a broad spectrum of transportation-related projects and programs.

The TA is a legally separate and financially independent governmental agency and is not a component unit of the San Mateo County Transit District (District), the County of San Mateo, or any other entities. The TA is an independent agency governed by an appointed board of seven directors, who are elected officials, representing the county, cities and the San Mateo County Transit District.

The TA Board designated the District as a managing agency for TA. District staff manages the funds collected through Measure A and W, and allocates the sales tax funds for San Mateo County's most important projects. The District provides the following services:

The Executive Office is responsible for directing and overseeing all activities and for providing support to the Board of Directors.

The Finance Division is responsible for financial accounting and reporting, capital budgeting, operational budgeting, payroll and vendor disbursements, investments and cash management, debt management, revenue control, purchasing, contract administration, risk management, and information technology.

Who We Are

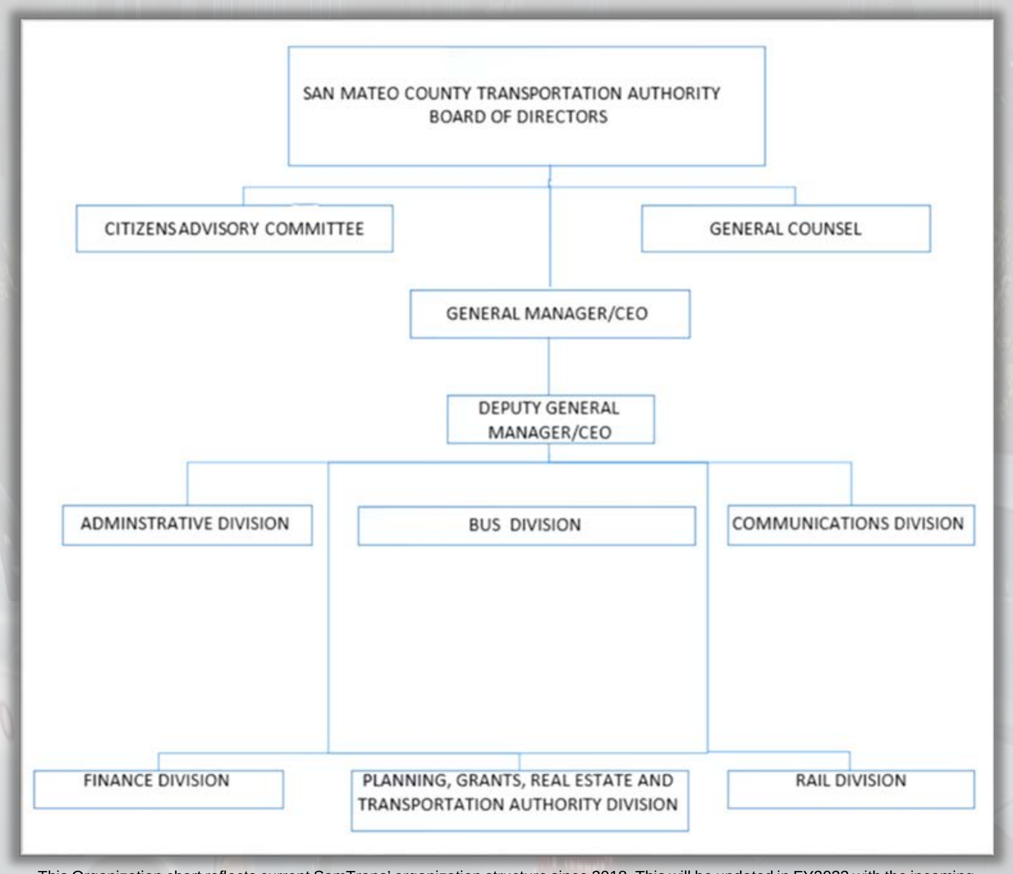
The Bus Division provides technical support for the Transportation Authority project sponsors, specifically for commuter and community shuttles. The Bus Division also operates the Redi-Wheels paratransit program, which is partially funded by Measure A.

The Rail Division and the Caltrain Modernization Program (CalMod) manages the Caltrain service, carries out state of good repair, the Peninsula Corridor Electrification Project, and Positive Train Control. The division also assists sponsors with implementing major projects, such as grade separations, with expertise offered by the capital project engineering and construction teams.

The Communications Division is responsible for customer service, marketing, advertising, public information, media relations, legislative activities, social media, and community outreach.

The Planning, Grants and Transportation Authority Division is responsible for oversight of voter-approved Transportation Expenditure Plans; SamTrans operations planning, strategic planning and performance; grant administration; and property management.

The Administrative Division provides management assistance to executive divisions and is responsible for human resources and safety and security.



This Organization chart reflects current SamTrans' organization structure since 2018. This will be updated in FY2023 with the incoming CEO/General Manager and to reflect appropriate changes made as a results of the 2022 MOU between SamTrans, Caltrain and Caltrain's other two member agencies, the CCSF and the VTA, in August 2022.

Governance

The TA is governed by a seven-member Board of Directors with input from a 15-member Citizens Advisory Committee.

2022 Board of Directors

The Board of Directors includes two members appointed by the publicly elected County Board of Supervisors, four members appointed by local governments who participate in a Cities Selection Committee and one member appointed by the San Mateo County Transit District.

Rico E. Medina, Chair
The District, Board of Supervisors

Carlos Romero, Vice Chair
Cities Selection Committee
South Judicial Cities

Emily Beach – Representing City at Large
Carole Groom – Representing Board of Supervisors
Don Horsley – Representing Board of Supervisors
Julia Mates – Representing Central Judicial Cities
Mark Nagales – Representing Nothern Judicial Cities

2022 Citizens Advisory Committee

The 15-member volunteer Citizens Advisory Committee (CAC) acts as a liaison between the public and the Board of Directors, providing valuable input to the board on the projects and programs.

Barbara Arietta (Chair)	Rich Hedges	Dave Reed
John Fox (Vice Chair)	Karen Kuklin	Mario Rendon
Diana Bautista	Sandra Lang	Mike Swire
Ivan Bucio	Jeff Londer	Vacant
Ken Chin	Peter Ohtaki	Vacant

Measure A & W Overview

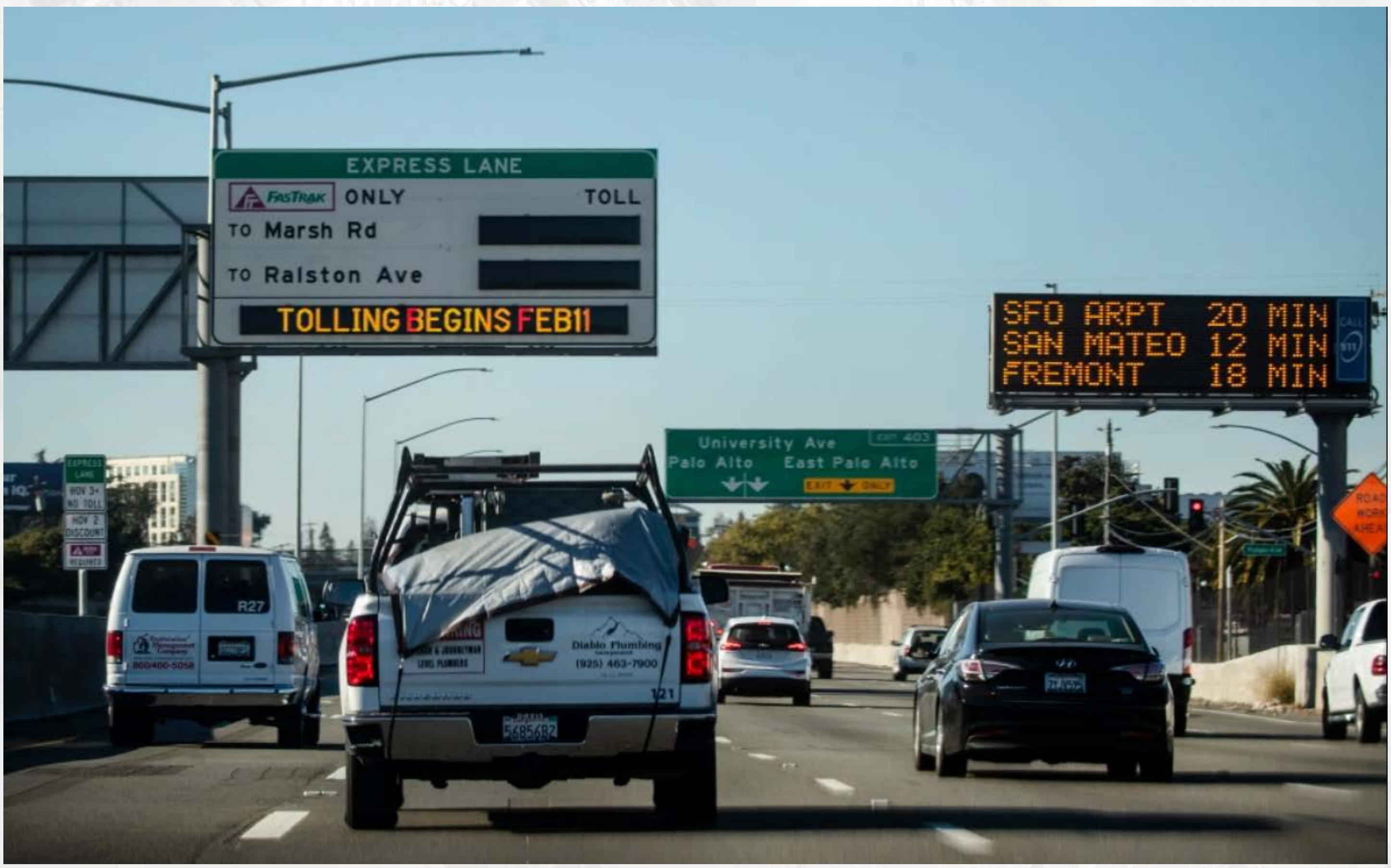
The TA administers the proceeds from the voter approved Measure A and Measure W sales tax revenues to fund a broad spectrum of projects and programs to meet San Mateo County's growing transportation needs.

The 2004 Measure A Transportation Expenditure Plan (TEP) requires the TA to develop and adopt a Strategic Plan and updates the Strategic Plan at least once every five years.

The Measure W TEP, otherwise known as the San Mateo County Congestion Relief Plan, also requires the TA to prepare a Strategic Plan with broad-based public outreach.

The Strategic Plan, which was approved in December 2019 by the TA Board of Directors, provides the policy guidance for the implementation of both the Measure A and Measure W transportation sales tax programs the TA is tasked with administering from 2020 to 2024.

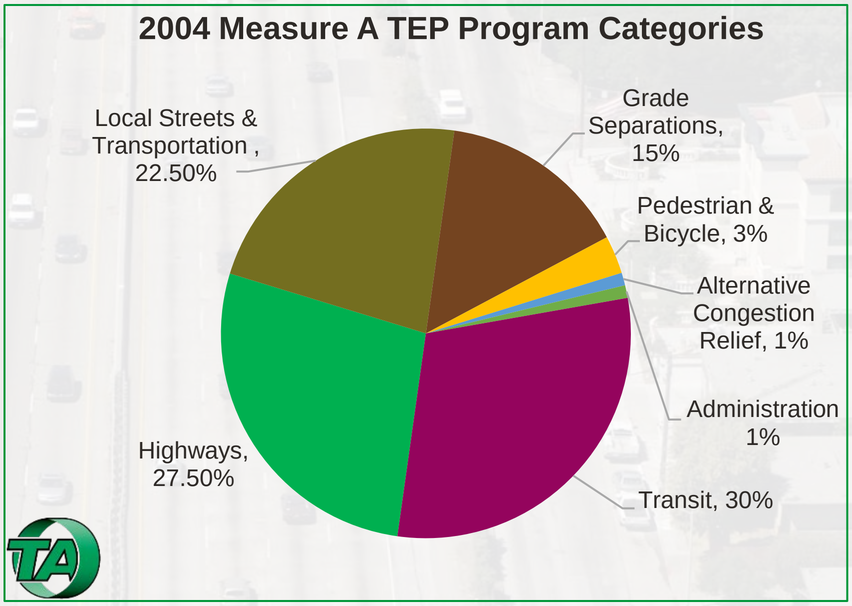
For full detail please see https://www.smcta.com/about/Strategic_Plan_2020-2024.html.



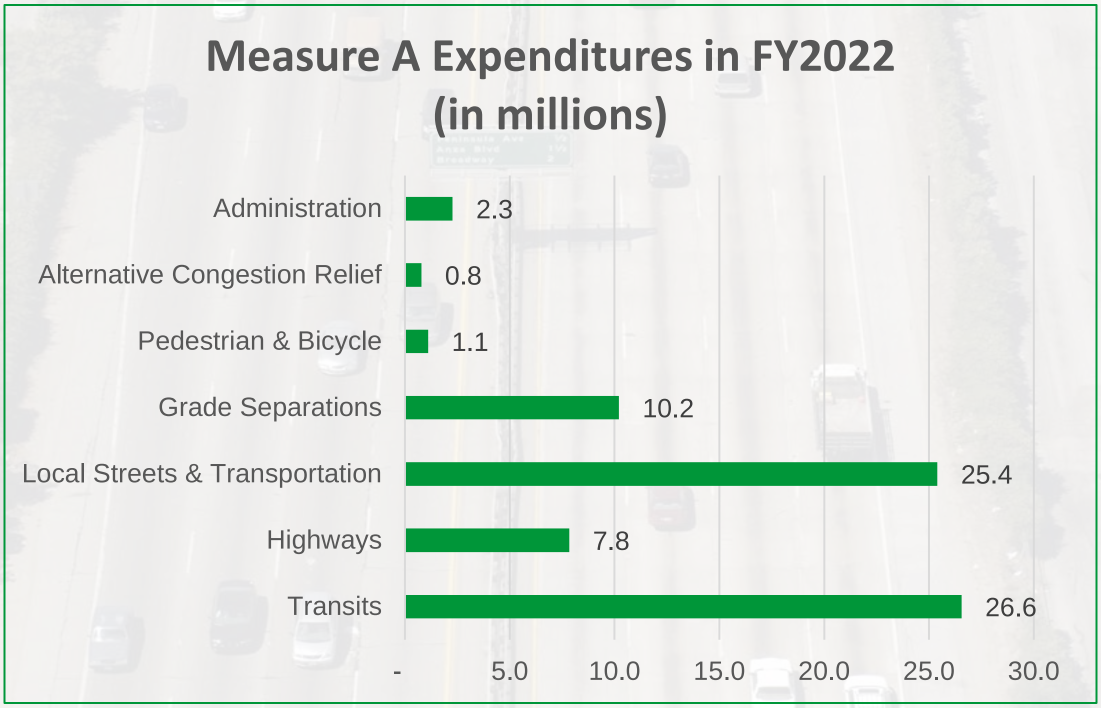
Measure A & W Overview

Measure A

Measure A is a half-cent sales tax dedicated towards transportation facilities, services, and programs. San Mateo County voters first approved Measure A in 1988. The 1988 sales tax expired on December 31, 2008. In 2004, the San Mateo County voters reauthorized the Measure A half-cent sales tax and a new Transportation Expenditure Plan (TEP) for an additional 25 years running between January 1, 2009 and December 31, 2033.



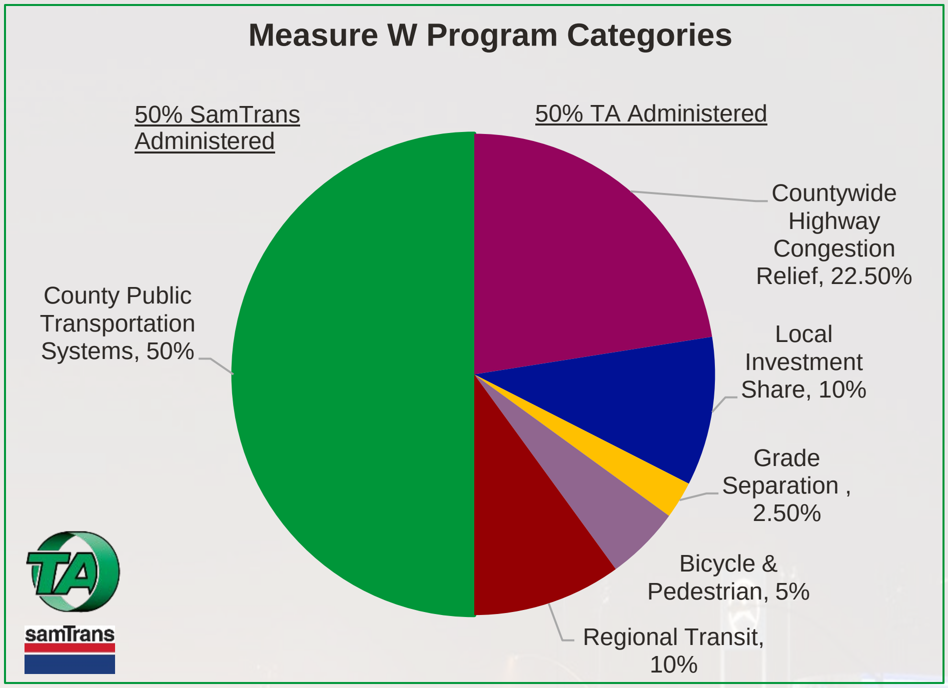
The TEP sets the specific program categories and the mandated percentage allocation of the sales tax revenues to each of six primary program categories: Transits, Highways, Local Streets & Transportation, Grade Separations, Pedestrian & Bicycle, and Alternative Congestion Relief Program.



Measure A & W Overview

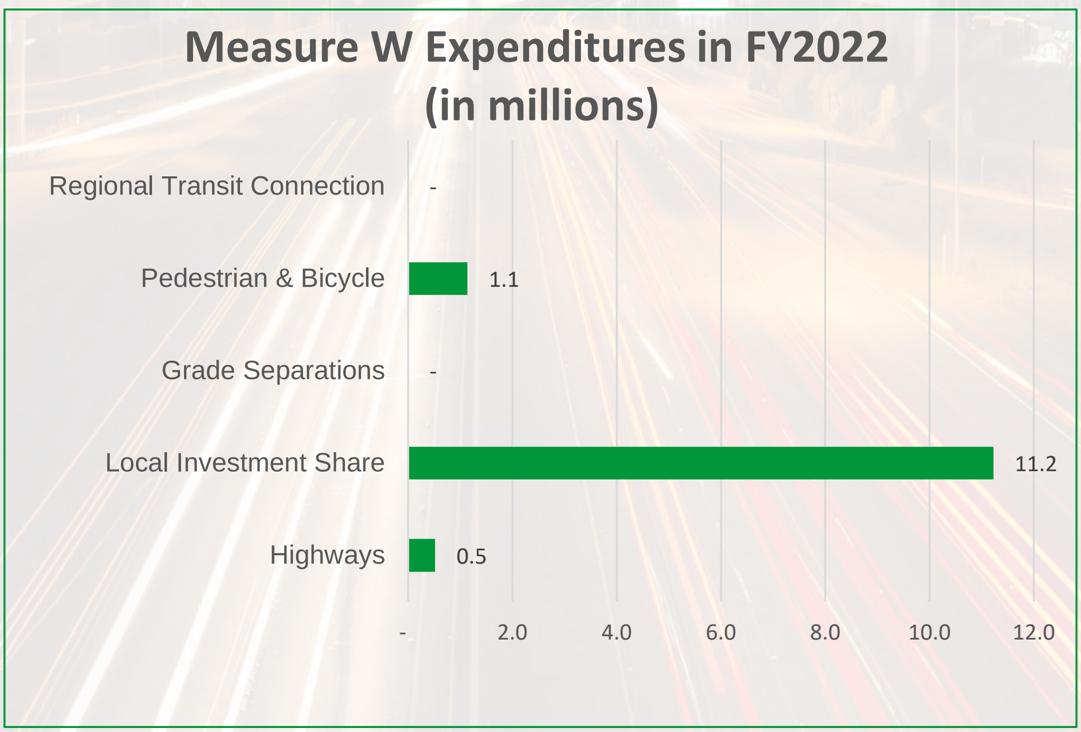
Measure W

In 2018, the San Mateo County voters approved Measure W, a 30-year half cent sales tax, from July 1, 2019 through June 30, 2038, to provide additional funding for transportation projects and programs that address the San Mateo County Congestion Relief Plan.



San Mateo County Transit District (SamTrans) administers 50% of the Measure W sales tax proceeds.

The TA administers the remaining 50% of sales tax proceeds to invest in the following five categories: Countywide Highway Congestion Relief, Local Investment Share, Grade Separations, Bicycle & Pedestrian Improvements, and Regional Transit Connections.



More information about Measure A & W can be found on the Transportation Authority website.

Program Highlights

Local Streets and Transportation

The purpose of this program is to provide directly distributed funds to local cities and San Mateo County for various transportation-related improvements according to a formula based on population and number of road-miles. The recipients primarily use the fund for street rehabilitation projects.

Highways

The purpose of this program is to reduce congestion and improve safety on highways in San Mateo County. The following are examples of the types of projects funded under the highway program:

- Roadway safety improvements.
- Highway throughput enhancements.
- Interchange reconstruction.
- Highway ramp modification.
- Travel pattern forecasts.
- Travel time information system.
- Applying technology to help better manage traffic.

Notable street and highway projects milestones include:

- Opening of the southern segment of the U.S. 101 Express Lanes Project from the Santa Clara County Line to Whipple Avenue
- Ongoing construction of the northern segment of the U.S. 101 Express Lanes Project from Whipple Avenue to I-380.
- Completion of construction of a safety and operational improvement project on Highway One in Half Moon Bay.
- Environmental clearance for the U.S. 101/SR92 Area Improvement Project.
- Ongoing final design for the U.S. 101/Woodside Road Interchange Project.
- Start of the environmental clearance process for the north of I-380 project.

Program Highlights

Pedestrian and Bicycle

The purpose of this program is to fund specific projects to encourage and improve bicycling and walking conditions.The 2004 Transportation Expenditure Plan and the Measure W Congestion Relief Plan include a list of candidate pedestrian and bicycle candidate improvement projects.

Grade Separations

The purpose of the Grade Separations program is to reduce the number of at-grade (street-level) crossings on the Caltrain railroad.

Notable recent projects supported by Measure A include:

- Completion of the 25th Avenue Grade Separation Project in the City of San Mateo.
- Ongoing final design of the Broadway Grade Separation Project in the City of Burlingame.
- Ongoing preliminary engineering and environmental clearance of the South Linden Street and Scott.
- Avenue Grade Separation Project in the City of South San Francisco and City of San Bruno.
- Ongoing planning for Caltrain grade separations in the City of Redwood City.

South Linden Avenue Grade Separation

Program Highlights

Transit

Caltrain

The 2004 Measure A TEP established a category to help subsidize the District's share of the Peninsula Corridor Joint Powers Board (JPB) annual operating and capital funding needs. However, there were no allocations for Caltrain operating funding needs in Fiscal Year 2022, thanks to voter approval of the new JPB sales tax, Measure RR.

Notable recent projects supported by Measure A include:

- Completion of a new South San Francisco Caltrain station.
- Successful decommissioning of the Atherton Station to help eliminate holdout rules along the corridor.
- Ongoing construction for the Peninsula Corridor Electrification project.

Local Shuttle

The purpose of the program is to support commuter and community shuttle programs in San Mateo County. The TA extended the current 2-year shuttle funding cycle by an additional year through FY2023 to provide ongoing support to a combination of 28 commuter and community shuttles .

Ferry Services

The purpose of the program is to fund specific projects related to San Mateo County ferry services in South San Francisco and Redwood City.

Notable recent projects supported by Measure A include:

- On-going feasibility study for a second ferry terminal in South San Francisco.
- Completion of the Redwood City Ferry Business Plan and on-going preliminary engineering and environmental clearance.

Program Highlights

Regional Transit Connections

The purpose of the program is to invest in infrastructure and services that are designed to improve transit connectivity between the County and the rest of nine-county Bay Area region.

Investments from this category will be prioritized based on a project's ability to reduce congestion and enhance mobility options by connecting the County to the rest of the region, and a project's support through public-private partnership.

Alternative Congestion Relief (ACR)

The purpose of this program is to promote transit and other forms of commuting to reduce single occupancy vehicles (SOV) trips on congested freeways and busy city streets. ACR programs reduce traffic congestion and improve air quality in San Mateo County and the San Francisco Bay region.The TA allocates funds to support the Commute.org's Fiscal Year 2022 work plan. Commute.org's work plan concentrates on four primary activities:

- Employer outreach and support services.
- Employer-based shuttle program administration.
- Commuter outreach and incentive programs.
- Development of public/private partnerships to reduce congestion.

The TA developed and approved an TDM/ACR plan in 2022 to help guide and direct investments for this category.The ACR and TDM Plan received an Award of Merit for the 2022 Transportation Planning Award from the American Planning Association of California.

Financial Performance

REVENUES	EXPENDITURES
19.4%	25.9%

Percent Decrease in FY2022

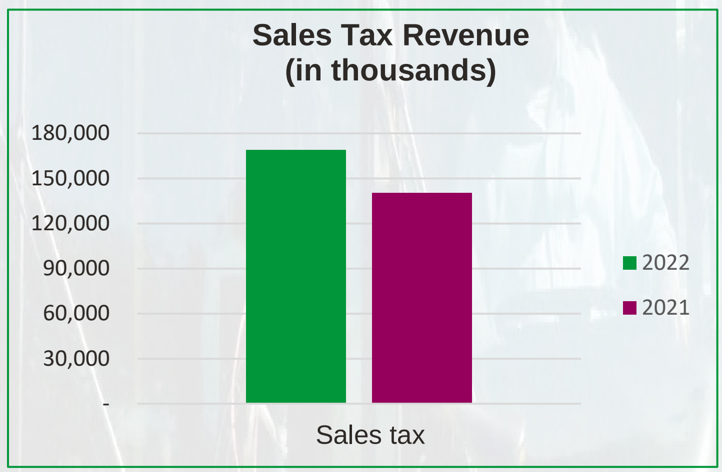
Revenues

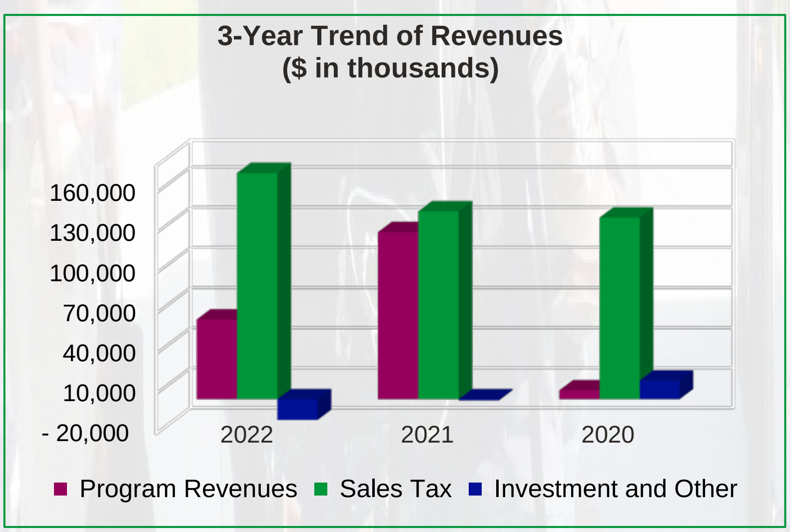
The TA recorded a decrease in revenues from the prior year primarily due to a decrease in program revenues (reimbursements from other agencies). The decrease was offset by an increase in sales tax revenue.

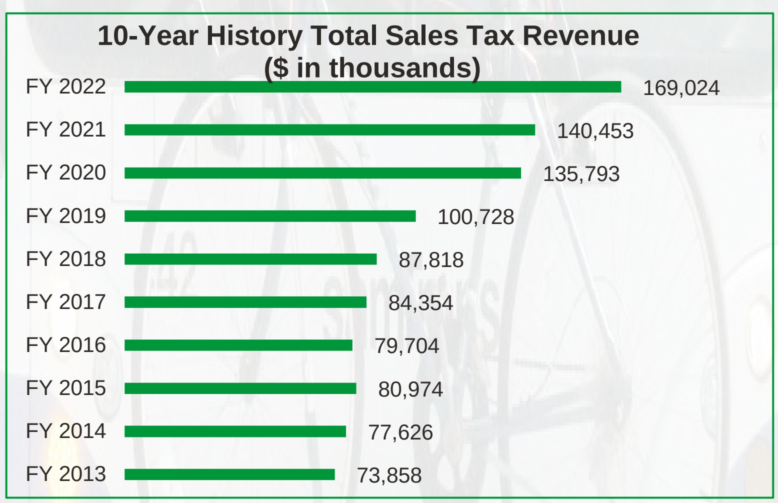
SALES TAX REVENUE increased by $28.6 million to $169.0 million in FY2022 from FY2021.

PROGRAM REVENUE decreased by $65.1 million to $59.7 million in FY2022 from FY2021.

INVESTMENT LOSS AND OTHER REVENUES had a loss of $15.5 million in fair value of investments in FY2022, $14.7 million more than the loss in FY2021.







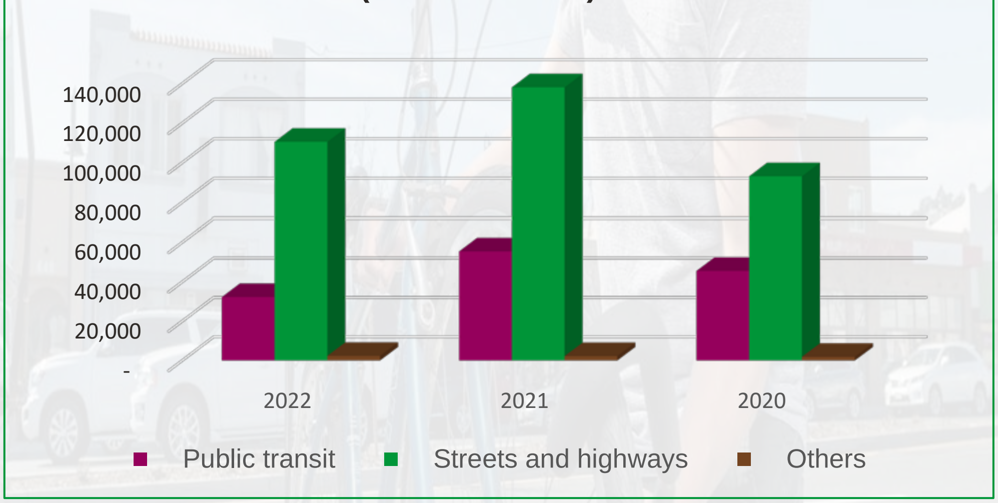
Financial Performance

Expenditures

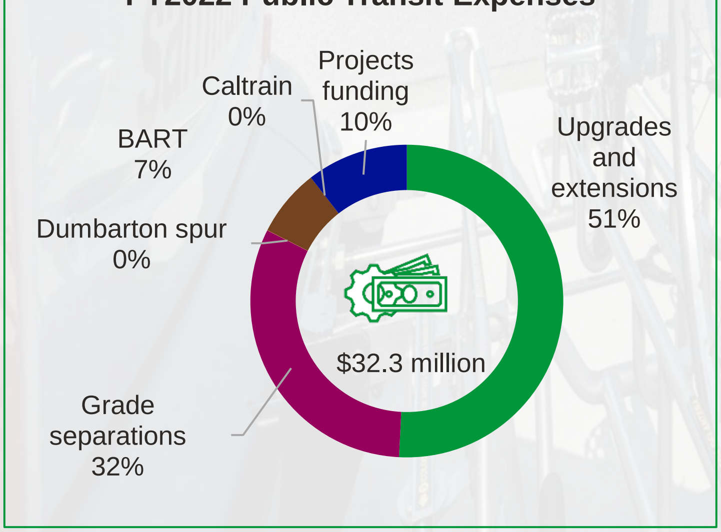
Total expenditures for governmental activities were $145.1 million in FY2022, a decrease of $50.6 million or 25.9% compared to FY2021. The functional components of total expenses are Public Transit, Streets and Highways, and Others programs.

PUBLIC TRANSIT expenses decreased by $23.2 million to $32.3 million compared to FY2021.

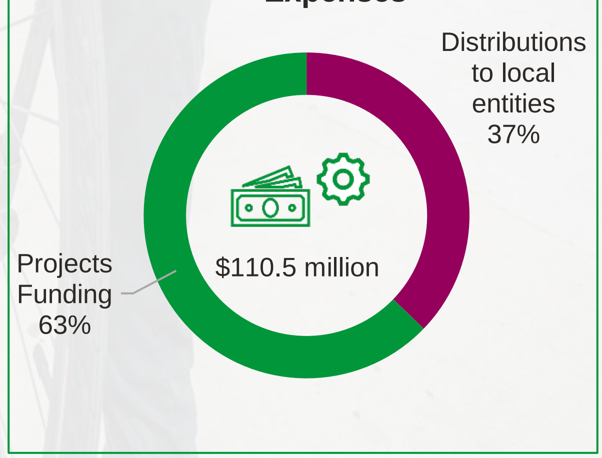
STREETS AND HIGHWAYS expenses decreased by $27.6 million to $110.5 million compared to FY2021.



3-Year Trend of Expenses ($ in thousands)



FY2022 Public Transit Expenses



FY2022 Streets & Highway Expenses

Financial Performance

Capital Projects

The Transportation Authority spent $99.4 million on capital projects in FY2022, a decrease of $50.5 million or 33.7% compared to FY2021. Following are the major capital expenditures:

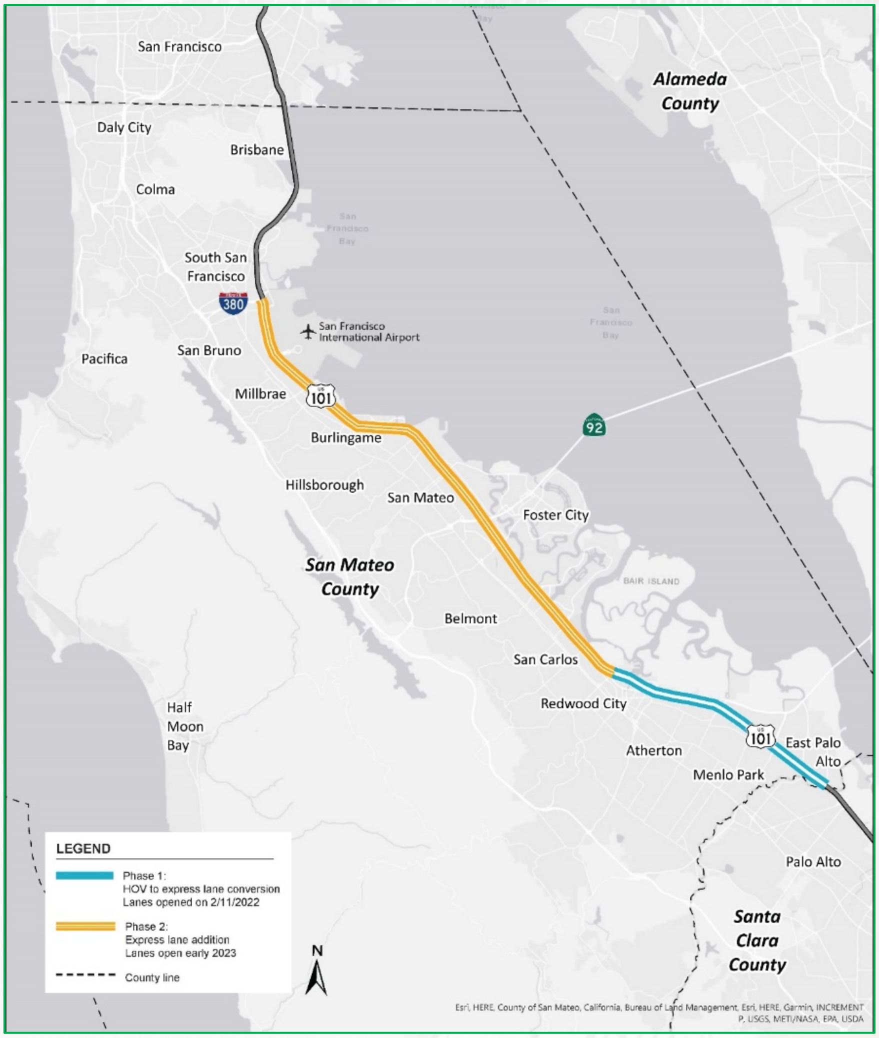
- U.S. 101 Express Lanes - Santa Clara County Line to Whipple and Whipple to I-380 project ($60.9 million).
- Caltrain Electrification project ($2.8 million).
- South San Francisco Caltrain Station project ($12.9 million).
- 25th Avenue Grade Separation project ($6.9 million).
- U.S. 101 Peninsula Avenue Interchange project ($1.3 million).
- Broadway Grade Separation project ($2.9 million).
- State Route 1 Safety Improvements - Poplar to Wavecrest in Half Moon Bay project ($1.0 million).

San Mateo 101 Express Lanes

In 2019, the TA and the City/County Association of Governments of San Mateo County (C/CAG) jointly created the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA) to administrate, manage the operations of the San Mateo 101 Express Lanes Project. The Project will create 22 miles of express lanes in each direction on U.S. 101 from the San Mateo County/Santa Clara County Line to I-380 in South San Francisco.

The Southern segment (blue line) between the San Mateo/Santa Clara County line and Whipple Avenue operated on February 11, 2022.

The Northern segment (yellow line) between Whipple Avenue and I-380 is expected to be operated in early 2023.



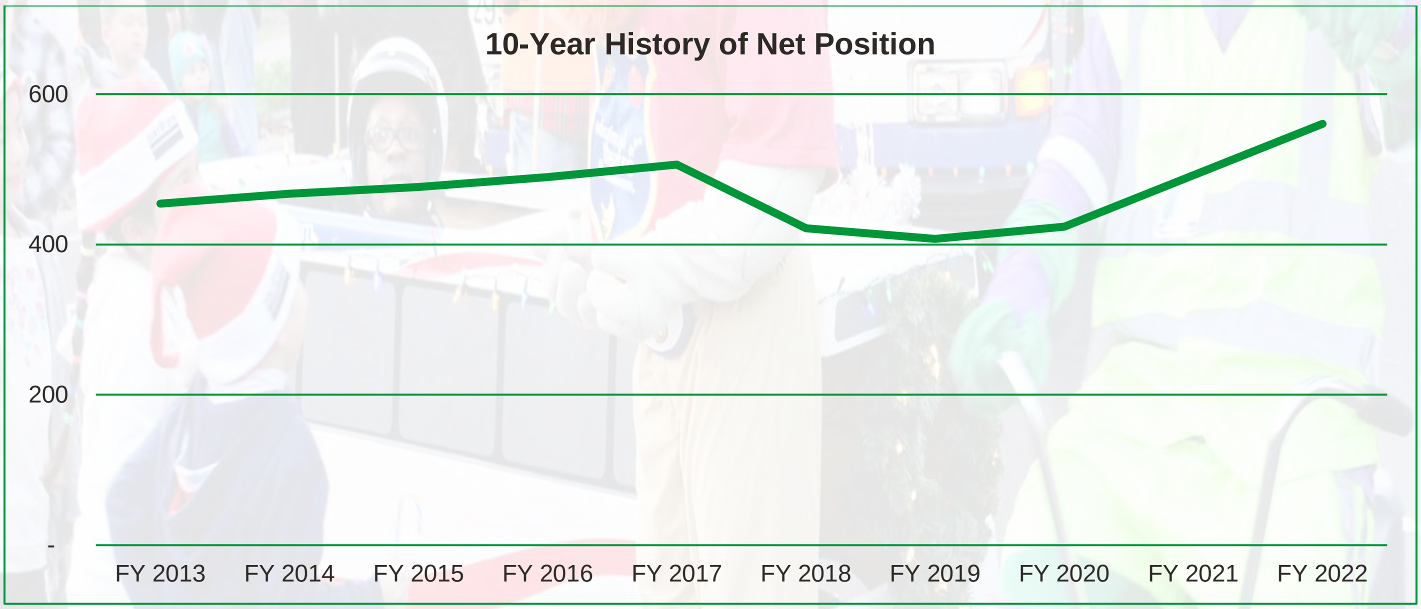
Financial Performance

Net Position

Total assets increased by $25.9 million or 3.9% to $694.2 million. Total liabilities decreased by $41.6 million or 23.8% to $133.2 million at June 30, 2022.

With $133.2 million in total liabilities and $0.5 million in deferred inflows of resources, the TA is in a strong position to meet its obligations for current construction projects. As of the end of Fiscal Year 2022, existing encumbrances and expected future costs combined for current construction projects are estimated to total $260.9 million.

The TA's total net position increased by $68.2 million, as a result of total revenues exceeding total expenses in FY2022.




South San Francisco Caltrain Station

Looking Ahead

FY2023 Budget

The TA's Board adopted the Fiscal Year 2023 Budget of $166.8 million on June 2, 2022. For full detail please see the Adopted Fiscal Year 2023 Budget.

- Annual allocations of approximately $41.7 million have been budgeted to plan categories based on a percentage of projected sales tax revenues, according to the 2004 TEP.

- Projected program expenditures are approximately $119.6 million and compose the funding requirements for Alternative Congestion Relief, Dumbarton, Caltrain, Pedestrian and Bicycle, Local Shuttle, Streets and Highways programs, Grade Separation and the San Mateo County Ferry Service, and Regional Transit Connections.

- Of the $1.0 million budgeted for the Alternative Congestion Relief program, $0.6 million was proposed to be set aside for Peninsula Traffic Congestion Relief Alliance's Transportation Demand Management (TDM) Program.

- A budget of $17.3 million has been set aside to fund system-wide capital improvements for the Caltrain system, which include State of Good Repair rolling stock, signal, track and station work.

- The Streets and Highways program includes a budget of $18.7 million for key congested corridors and $11.0 million for the supplemental roadway projects.

- Grade Separation program has a budget of $16.2 million.

- Under Measure W, the Countywide Highway Congestion Improvement program has a budget of $23.4 million and Regional Transit Connections program has a budget of $10.8 million.

Questions about the San Mateo County Transportation Authority can be directed to the Administrative Offices at 650-508-6200