



I-680 Sunol Express Lane Joint Powers Authority Meeting Agenda Monday, October 8, 2018, 9:30 a.m.

Committee Chair: Jerry Thorne, City of Pleasanton
Vice Chair: Lily Mei, City of Fremont
Members: Scott Haggerty, David Haubert,
Lan Diep (Santa Clara Valley
Transportation Authority)

Executive Director: Arthur L. Dao
Staff Liaison: [Elizabeth Rutman](#)
Clerk of the Commission: [Vanessa Lee](#)

1. Call to Order/Pledge of Allegiance

2. Roll Call

3. Public Comment

4. Consent Calendar

Page/Action

- | | | |
|---|---|---|
| 4.1. Approve the September 10, 2018 I-680 Sunol Smart Carpool Lane Joint Powers Authority (JPA) Meeting Minutes | 1 | A |
|---|---|---|

5. Regular Matters

- | | | |
|---|----|---|
| 5.1. I-680 Southbound Express Lane: Monthly Operations Status Update | 3 | I |
| 5.2. I-680 Sunol Express Lanes (PN 1369.000): Monthly Status Update | 9 | I |
| 5.3. Approve the Sunol Smart Carpool Lane Joint Powers Authority Audited Annual Financial Report for the Year Ended June 30, 2018 | 15 | A |

6. Committee Member Reports

7. Staff Reports

8. Adjournment

Next Meeting: Monday, November 19, 2018

Notes:

- All items on the agenda are subject to action and/or change by the Commission.
- To comment on an item not on the agenda (3-minute limit), submit a speaker card to the clerk.
- Call 510.208.7450 (Voice) or 1.800.855.7100 (TTY) five days in advance to request a sign-language interpreter.
- If information is needed in another language, contact 510.208.7400. Hard copies available only by request.
- Call 510.208.7400 48 hours in advance to request accommodation or assistance at this meeting.
- Meeting agendas and staff reports are available on the [website calendar](#).
- Alameda CTC is located near 12th St. Oakland City Center BART station and AC Transit bus lines. [Directions and parking information](#) are available online.



Alameda CTC Schedule of Upcoming Meetings:

Commission Chair

Supervisor Richard Valle, District 2

Commission Vice Chair

Mayor Pauline Cutter,
City of San Leandro

AC Transit

Board President Elsa Ortiz

Alameda County

Supervisor Scott Haggerty, District 1
Supervisor Wilma Chan, District 3
Supervisor Nate Miley, District 4
Supervisor Keith Carson, District 5

BART

Director Rebecca Saltzman

City of Alameda

Mayor Trish Spencer

City of Albany

Councilmember Peter Maass

City of Berkeley

Mayor Jesse Arreguin

City of Dublin

Mayor David Haubert

City of Emeryville

Mayor John Bauters

City of Fremont

Mayor Lily Mei

City of Hayward

Mayor Barbara Halliday

City of Livermore

Mayor John Marchand

City of Newark

Councilmember Luis Freitas

City of Oakland

Councilmember At-Large
Rebecca Kaplan
Councilmember Dan Kalb

City of Piedmont

Vice Mayor Teddy Gray King

City of Pleasanton

Mayor Jerry Thorne

City of Union City

Mayor Carol Dutra-Vernaci

Executive Director

Arthur L. Dao

Description	Date	Time
Bicycle and Pedestrian Community Advisory Committee (BPAC)	October 18, 2018	5:30 p.m.
Alameda CTC Commission Meeting	October 25, 2018	2:00 p.m.
Alameda County Technical Advisory Committee (ACTAC)	November 8, 2018	1:30 p.m.
Finance and Administration Committee (FAC)	November 19, 2018	8:30 a.m.
I-680 Sunol Smart Carpool Lane Joint Powers Authority (I-680 JPA)		9:30 a.m.
I-580 Express Lane Policy Committee (I-580 PC)		10:00 a.m.
Planning, Policy and Legislation Committee (PPLC)		10:30 a.m.
Programs and Projects Committee (PPC)		12:00 p.m.
Independent Watchdog Committee (IWC)	November 19, 2018	5:30 p.m.
Paratransit Advisory and Planning Committee (PAPCO)	November 26, 2018	1:30 p.m.
Paratransit Technical Advisory Committee (ParaTAC)	January 8, 2019	9:30 a.m.

All meetings are held at Alameda CTC offices located at 1111 Broadway, Suite 800, Oakland, CA 94607. Meeting materials, directions and parking information are all available on the [Alameda CTC website](http://www.AlamedaCTC.org).



I-680 Sunol Smart Carpool Lane
Joint Powers Authority Meeting Minutes
Monday, September 10, 2018, 9:30 a.m.

4.1

1111 Broadway, Suite 800, Oakland, CA 94607 • PH: (510) 208-7400 • www.AlamedaCTC.org

1. Call to Order/Pledge of Allegiance

2. Roll Call

A roll call was conducted. All members were present with the exception of Commissioner Mei.

Subsequent to the roll call:

Commissioner Mei arrived during item 5.2.

3. Public Comment

There were no public comments.

4. Consent Calendar

4.1. Approve the May 14, 2018 I-680 Sunol Smart Carpool Lane Joint Powers Authority (JPA) meeting minutes

Commissioner Haubert moved to approve the Consent Calendar. Commissioner Haggerty seconded the motion. The motion passed with the following votes:

Yes: Diep, Haggerty, Haubert, Thorne
No: None
Abstain: None
Absent: Mei

5. Regular Matters

5.1 I-680 Southbound Express Lane: Monthly Operations Status Update

Ashley Tam provided an update on the I-680 Southbound Express Lane for the month of April through July 2018. She covered the average toll trip data and roadway segment speeds and corridor performance information. Ms. Tam also reviewed average speeds and density, and toll rates during operational hours. She concluded the update by reviewing estimated gross toll revenues versus forecasted budget.

This item was for information only.

5.2. I-680 Sunol Express Lanes (PN 1369.000): Monthly Status Update

Trinity Nguyen presented the I-680 Sunol Express lane status update. She provided an update on recent construction activities and an overview of the project schedule.

Commissioner Haggerty asked if accidents had increased in the corridor since the start of construction activities. Ms. Nguyen said she was aware of a recent incident, but it was not as a result of the project.

This item is for information only.

6. Committee Member Report

There were no committee member reports.

7. Staff Reports

Art Dao mentioned that staff is working on the design of State Route 84 (SR 84) widening from Pigeon Pass to I-680, thereby restructuring the I-680/SR 84 Interchange. This is the next project in the corridor. Mr. Dao stated that the I-680 Gap Closure from SR 84 to Alcosta Blvd. in San Ramon is the next project the agency is working on and the environmental process is in progress. He noted that the agency is relying on Senate Bill 1 funds to complete this project.

8. Adjournment/ Next Meeting

The next meeting is:

Date/Time: Monday, October 8, 2018 at 9:30a.m.

Location: Alameda CTC Offices, 1111 Broadway, Suite 800, Oakland, CA 94607



Memorandum

5.1

1111 Broadway, Suite 800, Oakland, CA 94607

• 510.208.7400

• www.AlamedaCTC.org

DATE: October 1, 2018

TO: I-680 Sunol Express Lane Joint Powers Authority

FROM: Ashley Tam, Associate Transportation Engineer
Liz Rutman, Director of Express Lanes Implementation and Operations

SUBJECT: I-680 Sunol Southbound Express Lane (PN 1408.000): Operations Update

Recommendation

This item is to provide the Authority with an update on the Operation of the I-680 Southbound Express Lane. This item is for information only.

Summary

The purpose of this item is to provide the I-680 Sunol Smart Carpool Lane Joint Powers Authority ("Sunol JPA") with a Monthly Operation Update of the existing I-680 Southbound Express Lane facility for August 2018. See Attachment A for express lane operation limits.

The August 2018 operations report indicates that the express lane facility continues to provide travel time savings and travel reliability along the corridor.

Background

The I-680 Sunol Southbound Express Lane spans approximately 14 miles from SR 84 near Pleasanton to SR 237 in the City of Milpitas. Motorists using the express lane benefit from travel reliability as the express lane optimizes the corridor capacity by providing a choice to drivers: single occupancy vehicles (SOVs) have the option to pay a toll and travel within the express lane, while carpool, clean-air vehicles, motorcycles, and transit vehicles enjoy the benefits of toll-free travel in the express lane. The Alameda CTC, acting as the managing agency for the Sunol JPA, has been operating the express lane facility since it opened to traffic in September 2010. California Highway Patrol (CHP) officers provide enforcement services, and the California Department of Transportation (Caltrans) provides roadway maintenance services through reimbursable service agreements.

An All Electronic Toll (AET) collection method has been employed to collect tolls. Through June 2017, toll rates were calculated based on real-time traffic conditions (speed and volume) in express and general purposes lanes evaluated every three minutes. Beginning

July 1, 2017, in preparation for the construction of the new northbound express lane and conversion of the southbound lane to continuous access, a time-of-day pricing schedule has been in effect with rates changing as frequently as every 15 minutes.

August 2018 Operations Update:

Over 275,000 express lane toll trips were recorded during operational hours in August, or 3,900 average daily toll trips. All express lane users typically experience higher speeds and lesser lane densities than the general purpose lanes. Lane density is measured by the number of vehicles per mile per lane and reported as Level of Service (LOS). LOS is a measure of freeway performance based on vehicle maneuverability and driver comfort levels, graded on a scale of A (best) through F (worst).

Table 1 summarizes the express lane speed and LOS at four points in the corridor during the morning commute hours in August. Although comprehensive traffic data is not currently available, daily observation of the corridor via closed circuit television cameras suggests that the express lane continually provides higher speeds and better LOS than the general purpose lanes, particularly during peak commute hours.

Table 1. Speeds and Level of Service in Express Lane
Morning Commute

Express Lane Location	5 AM – 11 AM		8 AM – 9 AM	
	Avg Speed (mph)	Avg Express Lane LOS	Avg Speed (mph)	Avg Express Lane LOS
Andrade Rd	69	C	66	C
Vargas Rd	73	B	70	C
Washington Blvd	65	C	51	D
Mission Blvd SR 262	73	B	70	B

Table 2 presents the maximum posted toll rate to travel the entire southbound express lane corridor and the average toll assessed to non-HOV users. To mitigate increasing traffic volumes and congestion in the express lane during the morning peak hour, the maximum toll to travel the entire length of the corridor was increased from \$9.00 to \$9.50 in July 2018.

Table 2. Toll Rate Data

Month	Maximum Posted Toll (Travel Entire Corridor)	Average Assessed Toll (All Trips)
August	\$9.50	\$3.09

The estimated gross revenue generated from the I-680 Sunol express lane thus far in Fiscal Year 2018-19 is \$489,000, while the pro-rated forecast operation budget is \$433,000.

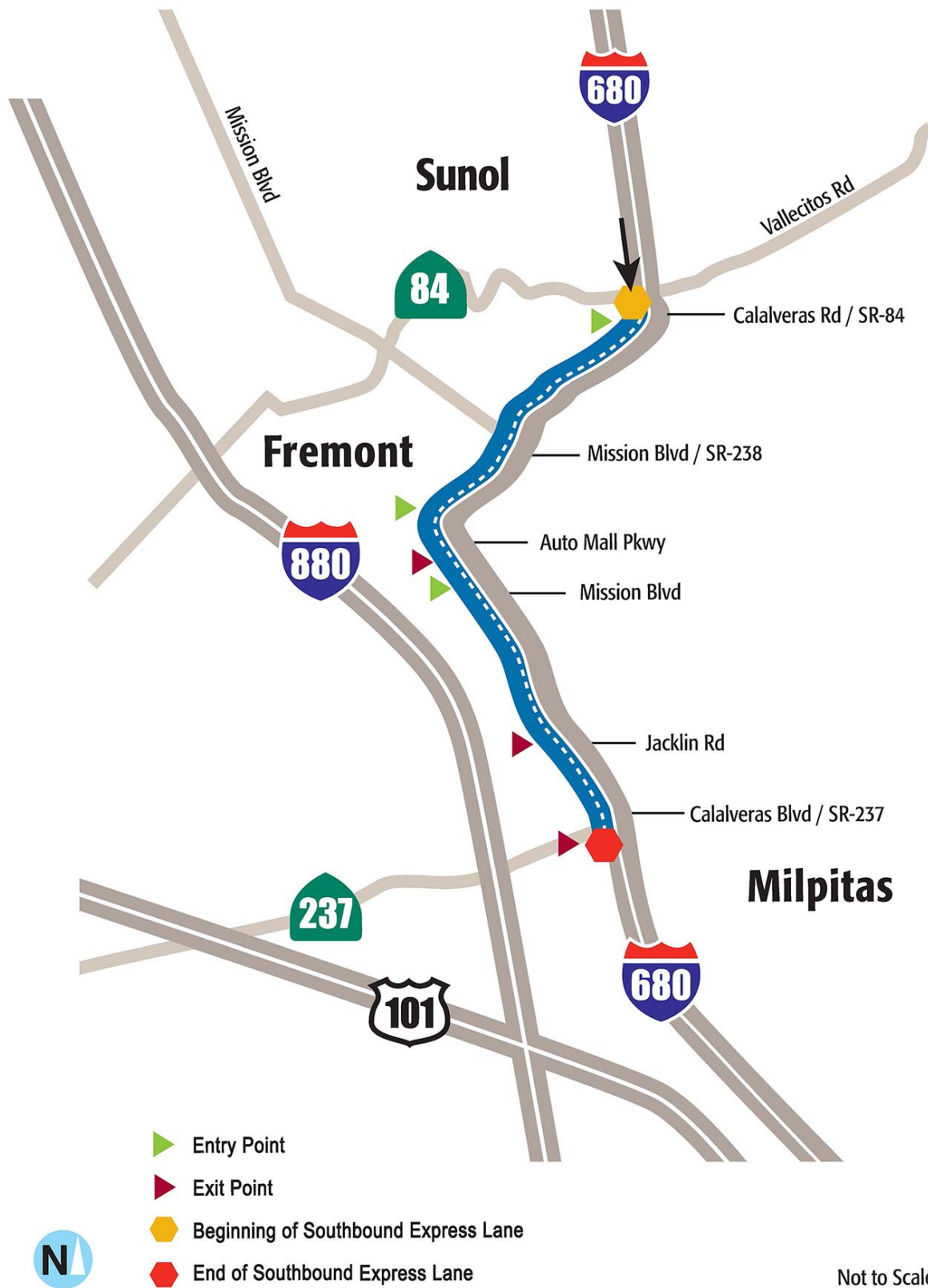
Fiscal Impact: There is no fiscal impact associated with the requested action.

Attachment

A. I-680 Southbound Express Lane Location Map

This page intentionally left blank

Sunol I-680 Southbound Express Lane Location Map



This page intentionally left blank



Memorandum

5.2

1111 Broadway, Suite 800, Oakland, CA 94607

• 510.208.7400

• www.AlamedaCTC.org

DATE: October 1, 2018

TO: I-680 Sunol Express Lane Joint Powers Authority

FROM: Trinity Nguyen, Director of Project Delivery
Liz Rutman, Director of Express Lanes Implementation and Operations

SUBJECT: I-680 Sunol Express Lanes (PN 1369.000): Monthly Status Update

Recommendation

This item is to provide the Authority with an update on the status of I-680 Sunol Express Lanes – Phase 1 project. This item is for information only.

Summary

The Interstate 680 (I-680) Sunol Express Lanes (EL) Project will provide enhanced mobility for motorists in both the northbound and southbound directions as a combination of two projects, the I-680 Express Lanes (EL) project and the I-680 Southbound Conversion Project. The I-680 Sunol EL project will widen I-680 from SR 237 in Santa Clara County to SR 84 in Alameda County to construct a 14-mile long northbound High Occupancy Vehicle (HOV)/Express Lane in the corridor. The project is being implemented in a phased approach focused on providing immediate operational benefits based on funding availability. The I-680 Sunol Express Lane - Phase 1 (Phase 1) project, constructs an initial 9-mile HOV/Express Lane segment on northbound I-680 between south of Auto Mall Parkway and SR 84. The I-680 Southbound Access Conversion project will convert the existing southbound controlled access tolling configuration to an open access configuration to provide consistency with the new northbound express lane. This conversion has been incorporated into the northbound Phase 1 project.

The purpose of this item is to provide the Commission with a monthly status update on the project development and implementation activities which are either completed or planned for the Phase 1 project.

Background

The I-680 Sunol Express Lanes project will widen northbound I-680 from SR 237 in Santa Clara County to SR 84 in Alameda County to construct a 14-mile long northbound HOV/Express Lane in the corridor. The project will provide a number of benefits including:

1) enhanced mobility by reducing traffic congestion; 2) reduced travel time and improved travel reliability; and 3) reduced congestion related accidents, thereby enhancing safety. The Express Lane facility will maximize available HOV lane capacity by offering solo drivers the choice to pay an electronic toll to access the lane, while regular carpool/carpool eligible users continue to use the lane at no cost. The Phase 1 project will provide an initial 9-mile segment of new HOV/Express Lane from south of Auto Mall Parkway to SR 84 to eliminate the bottlenecks and alleviate much of the daily traffic congestion.

The I-680 Southbound Express Lane was opened to traffic in September 2010 as a controlled access facility. To be consistent with the new northbound express lane and provide enhanced accessibility for users, the southbound direction will be converted to an open access configuration in conjunction with the Phase 1 project.

The Project Approval and Environmental Document (PA&ED) for the overall project was completed in July 2015. In December 2015, WMH Corporation was selected to prepare the civil design and will continue to provide design support during construction (DSDC). In June 2016, Kapsch TrafficCom Transportation NA, Inc. was selected to provide Toll System Integration Services. In November 2017, Bay Cities Paving & Grading Inc. was awarded the civil construction contract.

Alameda CTC, in partnership with Caltrans, is the implementing agency for preliminary engineering, environmental studies, design, right-of-way acquisition, and utility relocation. For the construction phase, Alameda CTC is the project sponsor and Caltrans is the implementing agency to administer the construction of the Phase 1 project. Attachment A, I-680 Sunol Express Lanes Progress Update, provides the current implementation schedule and delivery milestones.

The approved Environmental Document and Project Report (PA&ED documents) included studies and analysis for construction of both the full project limits (SR 237 to SR 84) and an initial segment (south of Auto Mall Parkway to SR 84). The initial segment (Phase 1 project) is focused on providing immediate operational benefits within currently available funding. During development of the Phase 1 project, staff identified and implemented several geometric refinements to reduce costs and minimize environmental impacts.

In the interest of expediting important improvements for the public, Alameda CTC and Caltrans have agreed to incorporate a pavement rehabilitation project into the Phase 1 project.

Civil construction began on March 5, 2018 after the approval of the required initial submittals. The following is a detailed discussion of work in progress and/or upcoming major tasks.

Recently Completed Project activities

- Bridge approach slab replacements.
- Sheridan Road Overcrossing columns constructed.

- Sheridan Road Overcrossing abutments constructed.
- Median Paving in Segment A is complete.
- Falsework erected for the Sheridan Road Overcrossing Bridge replacement.

Upcoming Project Activities

- Visible work activities for the three months ahead will include:
 - Construction of Overhead sign foundations in the median starting from the southern end of the project and proceeding northerly.
 - Construction of PG&E Pedestals nearing completion.
 - Continue progress on the widening at Calaveras Bridge; superstructure work underway.
 - Continue construction of temporary retaining walls at the Sheridan interchange.
 - Continue progress at the Sheridan Road Overcrossing Bridge replacement; soffit work underway.
 - Continue progress on the retaining wall on northbound I-680 between Paseo Padre Parkway and Palm Avenue.
 - Continue progress on the retaining wall on northbound I-680 between Vargas Road and Sheridan Road off-ramps.
 - Continue placement of median guardrail.
 - Continue placement of concrete barrier in the southerly and northerly areas of the project.
 - Pile driving for the retaining wall along northbound I-680 from the Alameda Creek Undercrossing to the I-680 loop on-ramp.
 - Installation of drainage facilities.
 - Paving at various locations including Andrade and Sheridan ramps.
- Preliminary tolling zone configuration and associated signing locations determined. Continue to finalize configuration of tolling facility (on-going).
- Continue preliminary toll system design and coordinate with civil design for construction staging/sequencing (on-going).
- Continue to coordinate with PG&E, AT&T and Comcast regarding power and communication service connection needs (on-going).

Fiscal Impact: There is no fiscal impact associated with the requested action.

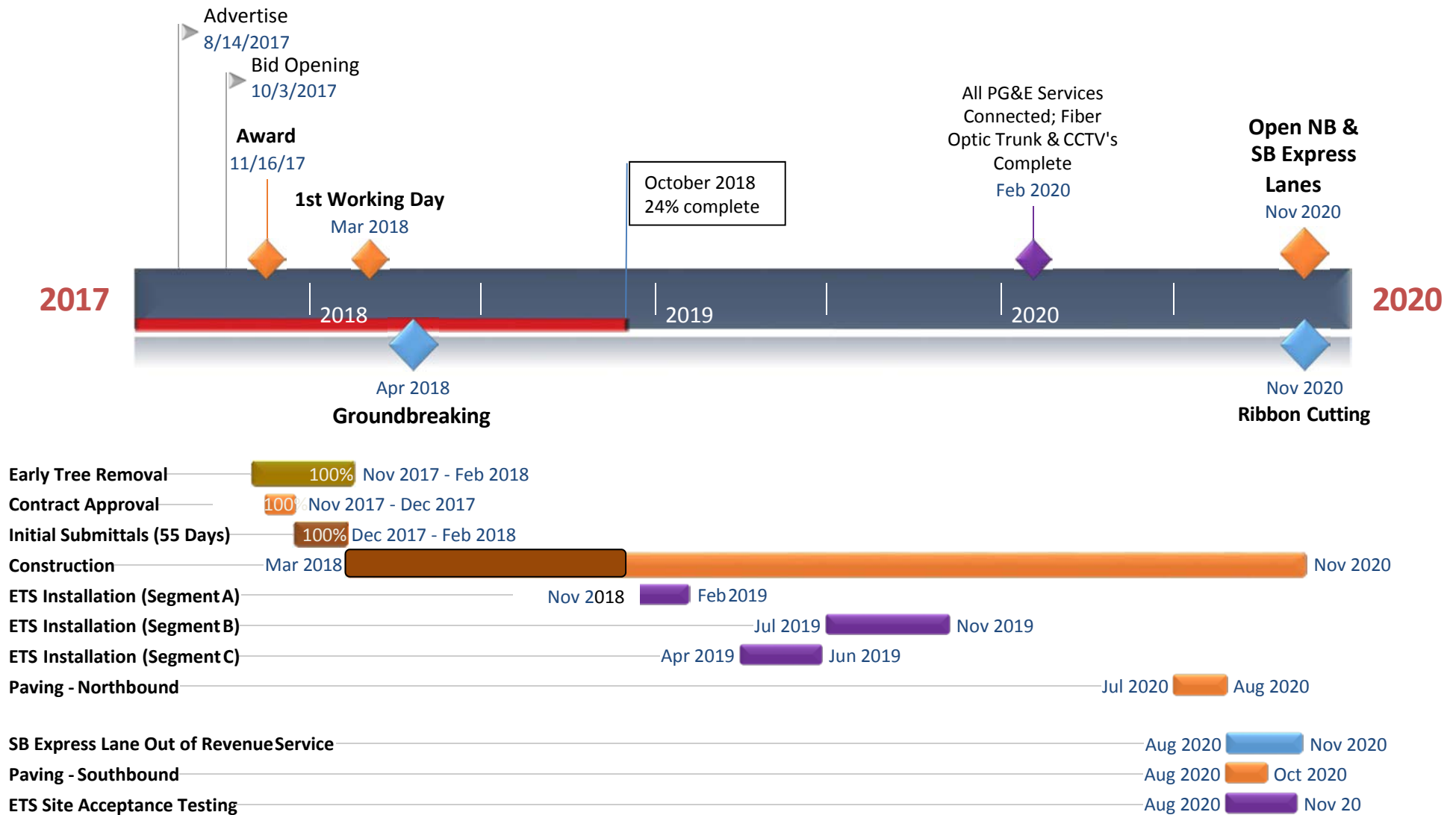
Attachment

- A. I-680 Sunol Express Lanes Progress Update

This page intentionally left blank

I-680 Sunol Express Lanes

Progress Update: October 2018



This page intentionally left blank



Memorandum

5.3

1111 Broadway, Suite 800, Oakland, CA 94607

• PH: (510) 208-7400

• www.AlamedaCTC.org

DATE: October 1, 2018

TO: I-680 Sunol Express Lane Joint Powers Authority

FROM: Patricia Reavey, Deputy Executive Director of Finance and Administration

SUBJECT: Approve the Sunol Smart Carpool Lane Joint Powers Authority Audited Annual Financial Report for the Year Ended June 30, 2018

Recommendation

It is recommended that the Authority approve the Sunol Smart Carpool Lane Joint Powers Authority Audited Annual Financial Report for the Year Ended June 30, 2018.

Summary

Pursuant to Section 9.2(iv) of the Joint Powers Agreement and Section 6505 of the California Government Code, an independent audit was conducted for the fiscal year ended June 30, 2018 by Vavrinek, Trine, Day & Co., LLP. All financial statements are the responsibility of management. The auditor's responsibility is to express an opinion on the financial statements based on their audit. As demonstrated in the Independent Auditor's Report on page two of the Draft Audited Annual Financial Report, the auditors of the Sunol Smart Carpool Lane Joint Powers Authority (Authority) have expressed what is considered to be an unmodified audit or clean opinion.

"In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2018, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

Financial Highlights:

- Total net position increased by \$1.24 million or 26.3 percent from \$4.70 million to \$5.93 million as of June 30, 2018, compared to June 30, 2017. This increase is mostly due to an increase in cash and investments stemming from an increase in toll revenues and a decrease in expenses as a result of operating efficiencies realized during the fiscal year.

Capital assets, net of accumulated depreciation, comprised \$1.47 million or 24.7 percent of the total net position at June 30, 2018.

- For the year ended June 30, 2018, cash and cash equivalents increased by \$1.28 million or 37.4 percent from \$3.43 million to \$4.72 million compared to fiscal year 2017. This increase is mostly related to toll revenue collections which were significantly more than operating expenses paid during the fiscal year.
- Operating revenue was \$2.87 million during fiscal year 2018, an increase of \$0.79 million or 37.9 percent over fiscal year 2017.
- The Authority's total operating expenses including depreciation were \$1.66 million during fiscal year 2018, a decrease of \$0.28 million or 14.3 percent from fiscal year 2017. This decrease is attributed to the realization of operating efficiencies implemented throughout the fiscal year. Operating expenses of \$1.66 million for fiscal year 2018 were primarily comprised of program operations and maintenance costs.

As part of the audit process, Vavrinek, Trine, Day & Co., LLP considered the Authority's internal controls over financial reporting in order to design audit procedures. They have not expressed an opinion on the effectiveness of the Authority's internal controls; however Vavrinek, Trine, Day & Co., LLP did not identify any deficiencies in internal controls that would be considered a material weakness.

Fiscal Impact: There is no fiscal impact associated with the requested action.

Attachment

- A. Sunol Smart Carpool Lane Joint Powers Authority Draft Audited Annual Financial Report for the Year Ended June 30, 2018



Sunol Smart Carpool Lane Joint Powers Authority

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
JUNE 30, 2018



This page left blank intentionally

**SUNOL SMART CARPOOL LANE
JOINT POWERS AUTHORITY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

TABLE OF CONTENTS JUNE 30, 2018

Independent Auditor's Report	1
Map of I-680 Sunol Smart Carpool Lane	3
Management's Discussion and Analysis	4
Basic Financial Statements	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11

DRAFT



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITOR'S REPORT

Governing Board
Sunol Smart Carpool Lane Joint Powers Authority
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Sunol Smart Carpool Lane Joint Powers Authority (Authority), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2018, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

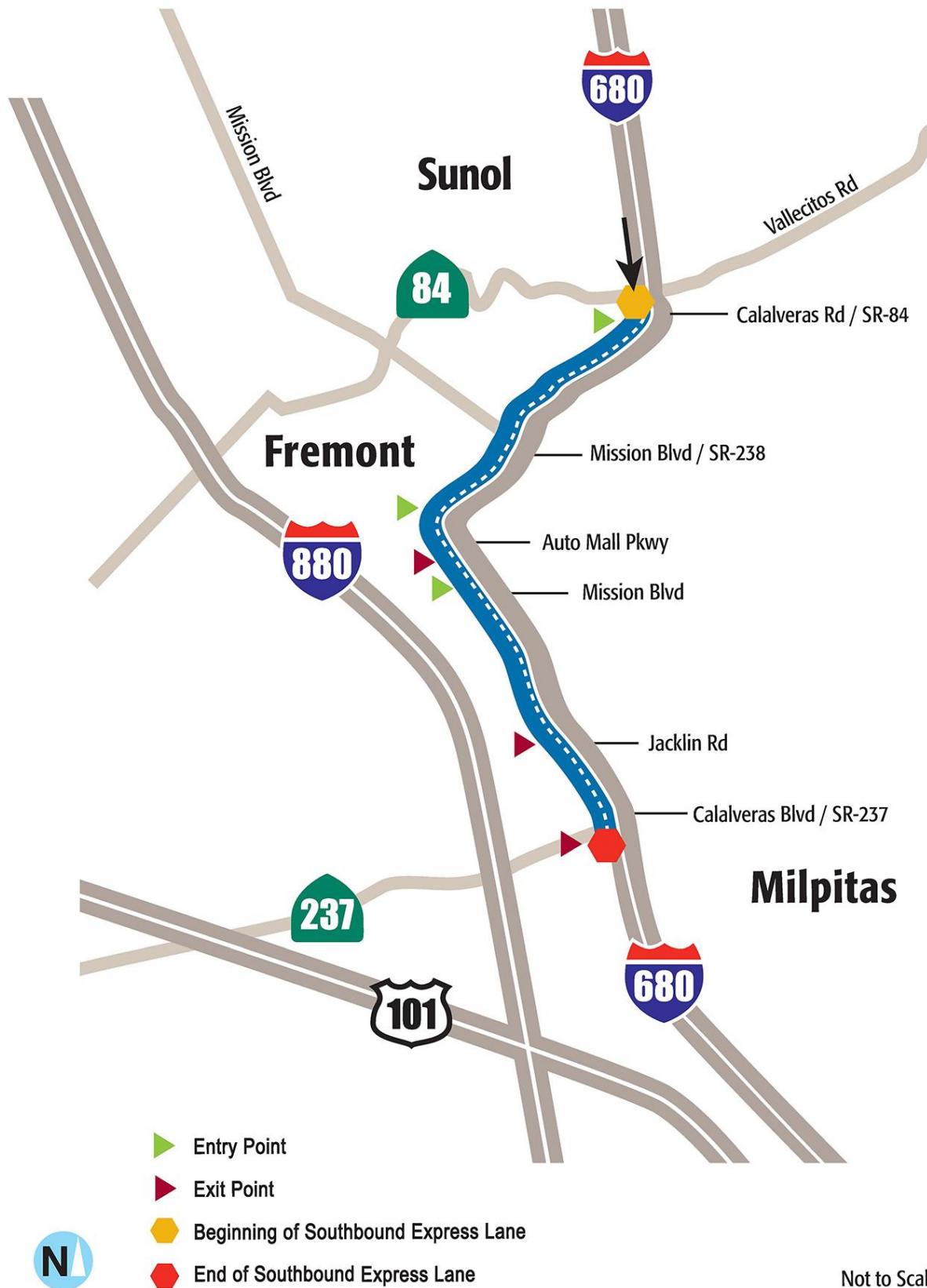
Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Palo Alto, California

October __, 2018

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

MAP OF I-680 SUNOL SMART CARPOOL LANE JUNE 30, 2018



SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

Management has prepared the following discussion and analysis of the Sunol Smart Carpool Lane Joint Powers Authority (the Authority) financial performance, which provides an overview of its financial activities for the fiscal year ended June 30, 2018. Management encourages readers to consider the information presented here in conjunction with the accompanying financial statements and related notes.

Financial Highlights

- Total net position increased by \$1.24 million or 26.3 percent from \$4.70 million to \$5.93 million as of June 30, 2018, compared to June 30, 2017. This increase is mostly due to an increase in cash and investments stemming from an increase in toll revenues and a decrease in expenses as a result of operating efficiencies realized during the fiscal year. Capital assets, net of accumulated depreciation, comprised \$1.47 million or 24.7 percent of the total net position at June 30, 2018.
- For the year ended June 30, 2018, cash and cash equivalents increased by \$1.28 million or 37.4 percent from \$3.43 million to \$4.72 million compared to fiscal year 2017. This increase is mostly related to toll revenue collections which were significantly more than operating expenses paid during the fiscal year.
- Operating revenue was \$2.87 million during fiscal year 2018, an increase of \$0.79 million or 37.9 percent over fiscal year 2017.
- The Authority's total operating expenses including depreciation were \$1.66 million during fiscal year 2018, a decrease of \$0.28 million or 14.3 percent from fiscal year 2017. This decrease is attributed to the realization of operating efficiencies implemented throughout the fiscal year. Operating expenses of \$1.66 million for fiscal year 2018 were primarily comprised of program operations and maintenance costs.

Overview of the Basic Financial Statements

The basic financial statements of the Authority are presented as single enterprise fund, which reports all activities using the accrual basis of accounting and the economic resources measurement focus. With this basis of accounting, revenues are recorded when earned and expenses are recorded when the related liabilities are incurred. The enterprise fund is used to account for the collection of toll revenues and payment of the Authority's expenses. The financial statements provide both long-term and short-term financial information and information about cash flows. The Authority's financial statements are presented as follows:

- Statement of Net Position;
- Statement of Revenues, Expenses and Changes in Net Position;
- Statement of Cash Flows; and
- Notes to the financial statements.

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

Financial Analysis

The following table presents the Authority's net position as of June 30, 2018, and June 30, 2017:

	June 30, 2018	June 30, 2017
Current assets	\$ 4,862,005	\$ 3,503,499
Capital assets, net	1,466,840	1,585,134
Total assets	6,328,845	5,088,633
Total liabilities	(394,538)	(391,152)
Net position	\$ 5,934,307	\$ 4,697,481

The following table presents the Authority's change in net position for the fiscal year ended June 30, 2018, and the period ended June 30, 2017:

	June 30, 2018	June 30, 2017
Operating revenues	\$ 2,872,259	\$ 2,083,153
Operating expenses	1,661,591	1,939,514
Operating income	1,210,668	143,639
Nonoperating revenue (expense)	26,158	10,415
Increase (decrease) in net position	1,236,826	154,054
Net position, beginning of period	4,697,481	4,543,427
Net position, end of period	\$ 5,934,307	\$ 4,697,481

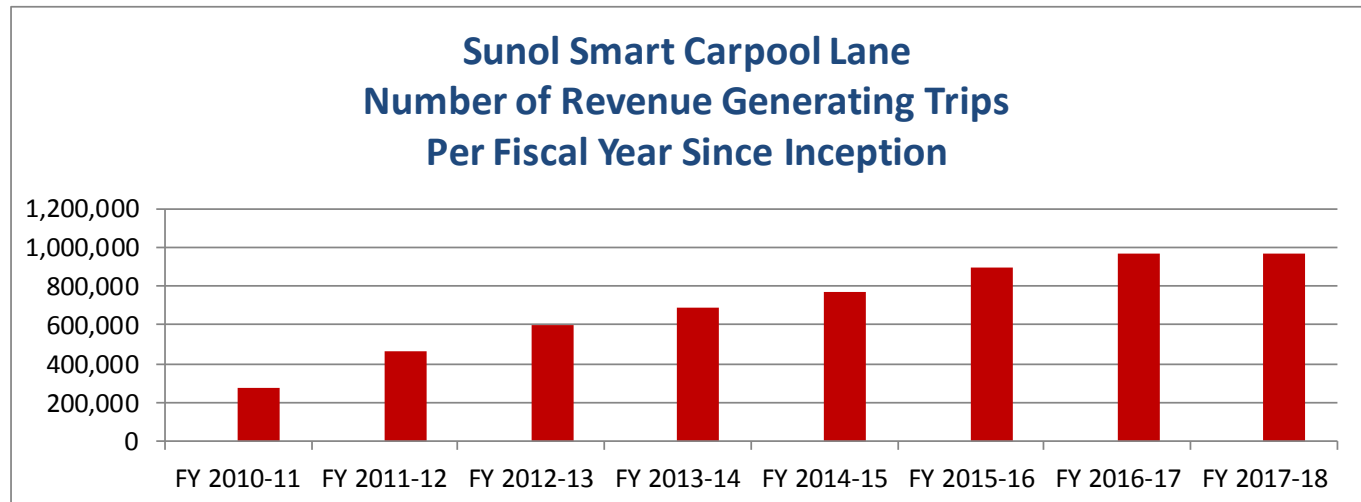
While Alameda County Transportation Commission (Alameda CTC) continues as the managing agency of the Sunol Smart Carpool Lane, it does not subsidize administrative support costs on behalf of the Authority. Accordingly, these costs have been included in the Statement of Revenues, Expenses, and Changes in Net Position (see Note 3 to the financial statements for a more detailed explanation).

The Authority began operating a toll lane on the Sunol Grade segment of southbound Interstate 680 in Alameda and Santa Clara counties on September 20, 2010. Annual toll lane usage has more than doubled, going from 465,688 trips during fiscal year 2012, the lane's first full fiscal year of operations, to 968,500 trips during fiscal year 2018.

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

The following chart demonstrates the trips that have been taken in the toll lane by fiscal year since inception in September 2010.



During the fiscal year ended June 30, 2018, cash increased by \$1,283.9 thousand or 37.4 percent. Revenues for the period, including investment and other income, in the amount of \$2,898.4 thousand plus the change in liabilities of \$3.4 thousand were offset by the change in receivables of \$36.2 thousand and prepaid items of \$38.4 thousand; net capital asset costs of \$81.5 thousand; and \$1,461.8 thousand of operations and maintenance expenses which resulted in the change in the cash balance.

Capital Assets

The following table presents the Authority's capital asset activity from June 30, 2017 to June 30, 2018:

	June 30, 2017	Additions	Deletions	June 30, 2018
Toll revenue equipment	\$ 3,111,440	\$ 84,487	\$ (487,259)	\$ 2,708,668
Accumulated depreciation	(1,526,306)	(168,021)	452,499	(1,241,828)
Net book value	<u>\$ 1,585,134</u>	<u>\$ (83,534)</u>	<u>\$ (34,760)</u>	<u>\$ 1,466,840</u>

Additional information regarding the Authority's capital assets can be found in Note 5 on page 13 of this report.

Comparison of Budget to Actual

Prior to each fiscal year, the Authority adopts a budget for the coming year. The adopted operating revenue budget for fiscal year 2018 was \$2.20 million, however, this was updated at mid-year to \$2.50 million. Actual operating revenues were \$2.87 million, which was \$0.37 million or 14.9 percent more than budget.

The adopted operating expense budget was \$2.36 million, however, this was updated at mid-year to \$2.44 million. Actual operating expenses were \$1.66 million, which was \$0.78 million or 31.8 percent less than budget.

There was no budget adopted for investment income for the fiscal year. However, actual investment income was \$.03 million. An investment program was established during the prior fiscal year, however with market rates extremely low at the time the investment income predicted would have been immaterial to the budget when it was developed.

There was no budget adopted for capital projects and no capital expenses were incurred in the fiscal year. However, there is a related capital project administered by Alameda CTC which encompasses an automated toll violation enforcement system and construction for continuous access in the southbound express lane in addition to construction for a full express lane in the northbound direction (see Other Significant Matters section).

Other Significant Matters

Alameda CTC, in cooperation with the California Department of Transportation and the Federal Highway Administration, will construct a High Occupancy Vehicle (HOV)/Express Lane on northbound I-680 from the State Route (SR) 237 interchange in Santa Clara County to north of the SR 84 interchange in Alameda County. The complete project will widen about 15 miles of the freeway to accommodate the HOV/Express Lane along with several auxiliary lanes connecting on-ramps and off-ramps. Bridge crossings will be modified, and retaining walls will be constructed to accommodate the widening. The project will also include upgrading the southbound express lane configuration from a controlled access to a near continuous access configuration. The project approval and environmental phase of the project was completed in the summer of 2015. To provide operational benefits and expedite congestion relief in the corridor, the design efforts for an initial nine mile segment from Auto Mall Parkway to State Route (SR) 84 began in August 2015. This first phase of the project was advertised in September 2017, and construction began in March 2018.

The Authority was originally formed to plan, design, construct, and administer the operations of a value pricing high-occupancy vehicle program on the Sunol Grade segment of Interstate 680 between the interchange of Alcosta Boulevard in the City of Dublin in Alameda County and SR 237 (Calaveras Boulevard) in the City of Milpitas in Santa Clara County. In addition to managing the operations of the existing toll lane, the Authority provides oversight for the planning, design and construction of the northbound project and will be responsible for the operations and maintenance of the express lane once it is put into service, which is currently projected for 2020.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those interested in the finances of the Sunol Smart Carpool Lane JPA. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department at 1111 Broadway, Suite 800, Oakland, CA 94607.

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2018

ASSETS

Current Assets

Cash and investments	\$ 4,718,345
Accounts receivable	94,192
Interest receivable	11,105
Prepaid items	38,363
Capital assets, net of accumulated depreciation	1,466,840
Total Assets	<u>6,328,845</u>

LIABILITIES

Current Liabilities

Accounts payable	192,388
Accrued liabilities	202,150
Total Liabilities	<u>394,538</u>

NET POSITION

Investment in capital assets	1,466,840
Unrestricted	4,467,467
Total Net Position	<u>\$ 5,934,307</u>

The accompanying notes are an integral part of these financial statements.

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES

Toll revenue	\$ 2,872,259
Total operating revenue	<u>2,872,259</u>

OPERATING EXPENSES

Operations and maintenance	1,461,810
Depreciation expense	<u>199,781</u>
Total operating expenses	<u>1,661,591</u>
Operating Income	<u>1,210,668</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	<u>26,158</u>
Total nonoperating revenues	<u>26,158</u>
Change in net position	1,236,826
Net Position - Beginning	4,697,481
Net Position - Ending	<u>\$ 5,934,307</u>

The accompanying notes are an integral part of these financial statements.

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	\$ 2,844,370
Payments to suppliers for goods and services	(1,496,788)
Cash flows from operating activities	<u>1,347,582</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash receipts from interest income	17,829
------------------------------------	--------

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(81,487)
Net change in cash and cash equivalents	1,283,924
Cash and Cash Equivalents - Beginning	3,434,421
Cash and Cash Equivalents - Ending	<u>\$ 4,718,345</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 1,210,668
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	199,781
Changes in assets and liabilities:	
Increase in receivables	(27,889)
Increase in prepaid items	(38,363)
Increase in liabilities	3,385

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 1,347,582

The accompanying notes are an integral part of these financial statements.

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 – REPORTING ENTITY

The Sunol Smart Carpool Lane Joint Powers Authority (the Authority) is a joint powers authority, organized in February 2006 pursuant to a joint powers agreement (Agreement) among the Alameda County Congestion Management Agency (ACCMA), the Alameda County Transportation Improvement Authority (ACTIA), and the Santa Clara Valley Transportation Authority. As of July 1, 2010, ACCMA and ACTIA have been succeeded by Alameda County Transportation Commission (Alameda CTC) which has all of the powers and responsibilities of the former agencies. The Agreement was entered into pursuant to the Government Code of the State of California, commencing with Section 6500. The Authority was formed to plan, design, construct, and administer the operations of a value pricing high-occupancy vehicle program on the Sunol Grade segment of Interstate 680 in Alameda and Santa Clara Counties. Members of the Authority's Board of Directors are elected officials representing Alameda and Santa Clara Counties. The Interstate 680 (I-680) Express Lane is located along a 14-mile stretch of I-680 in the southbound direction from State Route 84 south of Pleasanton to State Route 237 in Milpitas, CA and has been in operation since September 20, 2010.

NOTE 2 – MANAGING AGENCY

Alameda CTC is the managing agency. From the Authority's inception in 2006, Alameda CTC provided all administrative support including office space, staff time, accounting, and insurance. While Alameda CTC continues as the managing agency, it ceased funding these administrative support costs on behalf of the Authority as of July 1, 2012. Accordingly, all of the Authority's operating costs are included in the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

All activities of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental agencies. With this measurement focus, all assets and liabilities associated with operations are included on the Statement of Net Position. Revenues are reported when earned and expenses are reported when the related liabilities are incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenue of the Authority is the collection of toll revenue.

Operating expenses of the Authority are made up of operations and maintenance costs and depreciation. Since inception of the Authority, Alameda CTC as the managing agency has provided administrative support and subsidized operations and maintenance costs of the Sunol Smart Carpool Lane through its I-680 Southbound HOT Lane Project. As of July 1, 2012, the managing agency no longer funded the Authority's administrative support costs. Accordingly, these costs as well as all other operations and maintenance costs incurred by the Authority have been included in the Statement of Revenues, Expenses, and Changes in Net Position since July 1, 2012.

The Authority adheres to accounting principles issued by the Governmental Accounting Standards Board (GASB).

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Revenue Recognition

The Authority recognizes toll revenue at the time the toll lane is used, net of funds for invalid or stolen tags, equipment malfunctions, and violations dismissed in court.

Net Position

Net position is reported in the following categories:

- Net Investment in capital assets – This category includes all capital assets offset by accumulated depreciation. The Authority has no capital related debt.
- Unrestricted – This category represents net position of the Authority that is not restricted for any project or other purpose.

State law requires net toll revenues to be used only for construction of high-occupancy vehicle facilities and the improvement of transit services within the corridor from which the revenue was generated. The Board has designated \$1,500,000 of net position for ongoing maintenance cost such as the replacement of toll equipment (including hardware and software) and roadway rehabilitation. In addition, the Board has designated another \$1,500,000 of net position as an operational risk reserve designed to ensure the financial stability of the agency. The Board has set a target of \$20 million to be accumulated in this operational risk reserve, depending on available net operating surplus, which would be eligible to be spent on a catastrophic type failure, such as an overall failure of toll system equipment.

Cash Equivalent

The Authority considers all highly liquid investments to be cash equivalents. As such, the Authority's investment in LAIF is considered to be cash equivalents because withdrawals from the LAIF pool is available on the amortized cost basis which is substantially the same as the fair value reported in the financial statements.

Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and related disclosures. Accordingly, actual results may differ from those estimates.

NOTE 4 – CASH AND INVESTMENTS

The Authority had \$2,497,917 cash in the bank and \$2,220,428 invested with the Local Agency Investment Fund (LAIF) for total cash and investments of \$4,718,345 as of June 30, 2018. The Authority's investment policy follows the investment policy of its managing agency, Alameda CTC.

Cash held in banks is entirely collateralized by the bank holding the deposit. California laws requires banks and savings and loan institutions to pledge government securities with a market value of 110 percent of the deposit or first trust deed mortgage notes with a value of 150 percent of the deposit as collateral for all municipal deposits (pool). This collateral remains with the institution, but is considered to be held in the pool's name and places the Authority, which is a participant in the pool, ahead of general creditors of the institution.

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

LAIF is a State of California external investment pool which is regulated by California Government Code §16429 under the oversight of the Treasurer of the State of California. The pool is not registered with the Securities and Exchange Commission. The fair value of the Authority's investments in the pool is reported in the accompanying financial statement at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by LAIF, which is recorded on the amortized cost basis. LAIF transactions (combination of deposits and withdrawals) are restricted to 15 transactions per month with a minimum transaction amount of \$5,000 and increments of a thousand dollars thereafter. LAIF is not rated.

Custodial credit risk is the risk that in the event a financial institution or counterparty fails, the Authority would not be able to recover the value of its deposits and investments. At June 30, 2018, the Federal Depository Insurance Corporation insured the Authority's cash deposits up to \$250,000 and the financial institution's trust department collateralized the remainder in the Authority's name.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Authority would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investments are not exposed to custodial credit risk.

Fair Value Measurements – The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments in the LAIF are uncategorized because deposits to and from the pools are made on the basis of \$1 and not at fair value.

NOTE 5 – CAPITAL ASSETS

Equipment costing \$5,000 or more and having a useful life of more than one year is reported in the Statement of Net Position at historical cost. Capital assets are depreciated using the straight-line method over estimated useful lives of five to twenty years.

Capital asset balances at June 30, 2018, and activity for the year then ended, are as follows:

	June 30, 2017	Additions	Deletions	June 30, 2018
Toll revenue equipment	\$ 3,111,440	\$ 84,487	\$ (487,259)	\$ 2,708,668
Accumulated depreciation	(1,526,306)	(168,021)	452,499	(1,241,828)
Net book value	<u>\$ 1,585,134</u>	<u>\$ (83,534)</u>	<u>\$ (34,760)</u>	<u>\$ 1,466,840</u>

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 6 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The following is a list of insurance covering operations:

Type of coverage	Deductible	Limits
General Liability	\$ 5,000	\$ 10,000,000 per occurrence
Employee and Public Officials Errors & Omissions	5,000	10,000,000 per occurrence
Public Officials Personal Liability	500	500,000 per occurrence
Employment Practices Liability	5,000	10,000,000 per occurrence
Employment Benefits Liability	5,000	10,000,000 per occurrence
Employee and Public Officials Dishonesty	-	1,000,000 per occurrence
Auto Liability	5,000	10,000,000 per occurrence
Uninsured/Underinsured Motorists	-	1,000,000 per occurrence
Property	5,000	1,000,000,000 per occurrence
Boiler and Machinery	5,000	100,000,000 per occurrence
Excess Liability	-	5,000,000 per occurrence/other aggregate

No claims exceeded coverage limits over the past three years.