I-680 Express Lane Authority
2010-2011 Fiscal Year Report

ALAMEDA
County Transportation Commission

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A Message from the Chair

I am proud to present the I-680 Express Lane Authority's Fiscal Year 2010-2011 Operational Summary, reviewing the introduction of Express Lanes in Northern California. The I-680 Express Lane is providing commuters a reliable trip over the Sunol Grade and ushering in a new choice for Bay Area drivers.

The 14-mile-long southbound I-680 Express Lane successfully opened on September 20, 2010. During the first fiscal year, which was 41 weeks long (through June 30, 2011), more than 75,000 separate drivers chose to pay a toll electronically to use the lane. Revenue was $628,960, meeting the first year projections. The total number of trips was 257,815.

Most important, the lane is helping to manage congestion. Speed in the Express Lane averaged more than 65 mph during the morning commute, and the average speed in the general purpose lanes during peak period was 55 mph, as hundreds of drivers switched to the Express Lane each hour instead of remaining in the other lanes.

Commuters on the I-680 Corridor have embraced the concept of "dynamic pricing", which means tolls increase when congestion is heavier and decrease when traffic is lighter. Tolls on the I-680 Express Lane have ranged from $0.30 during off-peak hours to a high of $7.50 during the most congested commute days, with an average rush hour toll of $3.00.

As Chair of the I-680 Express Lane Authority, I want to thank everyone who brought this project to life and has seen it through its first fiscal year. The Authority is looking ahead to continued success going forward.

Sincerely,

Scott Haggerty
Chair
I-680 Express Lane Authority

Express Lane Basics

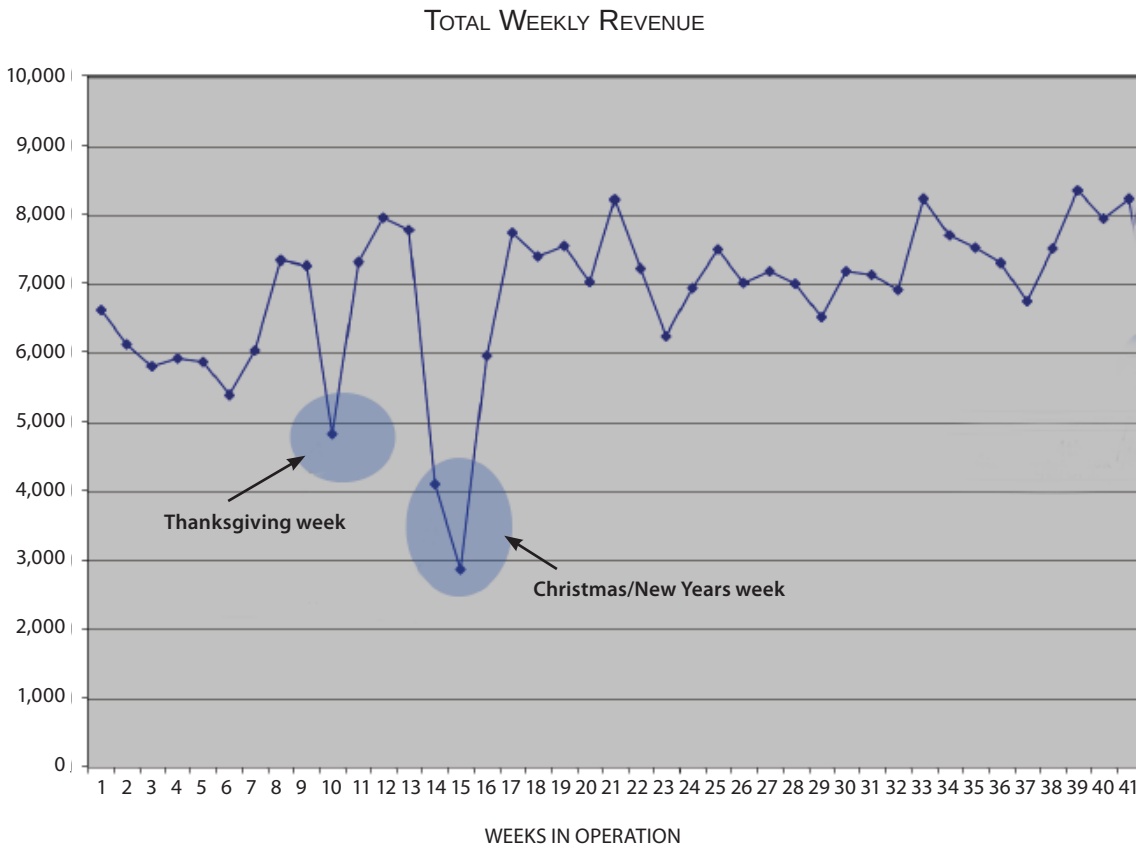
The I-680 Express Lane opened on September 20, 2010, as Northern California's first high occupancy toll (HOT) facility, and as one of the first in the nation to deploy a full dynamic pricing algorithm. The new Express Lane is located on a 14-mile stretch of southbound Interstate 680 from Highway 84 south of Pleasanton to Highway 237 in Milpitas; a major commute artery for Silicon Valley commuters. A high occupancy vehicle (HOV) lane conversion project, the I-680 Express Lane is the start of a 400-mile network of Express Lanes planned for the San Francisco Bay Area in coming years.

The I-680 Express Lane operates 15 hours a day, Mondays to Fridays from 5 a.m. to 8 p.m. The lane is "open to all" at night and on weekends. There are three entry points and three exit points. Designed to deliver a reliable trip for all commuters who choose to use it, the I-680 Express Lane allows solo drivers to use available capacity in the HOV lane. This effectively reduces congestion on the general purpose lanes of the corridor as hundreds of solo drivers elect to use the Express Lane each hour during the morning commute.

Developed through a partnership of the Alameda County Transportation Commission (ACTC), the Santa Clara Valley Transportation Authority, and the California Department of Transportation (Caltrans), the I-680 Express Lane is the first of two Alameda County corridors authorized by California legislation AB 2032, signed into law in 2004. The complex project was designed to manage growing traffic congestion on I-680 and to provide people with a new commute choice. It was funded with State, Federal, and local funds, and is governed by an independent joint powers authority, the I-680 Express Lane Authority. Information about the project is available on the project website, www.680expresslane.org.

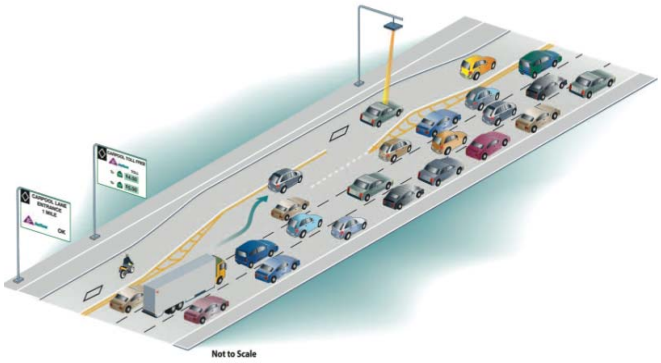
In the I-680 Express Lane's first year of operation, several trends emerged:

- 57% of users enter at the beginning of the lane and 53% of users stay in the lane until it ends.
- 74% of users enter the lane between 6 and 9 a.m. They provide 92% of the toll revenue.
- Friday usage is 30% lower than the average usage Monday-Thursday.
- Usage is closely tied to work and school schedules, with weekly trips dropping dramatically during Thanksgiving, Christmas, Presidents Day holidays.
- Usage dropped 15% on November 3, 2010, the day of the Giants World Series victory parade.



How It Works

The I-680 Express Lane operates Mondays to Fridays from 5 a.m. to 8 p.m. Solo drivers who want to use the I-680 Express Lane need a FasTrak toll tag mounted on their windshield. Each time drivers choose to use the Express Lane, the toll amount is deducted from their FasTrak account balance. The operation is fully electronic, with no tollbooths or tollgates, so customers do not need to slow down or stop to pay.



Toll costs vary based on real-time traffic levels on the Express Lane to ensure that traffic in the lane flows smoothly. Half a mile before each entry point, an overhead electronic sign displays the current toll being assessed. Motorists decide on-the-spot if they wish to pay the current toll to use the Express Lane on a particular trip. Motorists always pay the amount that was displayed at their entry point, even if toll rates change while they are in the Express Lane. Carpools, motorcycles, transit vehicles and permitted low-emission vehicles can use the lane for free. Carpoolers must remove their FasTrak toll tag from the windshield and place it in a Mylar bag provided by FasTrak customer service center to avoid being charged a toll on a carpool trip, then return it to windshield for other trips. California Highway Patrol officers provide enforcement using visual and electronic means.

The previously existing HOV lane of southbound I-680 was separated from general purpose lanes by standard dashed striping, allowing access by carpoolers at any point along the corridor. Now, as an Express Lane, access is limited to three designated entry and three exit points; elsewhere the lane is separated from general purpose lanes by double solid lines in a 2-foot-wide buffer.

How We Got Here

History of the Corridor

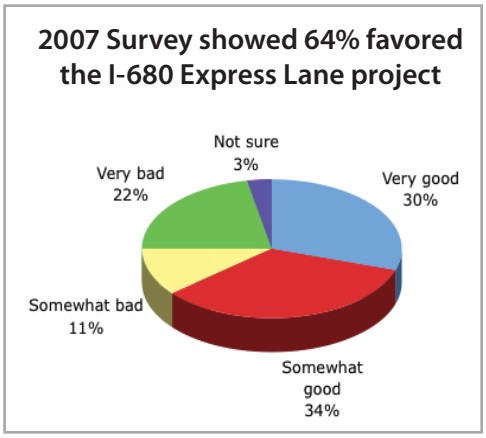
The location of the Bay Area's first Express Lane started as path over the Sunol Grade. Even as cars and trucks began using it, the road remained unpaved until it was added to the state highway system in 1933 as Route 108. When urban routes were included in the 1955 Interstate Highway System, Interstate 680 was part of a loop designed to go around the San Francisco Bay. The first portion of I-680 was built in Walnut Creek in 1960; the I-680 freeway opened between Sunol and Milpitas in 1970 and 1971.

In 2000, jobs were increasing rapidly in Silicon Valley and homebuilding was increasing rapidly in Pleasanton, Livermore and the Central Valley. The morning commute on I-680 over the Sunol Grade was among the worst in the Northern California. Transportation planners for Alameda County and the Bay Area took steps to relieve this congestion. A corridor wide series of improvements were identified and funded and then implemented in phases to expedite the delivery of congestion relief to the public. First, an auxiliary lane was constructed between Automall Parkway and Mission Blvd, one of the most congested areas in the corridor. Concurrent with this activity, design was underway for the freeway widening that would allow the construction of a carpool lane between Route 84 and Route 237. All the while, the ultimate project – full widening of shoulders and structures to allow for construction of the Express Lane – was proceeding through the planning and design phase. This phased approach to the corridor improvements providing early delivery of congestion relief to the corridor that had achieved the rank of the worst commute in the Bay Area.

HOV to HOT Conversion

In 2004, after the successful implementation of Express Lanes in Southern California, the State Legislature passed legislation authorizing two pilot Express Lanes in Northern California, starting with I-680. A joint powers authority was established to implement the new Express Lane, with the Alameda County Congestion Management Agency managing the project. Traffic studies indicated the need for the lane

to relieve future congestion in the Corridor.



In 2005, the project was introduced to the public at a public meeting in Fremont that drew wide media coverage and interest. The project received environmental clearance and design work was begun. In 2007, a public opinion survey found 62 percent of drivers favored the project.

Construction began in 2008. The roadway was widened to accommodate a new 2-foot-wide buffer separating the lane from the general purpose lanes, as well as new 1,800-foot-long merge lanes at each entry and exit point. Electronic toll collection equipment was installed, the entire roadway was repaved, and soundwalls were added. The entire project cost, beginning with the HOV and auxiliary lanes, cost $195 million, including $28 million for the Express Lane itself. Express Lane construction took just under two years, and the Express Lane opened on September 20, 2010.

Pre-Opening Outreach

Express Lanes were a brand new concept in the Bay Area when the I-680 facility opened. A full public education, outreach and information program was launched to introduce Express Lanes and encourage I-680 drivers to sign up for FasTrak so they could use the lane. The team conducted a program of market research, including focus groups, executive interviews and a marketing survey, and used the results to develop an integrated community-based marketing plan.

The plan included grassroots public outreach and marketing, a Speakers Bureau, employer outreach, sponsorships and staffing a booth at community events for one-on-one interaction. The booth was at the Alameda County Fair, local city fairs, farmers markets and other events. The program also includes visits to major employers in the Silicon Valley to encourage FasTrak account sign-ups, lunchroom posters, promotional item giveaways and participation in employee events.

The overall plan included the development and management of an integrated program of Web, video and animations, social media, point-of-sale promotional materials and an integrated advertising campaign. Advertising consisted of print, radio, online banners, social and media ads and included a car wrapped with FasTrak and Express Lane branding that was used in a promotional contest. The www.680expresslanes.com website provides information and media updates on the Express Lanes as well as videos, maps, an event calendar and links to related websites. The Alameda County Express Lanes Facebook page providing information and resources to more than 700 "fans" of the page. The bulk of the program was implemented beginning 2–3 months prior to opening, focusing on the geographic area of the I-680 Express Lane and surrounding suburbs.

A limited time promotional offer of $10 in Free Toll Credits for early FasTrak acquisition was developed and advertised. Through October 31, more than 1,700 customers received toll credits totaling more than $9,000 as they tried the new lane. Another promotion featured a custom car wrap on a car that was frequently driven throughout the project area. A contest was held to "Spot-the-Car" which encouraged people to go to the I-680 Express Lane website and enter to win a cash prize. The contest was promoted on the website and the Facebook page and the winner attended the grand kickoff event ceremony.

An extensive media relations program aligned with the marketing campaign in raising awareness and educating audiences about the Express Lanes and FasTrak. The program includes specially designed media events, tours and briefings for reporters to provide timely information to mainstream media, electronic bloggers and media and community-level information resources. A week before opening, a media briefing and project tour was held featuring Express Lane Joint Power Authority board members, the California Highway Patrol, and ACCMA staff. The purpose of the briefing was to give reporters and news crews a firsthand look at how the new Express lane would operate and be enforced, and to describe how limited access striping would begin. The event received extensive coverage on Bay Area evening television news and newspapers.

Opening Day Activities

A grand opening kickoff event was held on September

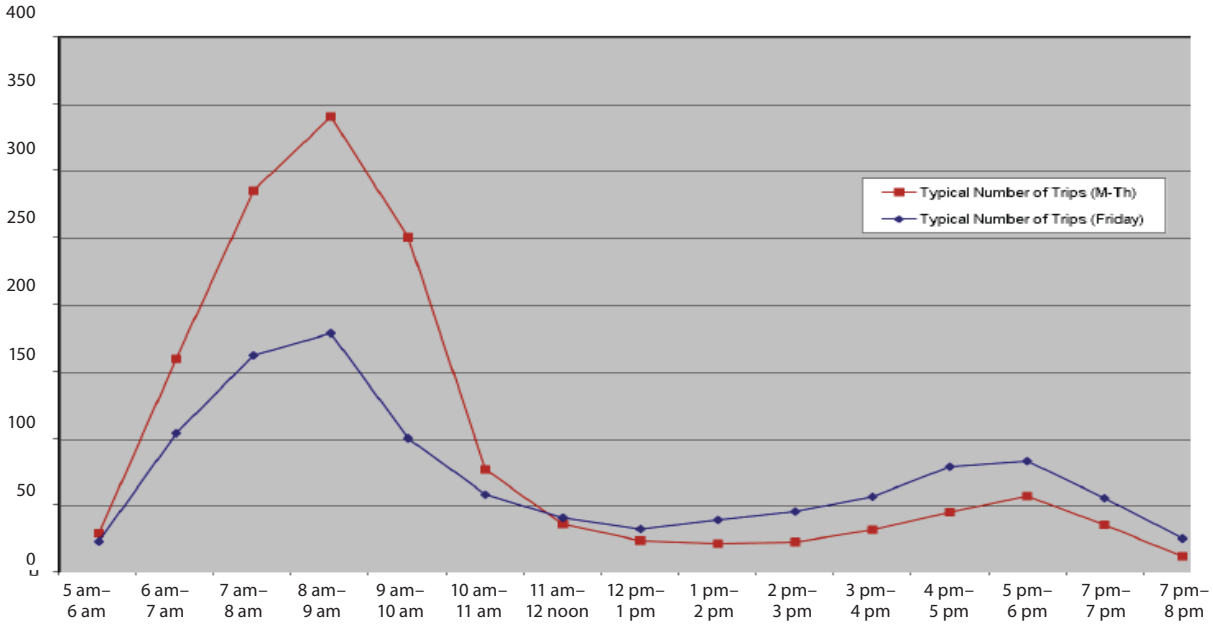
16, with Alameda County Supervisor Scott Haggerty serving as the moderator for the event. State, federal and local government officials, along with CHP, Caltrans and ACCMA staff participated in the event, which was attended by 75 guests.

Electronic Toll Operations

While dynamically-priced HOT lane projects are new to the Bay Area, dynamic pricing has been used successfully in various places across the country, including San Diego, Seattle, Minneapolis, Miami, Denver and Dallas. More new HOT lane facilities with dynamic pricing are planned or under construction across the United States.

The I-680 Express Lane's toll operations are fully electronic and compliant with the Caltrans Title 21 standard for high speed, open lane electronic toll collection and traffic management applications. There are no tollbooths or traffic gates, enabling customers to use the facilities non-stop and at highway speeds. A half-mile before each designated entry point along the corridor, an overhead electronic sign displays the current toll being assessed. With this information, motorists can make an immediate decision whether or not to use the Express Lane for that particular trip. The toll the motorists see posted when they enter the lane is the toll that is assessed for the trip.

Typical Number of Trips



The tolling algorithm used on I-680 was developed to maintain the speed of traffic in the Express Lane at 45 mph or higher while adjusting the toll to account for the value of travel time saved. The I-680 Express Lane utilizes a dynamic pricing model that evaluates the speed and volume in both the general purpose lanes and the Express Lane. The system calculates the recommended toll every three minutes based on the current traffic patterns and using specific weighting parameters set by the JPA staff.

Solo drivers place a great value on obtaining a reliable trip through this congested corridor, so the toll rate varies based on real-time traffic levels, ensuring a smooth flow of traffic. Using speed differentials measured for the pricing algorithm, the system allows the toll to change as often as every three minutes, depending on changing levels of congestion. During peak periods, when there is more traffic on the Express Lane, the toll is higher. During off-peak periods, when fewer vehicles are using the lane, the toll is lower.

Speed differentials are detected using a wireless vehicle detection system in the Express Lane and a remote traffic microwave detection system implemented on the general purpose lanes. Loops are used in the tolling points for vehicle detection and for framing the toll transaction. All of the information is collected by readers installed on the side of the road and then transmitted to a central processing center. The center uses the algorithm to aggregate the information to determine how much space is available to "sell" and how attractive it is to purchase. If the speed differences between the Express Lane and the general purpose lane are great – more than 10 miles per hour difference – the Express Lane is providing a greater advantage and the toll price is set higher.

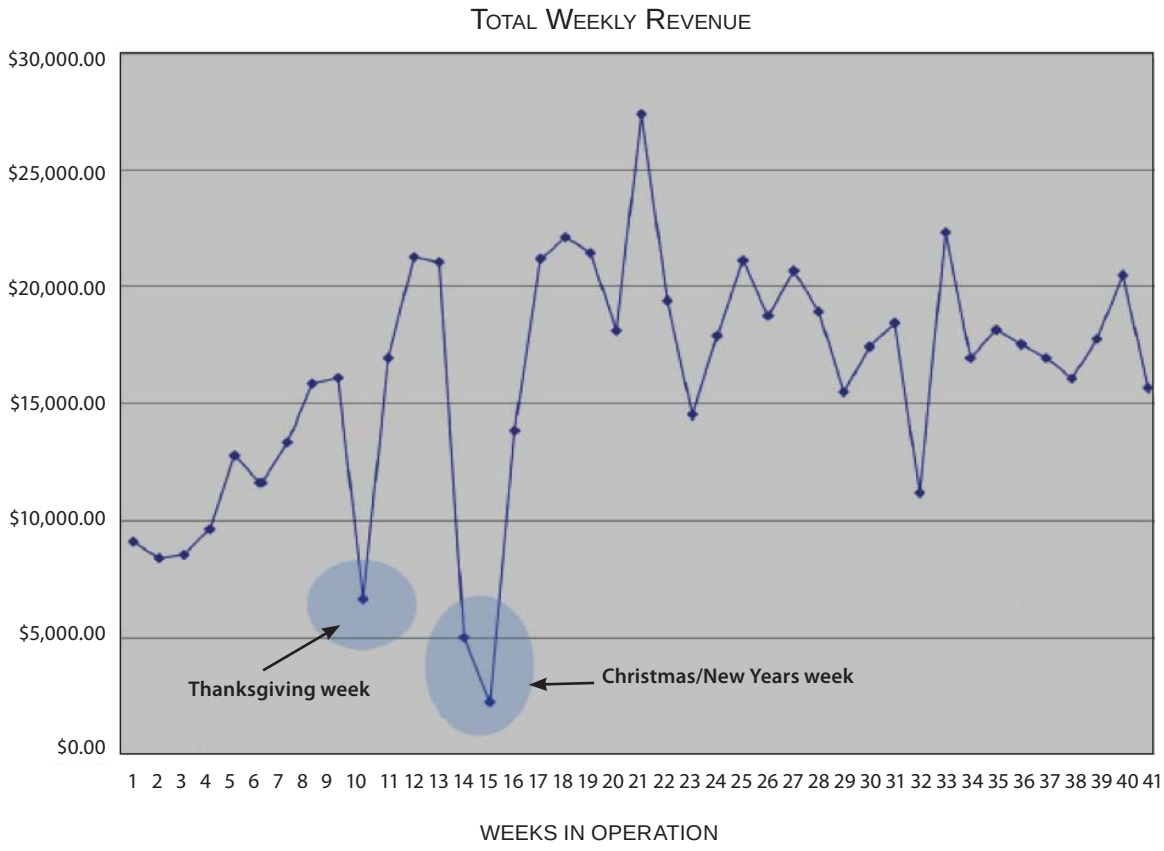
Tolls range from a $1 minimum during peak time to a high so far of $7.50, with an average peak time toll of $3.00. During non-peak hours, the minimum toll is 30 cents – enough to cover the overhead charge of the FasTrak transaction. The average non-peak toll is 50 cents. These parameters, along with other dynamic pricing elements, such as how often to change the pricing, are easily configured by the Express Lane Authority as legislation and business rules dictate.

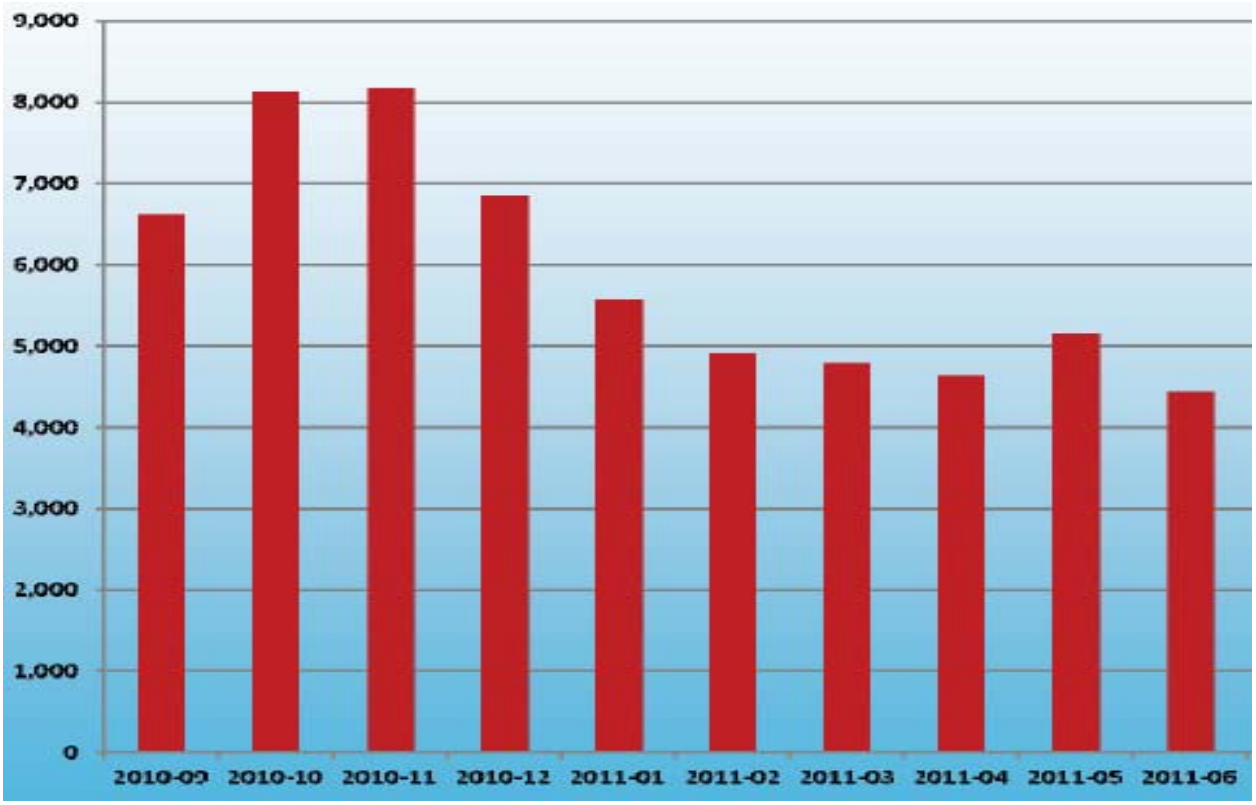
Usage and Revenue

Along with increasing corridor efficiency on I-680 and providing a more reliable commute, the Express Lane project encourages the use of buses and carpools and creates an alternate mechanism for financing transportation projects per AB 2032. During the first fiscal year (through June 30, 2011), which was 41 weeks long, revenue was $628,960, meeting the first year revenue projections. The total number of trips was 257,815. More than 75,000 separate drivers chose to pay a toll electronically to use the lane. The lane averaged 7,500 tolls with revenue of $18,000 to $20,000 per week. The lane reached a one-day high of 2,324 users on February 8.

Toll revenues are used first to pay for operating and maintaining the I-680 Express Lane, then for transit service on the I-680 corridor and to support other improvements in the I-680 corridor, including a future Express Lane project on the northbound I-680, which does not have an HOV lane.

At the start of operations, the I-680 Express Lane was not universally embraced. Seeing new striping, new signs, and final construction activities, drivers tended to slow down as they approached the first entrance to the Express Lane during the first week – creating a lengthy backup north of the facility and leading to complaints about the project. However, as drivers got used to the new lane, traffic speeds north of the facility were back to normal by the second





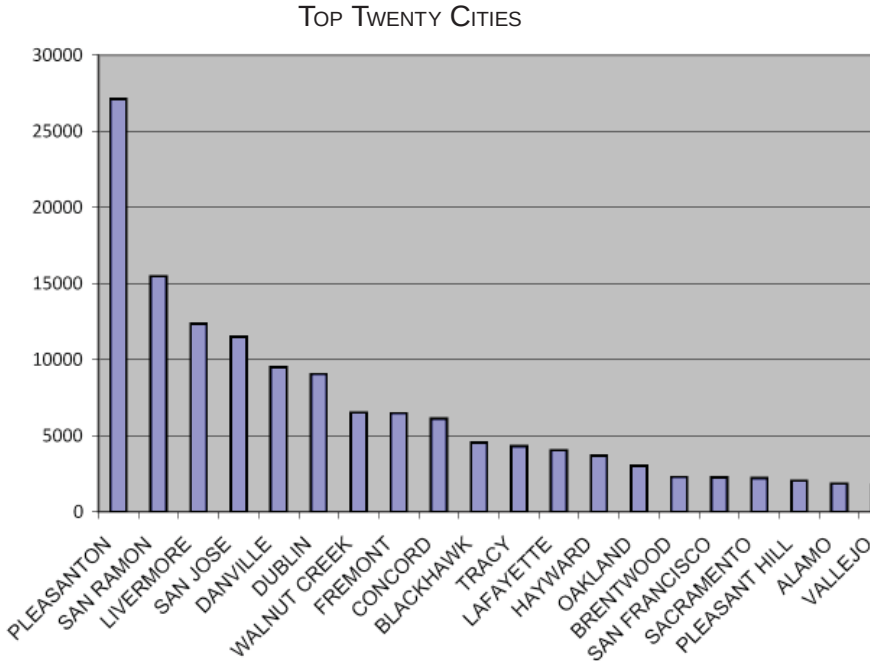
First Time Users By Month

week of operation. All comments (received through the project website, through Caltrans, or through other avenues) received a direct response within 24 hours. After the first two months, the number of comments had dropped from a high of several per hour to a few each week.

In the first months there were complaints from drivers who were charged a toll while in the adjacent lane. This issue was resolved with adjustments to the electronic readers. The most frequent comment since then was from drivers who sometimes carpool and sometimes drive alone. Some drivers did not understand that they need to place their FasTrak toll tag in its Mylar bag when they are carpooling to avoid being a toll on that trip, then return the toll tag to the windshield for the next trip. Approximately once per month, drivers utilized the "Dispute Resolution" process to receive a refund of a toll that was charged inappropriately.

Who Uses It

The vast majority of Express Lane users are from Alameda and Contra Costa Counties, particularly Pleasanton and Livermore. The breakdown is 35 percent from Contra Costa County, 33 percent from Alameda County, 9 percent from Santa Clara County, and 23 percent from all other counties combined. By city, here are the top users:



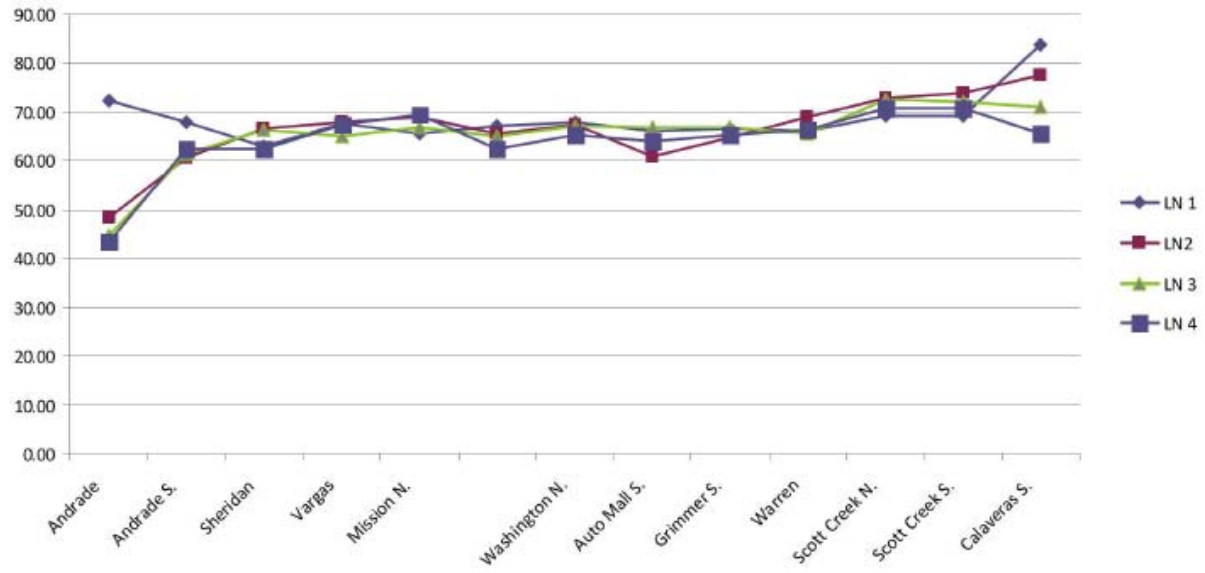
Speeds And Travel Times

The average speed through the corridor during the peak time commute since the I-680 Express Lane opened is 58 mph in the general purpose lanes, compared to 57 mph before the lane opened. In the Express Lane, the average speed is 65 mph, thereby delivering the promised value to carpoolers and toll-payers in the Express Lane.

Yet on I-680, a simple "average speed" can be deceptive – congestion on southbound I-680 tends to be concentrated on the three-mile uphill grade at the north end of the corridor rather than spread evenly along the corridor. Typically, a driver in the general purpose lanes who averages 57 mph for the entire 14 miles slows to 35 mph for three congested miles up the hill, and then speeds pick up for the next 11 miles. Here especially, drivers place a greater value on the reliable trip offered by the Express Lane through this congested segment. This is reflected in the usage patterns for the facility as 57 percent of the trips are initiated at the Andrade Road toll zone at the north end of the facility; 35 percent pay the toll for the entire 14 miles.

As the chart above shows, speeds in Lane 1 (the Express Lane) are more than 20 mph faster than the general purpose lanes going up the Sunol Grade, then are similar for most of the rest of the Express Lane.

Typical Morning Speed Profile



Enforcement

The California Highway Patrol provides enforcement on the I-680 Express Lane via electronic and visual means, employing both the normal patrols provided on other Bay Area freeways as well as extra officers on contract for additional enforcement.

There are five locations along the corridor where toll tags are read. As each vehicle in the lane goes by, its status is communicated to the observing CHP officer as either an illuminated green light (a positive tag read) or an illuminated amber light (indicating that a valid tag was not read).

A solo driver in the Express Lane without a valid FasTrak toll tag is in violation of state carpool lane law and subject to a fine of $340. It is also a violation for any driver to cross the double white solid lines separating the Express Lane from other lanes. California Highway Patrol officers patrol the lane and rely primarily on visual monitoring of occupancy to catch violators. Visual detection is not without its challenges. Some of the complications for CHP officers include vehicles with tinted windows, or sport utility vehicles and other elevated vehicles that make seeing into the a back seat difficult.

Governance

The I-680 Express Lane Authority is an independent joint powers agency created to operate the I-680 Express Lane. Its Board of Directors consists of five elected officials from the facility's areas: one each from Alameda and Santa Clara Counties, and one each from the cities of Milpitas, Fremont and Pleasanton. The Board meets monthly, and meetings are open to the public. The Alameda County Transportation Commission, Caltrans and the California Highway Patrol provide services to the Authority contractually. The Authority maintains a public website at www.680expresslane.org.

Audited Financials - Appendix A

SUNOL SMART CARPOOL LANE
JOINT POWERS AUTHORITY
Basic Financial Statements,
Independent Auditors' Report and
Management's Discussion and Analysis

For the Period September 20, 2010 through June 30, 2011

Kevin W. Harper CPA & Associates

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY
Basic Financial Statements, Independent Auditors' Report and
Management's Discussion and Analysis

For The Period September 20, 2010 Through June 30, 2011

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Kevin W. Harper CPA & Associates

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Sunol Smart Carpool Lane Joint Powers Authority:

We have audited the accompanying basic financial statements of the Sunol Smart Carpool Lane Joint Powers Authority ("Authority") as of June 30, 2011 and for the period September 20, 2010 (inception of operations) through June 30, 2011, listed in the foregoing table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2011, and the changes in its financial position and its cash flows for the period September 20, 2010 through June 30, 2011 in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 4 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Kevin W. Harper CPA & Associates

November 9, 2011

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SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY
Management's Discussion and Analysis
For the Period September 20, 2010 through June 30, 2011

Management has prepared the following discussion and analysis of the Sunol Smart Carpool Lane Joint Powers Authority ("Authority") financial performance which provides an overview of its financial activities for the period September 20, 2010 through June 30, 2011. Management encourages readers to consider the information presented here in conjunction with the accompanying financial statements and related notes.

Financial Highlights

- Total net assets increased by $3,474,676 as of June 30, 2011 compared to September 20, 2010. Capital assets comprised $2,846,109 or 82% of the total net assets at June 30, 2011.

- Toll revenue was $628,961 during fiscal year 2011.

- The Authority's total operating expenses were $238,999 during fiscal year 2011, mostly comprised of $238,605 of depreciation expense on capital assets.

- Toll revenue equipment totaling $3,084,714 was contributed by the Authority's managing agency, the Alameda County Congestion Management Agency ("ACCMA"), during fiscal year 2011.

Overview of the Basic Financial Statements

The basic financial statements of the Authority are presented as an 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- and short-term financial information and information about cash flows. The Authority's financial statements are presented as follows:

- Statement of net assets;
- Statement of revenues, expenses and changes in net assets;
- Statement of cash flows; and
- Notes to the financial statements.

Financial Analysis

The following table presents the Authority's net assets as of June 30, 2011:

Current Assets	$ 628,567
Capital Assets, Net	2,846,109
Total Assets	3,474,676
Total Liabilities	-
Net Assets	$3,474,676

The following table presents the Authority's change in net assets for the period ended June 30, 2011:

Operating Revenue	$ 628,961
Operating Expenses	238,999
Operating Income	389,962
Capital Contribution	3,084,714
Increase in Net Assets	3,474,676
Net Assets, September 20, 2010	-
Net Assets, June 30, 2011	$3,474,676

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. Toll lane usage increased from 23,999 trips in October, 2010 to 34,447 trips in June, 2011.

Cash increased by $521,859. Toll revenue for the period in the amount of $628,961 was offset by receivables in the amount of $27,824, $78,884 for the executive director's salary and $394 of miscellaneous expenses. The executive director's salary was initially paid by the Authority but is to be reimbursed by the ACCMA. All other Authority expenses were paid directly by the ACCMA.

Receivables increased by $106,708 due to toll revenues not yet collected from the Bay Area Toll Authority in the amount of $27,824 and $78,884 due from the ACCMA for reimbursement of the executive director salary.

Equipment increased by $3,084,714 due to the ACCMA's contribution of toll equipment to the Authority, which had been purchased by the ACCMA with grant funds for the toll lane operations.

Capital Assets

The following table presents the Authority's capital asset activity from September 20, 2010 to June 30, 2011.

	Balance 9/20/2010	*Additions*	*Balance 6/30/2011*
Toll Revenue Equipment	$ -	$ 3,084,714	$ 3,084,714
Accumulated Depreciation	-	238,605	238,605
Net Book Value	$ -	$ 2,846,109	$ 2,846,109

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Alameda County Congestion Management Agency, 1333 Broadway, Suite 220, Oakland, California 94612.

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS		
Current Assets:		
Cash	$	521,859
Accounts Receivable:		
Bay Area Toll Authority		27,824
Alameda County Congestion Management Agency		78,884
Total Current Assets		628,567
Capital Assets, Net of Accumulated Depreciation		2,846,109
Total Assets		3,474,676
NET ASSETS		
Invested in Capital Assets		2,846,109
Unrestricted		628,567
Total Net Assets	$	3,474,676

The accompanying notes are an integral part of the basic financial statements.

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD SEPTEMBER 20, 2010 THROUGH JUNE 30, 2011

OPERATING REVENUE	
Toll Charges	$ 628,961
OPERATING EXPENSES	
Depreciation	238,605
Bank Charges	214
Office Supplies	180
Total Operating Expenses	238,999
Operating Income	389,962
CAPITAL CONTRIBUTION	3,084,714
Change in Net Assets	3,474,676
NET ASSETS, September 20, 2010	-
NET ASSETS, June 30, 2011	$ 3,474,676

The accompanying notes are an integral part of the basic financial statements.

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE PERIOD SEPTEMBER 20, 2010 THROUGH JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Toll Charges	$ 601,137
Payments to Executive Director for Services	(78,884)
Payments for Administrative Fees	(394)
Net Increase in Cash	521,859
CASH, September 20, 2010	-
CASH, June 30, 2011	$ 521,859
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITY	
Equipment contributed by the Alameda County Congestion Management Agency	$ 3,084,714

The accompanying notes are an integral part of the basic financial statements.

SUNOL SMART CARPOOL LANE JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Period September 20, 2010 through June 30, 2011

NOTE 1- REPORTING ENTITY

The Sunol Smart Carpool Lane Joint Powers Authority ("Authority") is a joint powers authority, organized in February 2006 pursuant to a Joint Exercise of Powers Resolution ("Resolution") among the Alameda County Congestion Management Agency ("ACCMA"), Alameda County Transportation Improvement Authority ("ACTIA") and the Santa Clara Valley Transportation Authority ("SCVTA"). The Resolution was entered into pursuant to the Government Code of the State of California, commencing with Section 6500. The Authority was formed to plan, design and construct and then administer the operation of a value pricing high-occupancy vehicle program on the Sunol Grade segment of southbound Interstate-680 in Alameda and Santa Clara Counties ("Project"). The Authority began operations of the Project on September 20, 2010.

The Authority's board consists of two representatives from the ACCMA, two representatives from the ACTIA and two representatives from the SCVTA.

NOTE 2 – MANAGING AGENCY

The ACCMA is the managing agency for the Project. Its role is to manage the day to day operations of the Project on behalf of the Authority. The ACCMA provided the Authority, at no cost, with all administrative support since its inception in 2006, including office space, staff time, accounting and insurance. During the period from September 20, 2010 through June 30, 2011, the ACCMA incurred administrative and operating expenses on behalf of the Authority as follows:

California Highway Patrol enforcement	$169,487
Executive director compensation	149,012
Bay Area Toll Authority transaction fees	121,395
ACCMA staff time charges	115,528
Legal fees	49,942
Insurance	28,414
Utilities	19,597
Other	17,074
Total	$670,449

These costs were not paid by the Authority and are not shown in the accompanying financial statements.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

All activities of the Authority are reported using the accrual basis of accounting, the economic resources measurement focus and 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 the operations are included on the statement of net assets. With this basis of accounting, 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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private sector guidance.

Revenue Recognition

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

Net Assets

Net assets are reported in the following categories:

- Invested in capital assets – This category includes all capital assets reduced by accumulated depreciation. The Authority has no capital-related debt.

- Unrestricted net assets – This category represents net assets of the Authority that are not restricted for any project or other purpose.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

State law requires all toll revenues to be used only for programs and projects that benefit the owners of the vehicles paying the tolls. The Board has designated $150,000 of net assets for replacement of toll equipment (including hardware and software) and $100,000 for roadway rehabilitation.

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

The Authority had $521,859 cash in the bank at June 30, 2011. The Authority has not adopted an investment policy. It follows the investment policy of its managing agency.

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% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral remains with the institution, but is considered to be held in the Authority's name and places the Authority ahead of general creditors of the institution.

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, 2011, the Authority's cash deposits were insured up to $250,000 by the Federal Depository Insurance Corporation and the remainder was collateralized by the financial institution's trust department in the Authority's name.

NOTE 5 – CAPITAL ASSETS

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

NOTE 5 – CAPITAL ASSETS (Continued)

Capital asset balances at June 30, 2011, and activity during the period September 20, 2010 through June 30, 2011 were as follows:

	Balance 9/20/2010	*Additions*	*Balance 6/30/2011*
Toll Revenue Equipment	$ -	$3,084,714	$3,084,714
Accumulated Depreciation	-	(238,605)	(238,605)
Net Book Value	$ -	$2,846,109	$2,846,109

Toll equipment additions of $3,084,714 during the year were contributed by the ACCMA. This equipment was previously purchased by the ACCMA with grant funding for the toll lane operations.

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 purchased by the ACCMA that covers the Authority's operations:

Type of Coverage	*Deductible/ Self Insured Retention*	*Coverage*
General Liability	$10,000	Up to $2,000,000
Excess Liability	$ -	Up to $1,000,000
Employment Practices	$35,000	Up to $1,000,000
Director & Officers	$25,000	Up to $1,000,000