



Memorandum

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DATE: May 3, 2021

TO: I-680 Sunol Express Lane Joint Powers Authority

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

SUBJECT: Approve the I-680 Sunol Smart Carpool Lane Proposed Budget for FY2021-22

Recommendation

It is recommended that the Authority approve the I-680 Sunol Smart Carpool Lane Proposed budget for FY2021-22.

Summary

The proposed Sunol Smart Carpool Lane FY2021-22 budget reflects an operating deficit due to the closure of the express lane to revenues service for capital project work on both the northbound and southbound lanes.

The proposed budget is summarized in Attachment A of this staff report and contains projected revenues of \$2,715,000, which reflects a projected return to revenue service in the original southbound I-680 Express Lane and the start of new revenue service in the new northbound I-680 Express Lane in the fall timeframe, and an operating expense budget of \$3,786,900 and other expenses budget of \$410,247, which includes special project expenses related to toll revenue forecasting and non-cash depreciation expense. This is an increase of \$2,045,990 in total projected expenses over the current FY2020-21 budget, related to operations cost of the new I-680 Express Lane system.

There are no capital projects planned for the Sunol Smart Carpool Lane during FY2021-22. If capital needs should arise throughout the fiscal year, a revision to the budget will be made identifying both the additional budget amount needed and the funding source(s), during the mid-year budget update process.

The projected net position balance at the end of FY2021-22 is \$3,311,547 comprised of \$1,000,000 reserved for maintenance, \$2,000,000 reserved for operational risk, \$230,722 invested in capital assets, and \$80,825 of unrestricted funds. The reserves for maintenance in

net position has decreased by \$1,500,000 in this proposed budget for FY2021-22 as major maintenance work is not expected to be required on the express lanes during the next few years due to the upgrades included in the capital project work expected to be completed in FY2021-22. The reserves in this budget are in line with best practices and are necessary to ensure sustainability when maintenance is needed on the toll lane and to cover unanticipated expenses and loss of revenues, such as those related to commitments in the operations and maintenance agreement with Caltrans and loss of revenue due to unexpected events, such as the COVID-19 pandemic, catastrophic failure of the toll lane systems, or a natural disaster, which are not covered by insurance.

Background

Since inception in 2010, FY2019-20 was the fourth fiscal year in which the Sunol Smart Carpool Lane JPA was successful in adopting a budget that allowed for all expenses to be paid with current year toll revenues. However, the practice did not continue for FY2020-21 nor the proposed budget for FY2021-22 due to the pandemic and the closure of revenues operations related to capital project work. It will be important to continue to set aside funds for maintenance and operational risk in future years, whenever possible, in order for the Sunol Smart Carpool Lane to remain sustainable.

Fiscal Impact: The fiscal impact of approving the FY2021-22 proposed budget will be to provide resources of \$2,715,000 and authorize expenses of \$4,197,147 reflecting a decrease of \$1,482,147 in net position for a projected ending net position balance of \$3,311,547.

Attachment:

- A. I-680 Sunol Smart Carpool Lane Fiscal Year 2021-22 Proposed Budget

I-680 SUNOL SMART CARPOOL LANE JPA
Fiscal Year 2021-22
Proposed Budget

	FY 2020-21 Adopted Budget	FY 2021-22 Proposed Budget
Beginning Net Position	\$ 6,826,638	\$ 4,793,694
 <u>OPERATING REVENUES</u>		
Toll Revenue	85,213	2,500,000
Toll Violation Revenue	-	200,000
Interest Income	33,000	15,000
Total Operating Revenues:	118,213	2,715,000
 <u>OPERATING EXPENSES</u>		
Operations and Maintenance	90,000	900,000
Revenue Collection Fees	200,000	735,000
Alameda CTC Operations and Management	267,000	215,000
System Manager/Operations Support	25,000	100,000
Enforcement	150,000	570,000
Express Lane Monitoring	64,000	105,000
Utilities	50,000	100,000
Alameda CTC Administration	71,000	55,000
IT Support	42,450	106,900
Insurance	100,000	200,000
Public Outreach/Education	25,000	100,000
Legal Fees	50,000	25,000
Roadway Maintenance	40,000	50,000
Miscellaneous	25,000	25,000
Contingency	100,000	500,000
Total Operating Expenses:	1,299,450	3,786,900
Operating Surplus/(Deficit)	(1,181,237)	(1,071,900)
 <u>OTHER EXPENSES</u>		
Special Proj - Toll Rev Forecasting Salaries & Benefits	5,200	8,000
Special Project - Toll Revenue Forecasting	375,000	375,000
Depreciation*	54,377	27,247
Loss on Disposal of Assets*	417,130	-
Total Non-Operating Expenses:	851,707	410,247
PROJECTED ENDING NET POSITION	\$ 4,793,694	\$ 3,311,547
 Net Position		
Maintenance Reserve	2,500,000	1,000,000
Operational Risk Reserve	2,000,000	2,000,000
Invested in Capital Assets	257,969	230,722
Unrestricted	35,725	80,825
Total Net Position	\$ 4,793,694	\$ 3,311,547

* Non-cash expense

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