



STAFF REPORT

TOPIC

Yolo 80 Managed Lanes Update on Traffic & Revenue Study, CARTA Interagency Loans, and Vehicle Miles Traveled (VMT) Mitigation

ITEM NUMBER

6

**Information
Jan 12, 2026
Board of Directors**

PREPARED BY: Brian Abbanat

ATTACHMENTS:

- A. Yolo 80 EIR VMT Mitigation Plan
 - i. Full Project
 - ii. Phase 1 (interior segment currently under construction)
- B. October 2025 CARTA Staff Report on Toll Revenue Waterfall
- C. 10/7/2025 Staff Memo to YoloTD Board Members
- D. Joint Powers Authority Agreement for CARTA
- E. December 2025 CARTA Staff Report on Interagency Loans

STAFF RECOMMENDATION(S)

Receive an informational update on the Yolo 80 Managed Lanes Project with a focus on three areas:

1. Traffic & Revenue Study (T&R) Scenario 3
2. Capital Area Regional Tolling Authority (CARTA) FY 25/26 and 5-year Budget and Interagency Loans
3. Vehicle Miles Traveled (VMT) Mitigation

BACKGROUND

Note: This staff report updates the Board on project activities since the last update in September 2025. Staff reports dating to the project's inception can be found on the YoloTD website:

[YoloTD.org > Planning & Projects > Freeways & Roads](https://www.yolotd.org/Planning-Projects/Freeways-Roads)

Overview

Three interrelated topics are emphasized in this update:

4. Traffic & Revenue Study (T&R) Scenario 3
5. Capital Area Regional Tolling Authority (CARTA) FY 25/26 and 5-year Budget and Interagency Loans
6. Vehicle Miles Traveled (VMT) Mitigation

DISCUSSION

Traffic & Revenue Study Scenario 3

The T&R study is the financial foundation for the Yolo 80 Managed Lanes project. It forecasts revenue based on existing and future traffic volumes, demographics, and operational inputs while ensuring travel time savings and reliability.

In July 2025 YoloTD staff presented the results from the Yolo 80 Managed Lanes Traffic and Revenue Study. That presentation focused on “bookends” of potential revenue with “Low” and “High” Cases based on operational / policy inputs applied elsewhere in the country.

Between July 2025 and today, CARTA tolling policies have become clearer and conversations regarding prioritization of toll revenue for expenses have occurred within the CARTA Board. In October 2025 an important topic – Toll Revenue Waterfall - was discussed among the CARTA Technical Advisory Group (TAG) and CARTA Board. For reference, a revenue waterfall is a critical financial tool for toll agencies, providing a clear and structured view of how toll revenues are allocated across various obligations and priorities. It helps agencies determine where shortfalls may exist, fund operations and maintenance, adhere to debt service requirements, and invest in future infrastructure, all while maintaining compliance with regulatory standards and other requirements. At issue was a draft toll policy prioritizing toll revenue into a Major Maintenance & Repair Fund over a VMT Mitigation Fund. YoloTD staff issued a memo to the YoloTD Board explaining staff’s dissent to the CARTA staff recommendation at the October 7, 2025 TAG meeting.

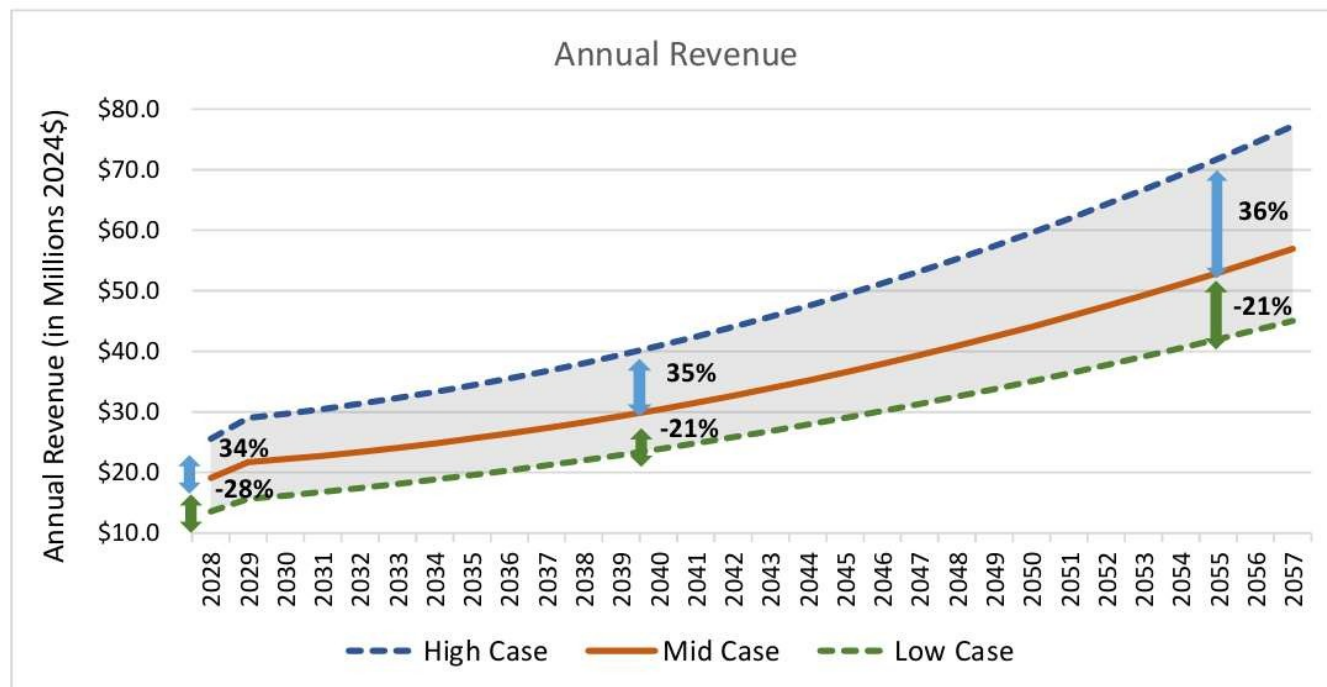
The CARTA Board ultimately postponed action on the Toll Revenue Waterfall because the “Low Case” and “High Case” revenue projections (T&R Scenarios 1 and 2, respectively) did not provide enough certainty about whether sufficient net revenue would be available to support key YoloTD priorities, including VMT Mitigation and Equity Programs. As a result, the Board requested an additional scenario from the T&R model to better inform decision-making based on the actual tolling policies approved in 2025 via the CARTA Toll Policy Register process including. The Board also requested refinement to cost assumptions and analysis of alternative financial futures to understand CARTA expense tradeoffs before

approving a Toll Revenue Waterfall policy. These revenue and cost iterations are necessary and appropriate, as outputs from the initial model helped shape tolling policies, which in turn enable more refined revenue generation estimates.

Toll policy differences between the three scenarios affecting revenue generation are reflected in the table below:

T&R Input	Low Scenario	Medium Scenario	High Scenario
Minimum toll per Trip	\$.50	\$2.00	\$2.00
Occupancy Policy	• SOV No Discount • HOV2 Free • HOV3+ Free	• SOV No Discount • HOV2 No Discount • HOV3+ Free	• SOV No Discount • HOV2 No Discount • HOV3+ No Discount
Lane Separation	Continuous Access	Continuous Access	Physical Separation
Scenario Strategy	Traffic Optimization	Balanced Approach	Revenue Maximization
Toll Avoidance	15%	15%	0%

Recall, the estimated gross tolling revenue in the “Low Case” scenario is \$13.6 million in 2028, increasing annually to \$42 million in 2055. The estimated gross tolling revenue in the “High Case” scenario is \$25.5 million in 2028, increasing annually to \$71.8 million in 2055. Per CARTA Board direction, T&R Scenario 3 (“Medium Case” scenario) was developed, inclusive of the approved tolling policies. This scenario revealed annual revenue starting at approximately \$19.1 million annually in 2028 and growing steadily to \$52.9 million in 2055. The chart below illustrates these scenarios.



The Medium scenario provides insight into whether the CARTA-approved tolling policies will result in revenue closer to the “High” or “Low” scenarios. The results show expected revenue slightly below the average between the two scenarios with a widening gap over time.

This update is limited to the revenue estimates from the third T&R study scenario. The implications of the Medium revenue scenario to CARTA’s long-term financial landscape are beyond YoloTD’s role in this project and will be addressed by CARTA staff at the appropriate time.

Capital Area Regional Tolling Authority (CARTA) FY 25/26 and 5-year Budget and Interagency Loans

The CARTA Joint Powers Authority agreement states the CARTA board will adopt an annual budget for each fiscal year. Because the Yolo 80 Managed Lanes project is not in revenue service until 2028, CARTA also developed a 5-Year Operations Plan (two years into toll revenue service) to demonstrate cost coverage. This analysis is also subject to continuous refinement as more information becomes available. A particularly important input into the CARTA cost model will be the ongoing costs for the Roadside Toll System which will be released for proposals in early calendar year 2026.

CARTA’s initial years have been covered by a SACOG loan which will be repaid with toll revenue. CARTA has approached Yolo county local agencies including the Cities of Davis, West Sacramento, Woodland, and Yolo County to provide loans as bridge funding of up to \$14 million to cover administrative operational expenses until the tolled lanes are in revenue service. All cited local agencies have expressed a willingness to participate and a standard term sheet has been drafted which would apply to all lenders. At the December 17 meeting, the CARTA Board approved the standard term sheet and authorized CARTA staff to negotiate loans with local government agencies to fund CARTA’s pre-toll revenue operating costs (Attachment E).

Vehicle Miles Traveled (VMT) Mitigation

Overview

The Yolo 80 Managed Lanes project was among the first in California subject to SB 743 which requires project-level VMT mitigation for capacity increasing infrastructure projects. Substantial coordination occurred among Caltrans, YoloTD, and other stakeholders to develop a list of VMT-reducing projects in the project’s EIR to be funded by the Yolo 80 Managed Lanes capital project. By definition, a capital project such as Yolo 80 is a single project with a defined cost. As a result, any VMT mitigation funds committed by the Yolo 80 Managed Lanes project will have a limited duration.

CARTA and the JPA Agreement (Attachment D)

The importance of an enduring Yolo 80 Managed Lanes VMT mitigation program has been understood by project partners since the project's inception as a tolled managed lanes project. CARTA's founding document – the Joint Powers Agreement – authorizes CARTA to prepare and adopt and implement an expenditure plan of toll lane revenues within the corridor in which they are collected (Agreement Section 3.2 g-h). Furthermore, the JPA agreement states that the expenditure plan should “give priority consideration to mitigation measures in any environmental impact reports, environmental assessments, mitigation monitoring and reporting plans, or other documents related to the approval of a project containing toll facilities; and consider programmatic mitigation measures in the applicable MTP/SCS and RIP” (Agreement Section 7.6). The JPA Agreement also establishes an expenditure plan approval framework requiring a majority vote of the full Board and an affirmative vote of at least two Directors from each county within the respective corridor that has an operating toll facility (Agreement Section 5.6d).

Yolo 80 EIR VMT Mitigation Plan

With the context for CARTA expenditure plan decisions established above, the Yolo 80 Managed Lanes EIR VMT Mitigation Plan defines the projects & programs for implementation. As a multi-phase project, an important distinction should be made between the environmentally cleared project and the project being constructed: The Yolo 80 Managed Lanes project was environmentally cleared for the full extent of Yolo 80 from the Solano County line to El Camino Road and US 50 between West Sacramento and the Sacramento River. Due to funding constraints, the interior segment between Davis and West Sacramento – Phase 1 - is advancing to construction. The significance is the capital project funding Caltrans can commit to VMT mitigation is not \$55 million as identified in the approved EIR (Attachment Ai) but rather \$28.15 million for Phase 1 (Attachment Aii).

The approved Yolo 80 EIR identified seven (7) Mitigation Measures – primarily behavior-shifting programs - for which the capital project will fund for varying durations. Thereafter, the EIR assumes toll revenue would continue funding the Mitigation Measures. While the referenced reduced funding doesn't affect the projects & programs in the VMT Mitigation Plan but rather the time duration each measure can be funded (2 years in most cases). Since the Phase 2 project is not anticipated to be completed on a near-term time horizon, the reduced funding raises funding uncertainty for continuing the VMT Mitigation Plan programs after the Phase 1 capital project funding is depleted.

VMT Mitigation Programs Status

The Yolo 80 Managed Lanes project included seven mitigation measures to reduce the increased VMT associated with the project. The table below summarizes the measures and their implementation status.

Mitigation Measure	Milestones	Milestone Status	Committed Funding
1. Voluntary Trip Reduction Program in Yolo County	Transportation Demand Management (TDM) Organizational Study / Yolo Commute Expansion	80% complete.	\$5.2 million over 4 years
	YoloTD Board Decision	- Scheduled for discussion in March 2026 - Board decision date TBD	
	Caltrans Cooperative Agreement	Not started	
	Implementation prior to Yolo 80 revenue service	Not started	
2. Expand Capitol Corridor Frequency Between Martinez and Sacramento	Mitigation Measure language also allows implementation buy-down program to reduce fares.	Reduced fare program implemented	\$15 million over 3 years
3. Expand Microtransit in Yolo County	Primary responsibility for this measure has not been established.		\$3 million over 2 years
7. Expand Yolobus Route 42 (12 new trips)	Short Range Transit Plan	- New trips are assumed in the SRTP Aspirational scenario - Funding secured for additional buses needed to provide service	\$4.6 million over 2 years
	Purchase buses for Increased Service	- Funding secured - Woodland facility charging infrastructure expansion in planning stage	
	Caltrans Cooperative Agreement	Not started	

Mitigation Measure	Milestones	Milestone Status	Committed Funding
8. Expand Causeway Connection Route 138 (16 new trips)	Caltrans Cooperative Agreement	In progress	\$1.75 million over 2 years
9. Expand Unitrans	Caltrans Cooperative Agreement	In progress	\$3.5 million over 4 years
10. Expand Putah Creek Trail to Connect to future Nishi Student Housing Development Site	Caltrans Cooperative Agreement	In progress	\$2 million

The Committed Funding column in the table above reflects funding committed by Caltrans as a single capital project contribution.

“Revenue Waterfall” discussions again become important for CARTA to prioritize net revenue expenses and extent to which VMT Mitigation programs can continue. YoloTD staff have advocated to the CARTA Technical Advisory Group (TAG) and Board meetings and to the YoloTD Board for VMT mitigation as an equal priority among other CARTA expenses (Attachment C). As YoloTD is responsible for implementing four of the seven Mitigation Measures, staff have concerns about launching significant VMT mitigation programs / services without a continuous funding source following capital project funding depletion.

The CARTA Board is expected to re-start the “Revenue Waterfall” discussion in the first half of calendar year 2026. The third revenue scenario presented in this update will help refine CARTA cost/revenue assumptions which will enable the CARTA Board to consider tradeoffs of prioritizing different expense buckets within the “Revenue Waterfall”.

FISCAL IMPACT

YoloTD costs associated with the Yolo 80 Managed Lanes project are covered by a SACOG grant awarded in June 2023.

Chapter 2. Affected Environment, Environmental Consequences, and Avoidance, Minimization, and/or Mitigation Measures

Mitigation Measure	Description	Annual VMT Reduced	Cost to Construct or Implement	Yolo 80 Managed Lane Contribution	\$/VMT
Micro transit in Yolo County	Expand transit service by 25% to add flexible route buses with more frequent service and/or longer service hours.	6.2 million	\$1.5 million (annual cost to expand service)	\$4.5 million over 3 years (to be supplemented with future toll revenue)	\$0.24
Expand YoloBus Route 42	Increase Route 42 A & B services during 30-minute services all day, with the addition of 12 new trips in each direction for both the A and B routes.	3.7 million	\$2.3 million (annual cost to expand service)	\$6.9 million over 3 years (to be supplemented with future toll revenue)	\$0.48
Expand Causeway Connection Route 138	Reduce service headways from 60 minutes all day to 15 minutes for morning and afternoon peak periods and 30 minutes for midday/off-peak periods for Route 138.	5.9 million	\$800k (annual cost to expand service)	\$2.4 million over 3 years (to be supplemented with future toll revenue)	\$0.26
Expand Unitrans	Increase service frequency from 30 to 15 minutes during the morning and afternoon peak periods.	1.2 million	\$875k (annual cost to expand service)	\$3.5 million over 4 years (to be supplemented with future toll revenue)	\$0.75
Expand Putah Creek Trail to Connect to Future Nishi Student Housing Development Site	Expanding the Putah Creek Trail will improve the existing Putah Creek Trail between the Union Pacific Railroad tunnel and Old Davis Road at Hutchison Drive in Davis, and provide direct improvements and access to future Nishi Student Housing Development.	1.4 million	\$3.8 million	\$2 million	\$1.45
Total	—	55.6 million (50% of induced VMT)	--	\$55 million	

Source: Caltrans 2024a

Key: VMT = vehicle miles traveled

The Yolo 80 Managed Lanes Project Final VMT Mitigation Plan (Caltrans 2024a) lists additional VMT reducing measures that were analyzed and rejected as not reasonable or feasible, as shown in Table 2.1-28 below.

Table 2.1-28. Potential VMT Reducing Measures Analyzed and Rejected (Not Reasonable or Feasible)

Mitigation Measure	Description	Annual VMT Reduced	Cost to Construct or Implement /Reason Rejected	Yolo 80 ML Contribution	\$/VMT
Increase Parking Costs	Double parking costs at UC Davis and Downtown Sacramento.	64.1 million	N/A Neither agency has a plan to proceed with this program, hence there is no cost and it is deemed unfeasible	N/A	N/A
Build 1,000 Housing Units in Downtown Davis	The Downtown Davis Specific Plan area is bounded by Union Pacific Railroad, 1 st , A, and 5 th Streets, and includes the G Street corridor. The proposed development would include up to 1000 housing units.	18.3 million	\$25 million (\$250k per unit to construct) The low financial contribution of \$5M for a minimum \$25M cost to construct is not feasible to claim full VMT reduction credit.	\$5 million	\$0.27
Build 700 Housing Units at Nishi Development in City of Davis	Nishi property in Davis is bounded by I-80, Union Pacific Railroad, and Putah Creek. The proposed development would include up to 700 housing units for students at the adjacent UC Davis campus.	14.6 million	\$175 million (\$250k per unit to construct) The low financial contribution of \$5M for a minimum \$175M cost to construct is not feasible to claim full VMT reduction credit.	\$5 million	\$0.34
Expand Sidewalks in Yolo County	Increase sidewalk coverage by 10% throughout Yolo County.	13,6 million	N/A Agency has no plan to proceed with this program, hence there is no cost available and it is deemed infeasible	N/A	N/A
Build 4,442 Housing Units at Bridge District in West Sacramento	The Bridge District Specific Plan area is bounded by the Sacramento River, Tower Bridge Gateway, US 50, South River Road, and 15th Street. The proposed development would include up to 4,442 housing units.	8.4 million	\$1.1 billion (\$250k per unit to construct) The low financial contribution of \$5M for a minimum \$1.1B cost to construct is not feasible to claim full VMT reduction credit.	\$5 million	\$0.59
Green Line LRT Extension: Township 9 to Sac Airport	Extend the Green Line Light Rail Transit from Township 9 Boulevard to the Sacramento International Airport.	7.2 million	\$1.2 billion Not feasible or reasonable for cost-to-VMT reduction benefit. Also, in MTP and project funding would only get partial VMT credit.	N/A	\$166

Phase 1 – VMT Mitigation Measures Analyzed and Proposed for Phase 1 of Construction

Mitigation Measure	Description	Annual VMT Reduced	Cost to Construct or Implement	Yolo 80 ML Contribution	\$/VMT (annual)
<u>Measure 1</u> Voluntary Trip Reduction Program in Yolo County	Expand current program provided by Yolo Commute, to include features such as community-based travel planning, ridesharing, transit pass subsidies, and pay-per-mile auto insurance.	24,674,000	\$1.3 million (annual cost to implement program)	\$5.2 million over 4 years (after 4 years, to be supplemented with future toll revenue)*	\$0.05
<u>Measure 2</u> Expand Capitol Corridor Frequency between Martinez and Sacramento	Increase Capitol Corridor rail service by three round trip trains between Martinez and Sacramento, on an annual basis, and/or implement buy-down program to reduce fares.	12,600,000	\$5 million (annual cost to operate three (3) additional roundtrip train services and/or implement buy-down program).	\$10 million over 2 years (after 2 years, to be supplemented with future toll revenue)*	\$0.40
<u>Measure 3</u> Microtransit in Yolo County	Expand transit service by 25% to add flexible route buses with more frequent service and/or longer service hours.	6,241,500	\$1.5 million (annual cost to expand service)	\$3 million over 2 years (after 2 years, to be supplemented with future toll revenue)*	\$0.24

<u>Measure 4</u> Expand Yolobus Route 42	Increase Route 42 A & B services during 30-minute services all day, with the addition of 12 new trips in each direction for both the A and B routes.	3,650,000	\$2.3 million (annual cost to expand service)	\$4.6 million over 2 years (after 2 years, to be supplemented with future toll revenue)*	\$0.63
<u>Measure 5</u> Expand Causeway Connection Route 138	Reduce service headways from 60 minutes all day to 15 minutes for AM and PM peak periods and 30 minutes for midday/off-peak periods for Route 138.	5,893,000	\$800k (annual cost to expand service)	\$1.6 million over 2 years (after 2 years, to be supplemented with future toll revenue)*	\$0.13
<u>Measure 6</u> Expand Unitrans	Increase service frequency from 30 to 15 minutes during the AM and PM peak periods.	1,168,000	\$875k (annual cost to expand service)	\$1.75 million over 2 years (after 2 years, to be supplemented with future toll revenue)*	\$0.75
<u>Measure 7</u> Expand Putah Creek Trail to Connect to Future Nishi Student Housing Development Site	Expanding the Putah Creek Trail will improve the existing Putah Creek Trail between the Union Pacific Railroad tunnel and Old Davis Road at Hutchison Drive in Davis, and provide direct improvements	1,375,000	\$3.8 million	\$2 million	\$1.45

	and access to the future Nishi Student Housing Development.			
Total		55,601,500	\$28.15 million**	

*Future toll revenue for VMT mitigation is anticipated to be \$3M on an annual basis. The distribution of toll revenue for each mitigation measure on an annual basis will be the decision of the Capital Area Regional Tolling Authority (CARTA).

**\$28.15M is minimum investment for Phase 1. In the event the low bid is below the programmed construction capital amount of \$140M, the resulting bid savings will go towards VMT mitigation to increase the Phase 1 investment. Any increases above the \$28.15M will be prorated equally for each measure not fully funded in Phase 1.

Conclusion

Further mitigation funding may be supplemented beyond the \$28.15 million with excess net tolling revenue to prioritize the extension of the duration of the mitigation programs and other VMT reducing priorities; with decisions to be led by CARTA.

Caltrans remains committed to reducing VMT and implementing the projects and strategies in the Sacramento region’s plan to reduce VMT and GHG emissions through SACOG’s 2020 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS). Caltrans will work with local partners to develop a future project or projects focused on innovative tolling within the Yolo 80 corridor. As a start, Caltrans will initiate a Project Initiation Document (PID) for a new project in July 2025 which will include, but not be limited to, alternatives such as the addition of toll lanes and the conversion of general-purpose lanes. A full range of alternatives will be identified and analyzed through local partner and stakeholder engagement.

Project alternatives or mitigation measures rejected, not considered or analyzed for this environmental assessment may be considered feasible/viable for future projects. As new projects are developed in the Yolo 80 corridor, Caltrans will ensure these projects are consistent with the MTP/SCS, and continue to invest in VMT reductions.



Capital Area Regional Tolling Authority

Meeting Date: October 15, 2025

Agenda Item: 5

Revenue Waterfall

Prepared By: Theresa Weekes, HNTB

Attachments: Yes

Recommendation:

Staff recommend that the board adopt the following draft toll policy as detailed in Attachment 5B:

- Use of Enterprise Fund Accounting
 - o Establish a Revenue Waterfall with the following list of priority:
 - Gross Revenue
 - Operation & Maintenance Fund
 - Debt Service Fund
 - Major Maintenance & Repair Fund
 - VMT Mitigation Fund
 - Other Required Reserves/ Funds
 - Excess Net Revenue

Staff also recommend that the Board:

- Authorize CARTA staff to work with current and future member agencies on amendments to the JPA, including the expansion of county voting protection to actions regarding the Major Maintenance & Repair Fund
- Direct CARTA staff to work with YoloTD and Caltrans staff on an agreement regarding Ongoing VMT Mitigation commitments based on updated forecasts of how much revenue will be available to fund VMT mitigation.

Background:

A revenue waterfall is a critical financial tool for toll agencies, providing a clear and structured view of how toll revenues are allocated across various obligations and priorities. By mapping the flow of funds—from gross collections to net revenues—this framework ensures transparency, accountability, and strategic financial planning. It helps agencies determine where shortfalls may exist, fund operations and maintenance, adhere to debt service requirements, and invest in future infrastructure, all while maintaining compliance with regulatory standards and other requirements. For CARTA, a well-defined revenue waterfall will support sound fiscal management and long-term sustainability for tolling operations, particularly as the network expands to include additional corridors and revenue streams.

There are several key terms associated with a revenue waterfall that are critical to understanding their utility, bulleted below:

- Flow of funds – the movement of money
- Enterprise flow of funds – funds from different revenue streams that remain separate. For CARTA, gross revenue from each corridor will flow into separate accounts to pay for expenses and transfer into reserves.
- Reserve – an account where funds are set aside, often for specific purposes (e.g., future operating costs, debt service, emergencies, major maintenance)
- Gross revenue – the total cash amount that is collected from customers prior to deducting expenses
- Operations and maintenance costs – include the following costs:
 - o Toll System Maintenance (Vendor)
 - o Toll Lane Maintenance (Caltrans)
 - o CHP
 - o Traffic Management Center
 - o Back Office Processing
 - o CARTA Administrative Costs
- Major maintenance costs – include the following costs:
 - o Pavement replacement, crack repairs
 - o Bridge joint and deck replacement
 - o Guide sign replacement
 - o Pavement marking replacement
 - o ITS, toll system upgrades, lifecycle replacements
 - o Drainage improvements

Staff brought a discussion item to the September Board meeting on this topic; during that meeting, the Board discussed the potential of placing the VMT Mitigation Fund ahead of the Major Maintenance & Repair Fund and directed staff to model potential scenarios under both models. The Board also directed staff to separate all depicted funds in the waterfall diagram. Additionally, the Board directed staff to investigate whether County Voting Protection could extend to the Major Maintenance & Repair Fund.

Discussion:

VMT Mitigation

The Yolo 80 project was required to mitigate the vehicle miles traveled (VMT) it induces as part of its environmental review and approval process. When Caltrans completed the environmental process for the Yolo 80 project, the project committed to funding several VMT mitigation measures for a specific number of years (in most cases three years and 15 years for transportation demand management). We refer to this as Initial VMT Mitigation, and it will be funded directly by the Yolo 80 project's grant funding.

Separately, the environmental document stated that future toll revenues should be used to continue to fund these VMT mitigation measures after the project-funded years. We refer to this as Ongoing VMT Mitigation. The CEQA document does not require CARTA to fund any particular amount of Ongoing VMT Mitigation nor does it require CARTA to start or stop funding Ongoing VMT mitigation in any particular year. Under state law, CARTA has the authority to determine how toll revenues are used, so decisions regarding Ongoing VMT Mitigation are a policy decision for the CARTA board. Although the revenue waterfall decision before the CARTA board does not require an explicit decision on which Ongoing VMT Mitigation measures CARTA will fund with future toll revenue, it makes clear that CARTA will likely have limited capacity to fund it in its early years of operations.

Enterprise Funds

As part of the overall flow of funds structure, an agency must decide on its accounting model. Given CARTA's planned network of corridors, an enterprise fund model will allow CARTA to separate gross revenue at collection.

This means gross revenue from Yolo 80 and all future corridors will be divided into separate flows of funds by the BOS provider. Monies will flow according to the same revenue waterfall, but just in distinct, parallel paths.

Flow of Funds

In a toll agency's revenue waterfall, the allocation of funds follows a structured sequence designed to ensure operational continuity and financial responsibility. After gross toll revenues are collected, the first priority is to cover essential operating and maintenance expenses and appropriate reserves, which support safe and efficient toll facilities and to protect the revenue stream. Reserves are established to safeguard against forecasted shortfalls, unexpected costs, or revenue fluctuations. After these foundational needs are met, remaining revenues are allocated toward debt service obligations, ensuring compliance with financing agreements.

Once debt service requirements have been set aside, revenue will flow to a Major Maintenance & Repair Fund. This fund is established for unanticipated repairs such as damage to equipment or roadway due to accidents, weather or vandalism. This fund is also utilized to set aside reserves for major maintenance needs such as planned repairs and replacements of the tolling system, and CARTA's fair share of repairs and replacements of pavement, bridge joints, bridge deck, pavement markings, drainage, and ITS systems. Anticipated Major Maintenance expenses will be forecasted in a long-term capital plan, which will be subject to board oversight and approval. The expenses for Major Maintenance and Repair for any toll project are significant and essential. They cannot be deferred without risk to ongoing toll operations, and therefore revenue collection.

For instance, the roadside tolling equipment typically needs to be replaced every 10 years. With the Yolo 80 project specifically, this costs will likely be higher than other projects, due to the limitations of the Yolo Causeway. Establishing and maintaining reserve levels is essential for both the scheduled and unscheduled needs to utilize this fund. The Major Maintenance & Repair Fund does not include optional capital costs such as adding physical lane separation or building Phase 2 of Yolo80, which would typically be accounted for separately in an agency's expenditure plan. Those costs would either be from Excess Net Revenue (at the discretion of the CARTA board) or other external funding.

Once maintenance reserves have been established, funds will be available to flow into VMT mitigation.

For the purposes of the waterfall, after the earlier categories and VMT mitigation obligations have been satisfied, funds will be made available for other required reserves and funds. This is a placeholder with no required reserves or funds. After required reserves, funds are made available as Excess Net Revenue, for discretionary programming along the corridor by the CARTA board.

For CARTA, initial toll revenues may not be sufficient to fully cover operating expenses, highlighting the need for a seeded operating reserve to address potential shortfalls or timing mismatches in revenue collection. However, before determining the appropriate size of this reserve, additional information is required—including projected revenues, detailed operating budgets, and other facility-specific financial obligations. Like all toll agencies, CARTA must also account for existing debt and recognize that future borrowing needs may vary across corridors. Importantly, debt holders play a key role in shaping the flow of funds, meaning that each corridor may require a distinct revenue waterfall structure aligned with its unique debt obligations.

Scenarios

During the September Board Meeting, the Board directed Staff to model two sample flows of funds specific to the Yolo 80 project:

Major Maintenance & Repair Fund prioritized over VMT Mitigation Fund

In this scenario, staff modeled funding the Major Maintenance & Repair reserve pre-operations with \$1 million and targeted maintaining a \$50 million balance for the first 15-20 years of operations. In this scenario, CARTA can successfully fund all its anticipated major maintenance costs but cannot afford to fund Ongoing VMT Mitigation for approximately the first 15 years of operations. After that time, Ongoing VMT Mitigation is intermittently unavailable when major maintenance expenses (like replacing the toll system) require replenishment of the Major Maintenance & Repair Fund.

VMT Mitigation Fund prioritized over Major Maintenance & Repair Fund

In this scenario, staff modeled fully funding Ongoing VMT mitigation before funding the Major Maintenance & Repair Fund. In this scenario, CARTA can only partially fund Ongoing VMT Mitigation costs and very little funding flows to cover major maintenance costs over 20 years. Without toll revenue funding for major maintenance, CARTA would have to find another source to fund required maintenance costs, which could average \$50 million or more every 10 years. There is not another likely source for this funding, therefore prioritizing VMT mitigation over Major Maintenance & Repair introduces a significant risk to CARTA's financial health and ability to collect toll revenue.

During the October 7th TAG meeting, YoloTD requested additional analysis on variations of the scenario with VMT Mitigation above Major Maintenance and Repair.

High Case Toll Revenue

Staff analyzed using the "High Case" for toll revenue instead of the "Low Case". While this scenario would fully fund VMT Mitigation and Major Maintenance and Repair, the "High Case" requires no carpool discount, which is not consistent with the Yolo 80 EIR or adopted board Policy and therefore is a high-risk revenue assumption to base this decision on.

Reducing VMT Mitigation Fund by 50%

Staff analyzed reducing the VMT Mitigation Fund by 50% to account for the fact that Phase 1 is only 50% of the full Yolo 80 project that was environmentally cleared. In this scenario funding flows into Major Maintenance and Repair but it is not enough to cover CARTA's anticipated costs. For example, when the toll system needs to be replaced in year 10, CARTA would only have \$6 million saved to cover a \$35 million+ expense.

Two-Pronged Approach

Staff analyzed splitting the VMT Mitigation Fund, with \$3 million above Major Maintenance and Repair and the remainder below. In this scenario funding flows into Major Maintenance and Repair but it is not enough to cover CARTA's anticipated costs. For example, when the toll system needs to be replaced in year 10, CARTA would only have \$21 million saved to cover a \$35 million+ expense.

Adding Corridor Cost Sharing to Revenue

Staff analyzed assuming both I-5 Managed Lanes and SR 65 Express Toll Lanes begin operations and "pay back" Yolo 80 for start-up costs. These contributions are not enough to cover the Major Maintenance and Repair funding gap and CARTA could still not afford its toll system replacement in year 10. Additionally, neither of these projects are fully environmentally cleared or funded. Relying on this funding for Yolo 80's essential maintenance costs introduces additional risk.

TAG Discussion

The TAG met on October 7th to discuss this action item. There was not consensus in the TAG on the revenue waterfall order. Caltrans, SACOG, STA, EDCTC, and PCTPA supported the staff recommendation to prioritize Major Maintenance over VMT Mitigation, highlighting the importance of maintaining CARTA's toll system infrastructure. YoloTD asked that the CARTA staff evaluate additional options that would allow us to partially fund both VMT mitigation and Major Maintenance and Repair simultaneously, rather than entirely funding one at the expense of the other. The analysis of those additional options is included above. The TAG unanimously agreed that the County Voting Protection should be expanded to include decisions regarding the Major Maintenance and Repair Fund.

Summary

Staff recommend that the board adopt a policy to utilize Enterprise Fund Accounting and adopt a revenue waterfall that prioritizes Major Maintenance over VMT Mitigation, as outlined in Attachment 5B. Staff further recommends that the Board authorize CARTA staff to work with current and future members of CARTA on amendments to the JPA and that the board direct staff to work with YoloTD on an Ongoing VMT Mitigation agreement.

Attachment:

5A: Slides



CARTA Revenue Waterfall Workshop

Board of Directors
15 October 2025
Attachment 5A

10/15/2025

Revenue Waterfall



Policy Decisions and Opportunities

Area	Discuss (Information)	Decide (Action)
Goals		
Eligibility		
Hours of Operation	March	April
Toll Collection/Interoperability		
Pricing Structure		
FasTrak® Account Management	April	May
Toll Exemptions		June
Toll Discounts	May	September
Enforcement & Violations		
CARTA Multiyear Workplan	June	August
BOS/CSC Provider	August	
Financing and Revenue	September	October
Data Retention and security		
Equity Program	2026	2027

10/15/2025

Revenue Waterfall

What we heard in September

Adjust the revenue waterfall diagram

- Split out Loan Repayment from Major Maintenance
- Split out VMT Mitigation from Other Required Reserves
- Model hypothetical waterfall scenarios

10/15/2025

Revenue Waterfall

Workshop Goals

Discuss questions from September Board Meeting:

- Can VMT Mitigation be placed before Major Maintenance in the waterfall?
- Can County Voting Protection apply to Major Maintenance Fund?

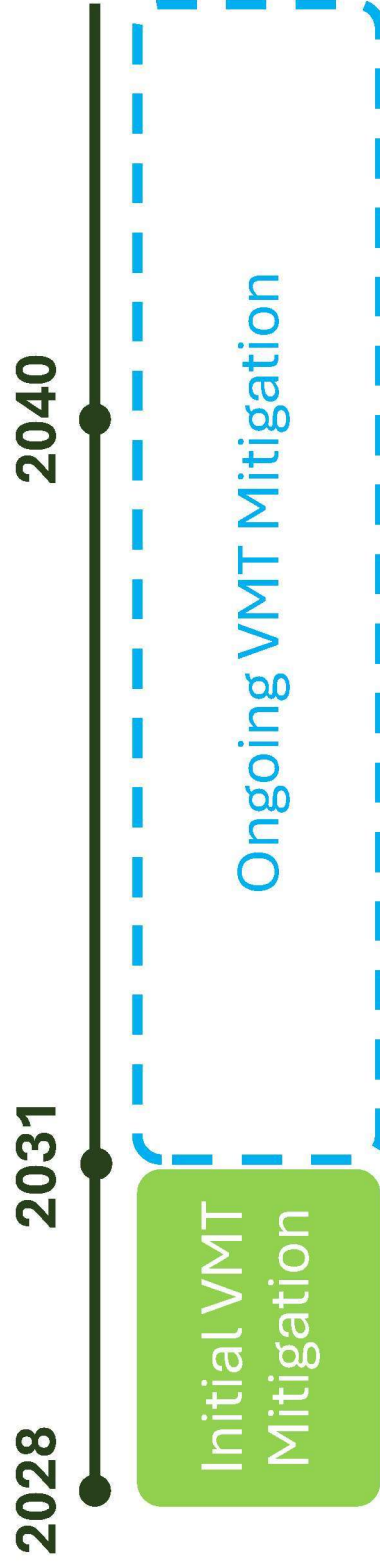
Achieve Board decision on:

- Revenue Waterfall order of precedence
- Use of Enterprise Funds
- Direction to move forward with amending JPA

10/15/2025

Revenue Waterfall

VMT Mitigation in Yolo 80



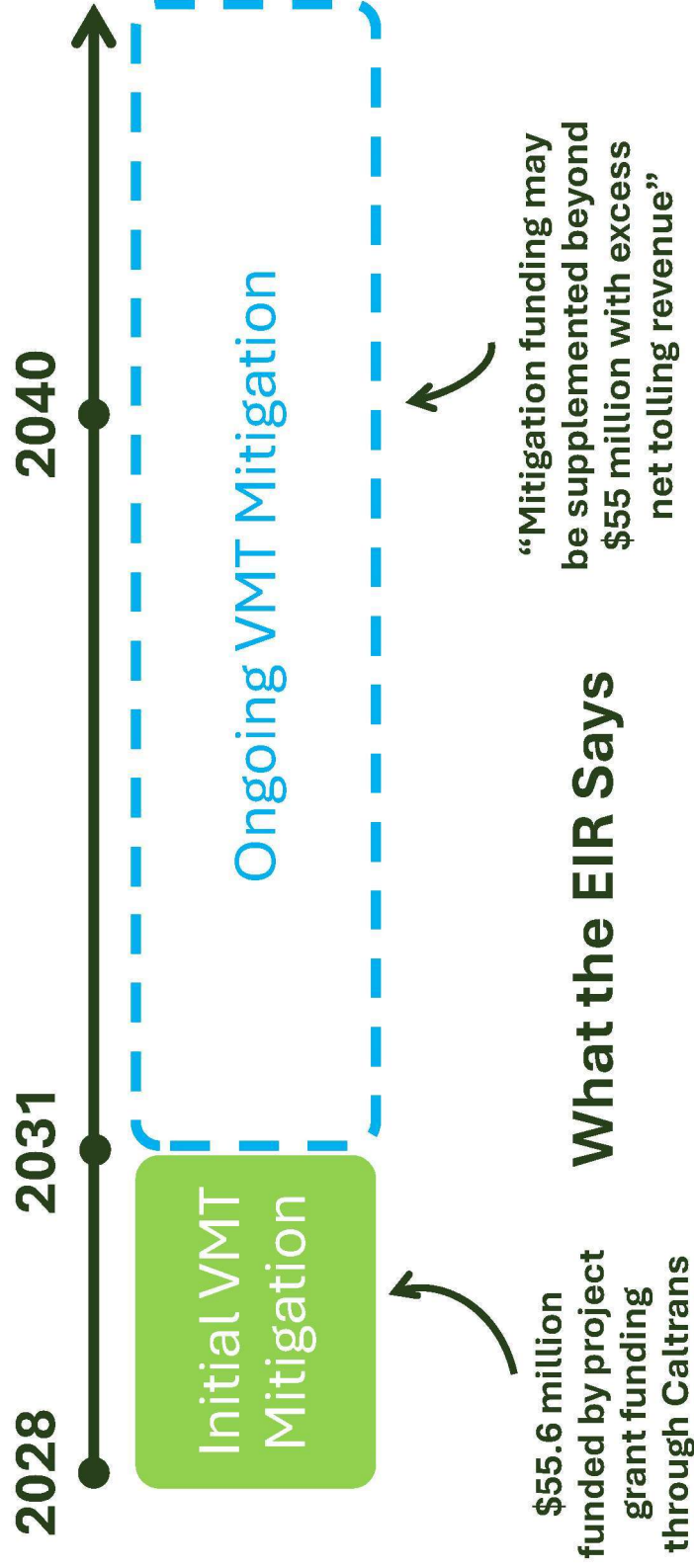
10/15/2025

Revenue Waterfall

VMT Mitigation in Yolo 80

Mitigation Measure	Annual Cost	Years Funded by Project through Caltrans
Voluntary Trip Reduction Program in Yolo County	\$1.3 million	15 years
Expand Capitol Corridor Frequency and/or Reduce Fares	\$5 million	3 years
Microtransit in Yolo County	\$1.5 million	3 years
Expand Yolo bus Route 42	\$2.3 million	3 years
Expand Causeway Connection Route 138	\$800,000	3 years
Expand Unitrans	\$875,000	3 years
Build Overcrossing at future Nishi Student Housing Site	\$2 million	One-time cost
Total Annual Cost	\$11.8 million	

VMT Mitigation in Yolo 80

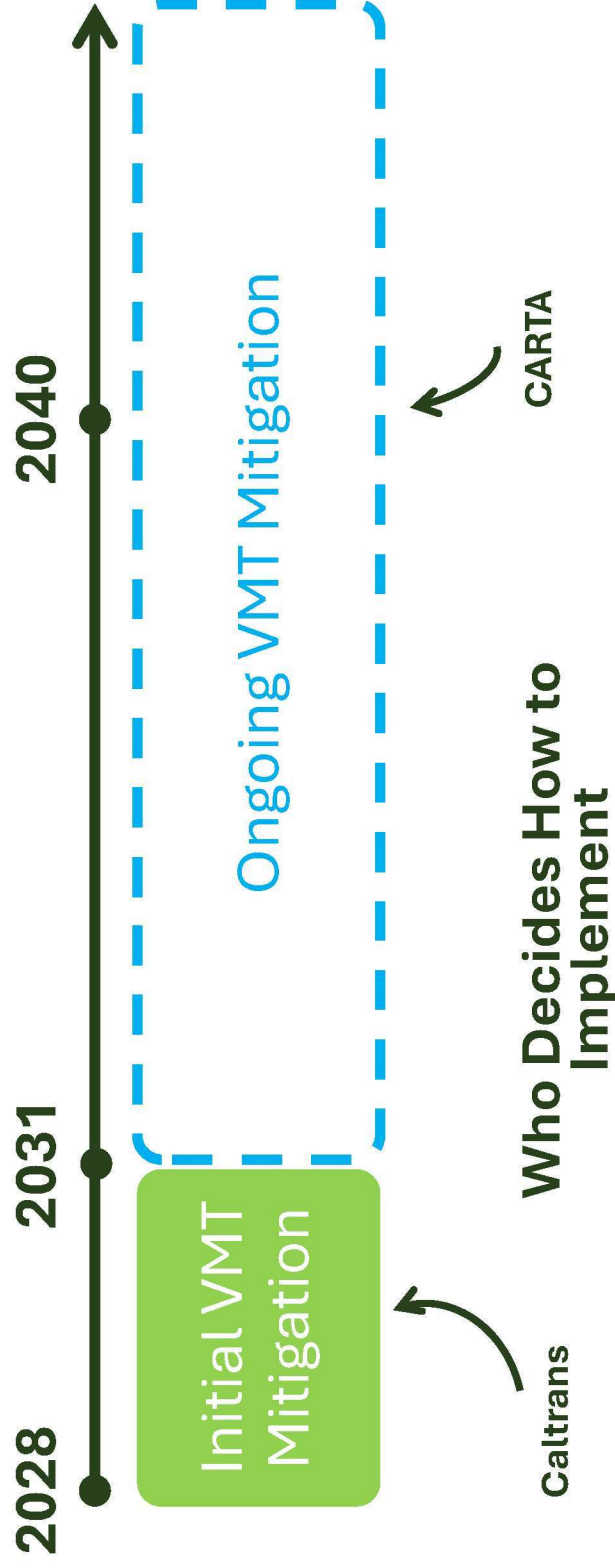


What the EIR Says

10/15/2025

Revenue Waterfall

VMT Mitigation in Yolo 80



10/15/2025

Revenue Waterfall

What This Means for Today

- The JPA agreement and Yolo 80 EIR commit CARTA to funding Ongoing VMT Mitigation when feasible
- Neither the JPA agreement nor the EIR commit CARTA to a specific amount of funding over a specific time period
- Defining this will be a future policy decision of the CARTA board in partnership with the members

Enterprise Funds (Three Corridors)

Yolo 80 Gross
Enterprise
Account

Placer 65 EL
Enterprise
Account

Sac 5
Enterprise
Account

10/15/2025

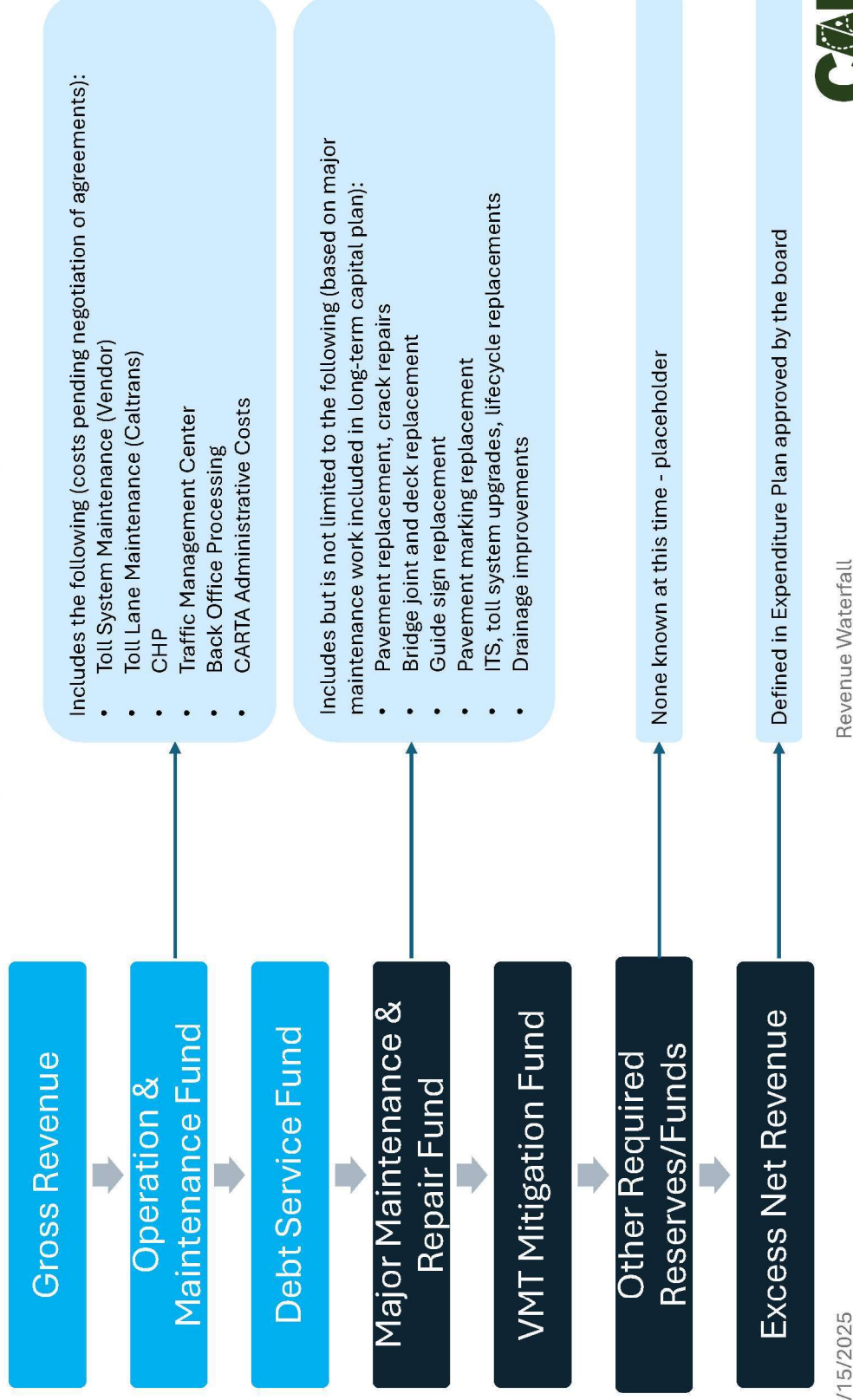
Revenue Waterfall

Flow of Funds (Yolo 80)



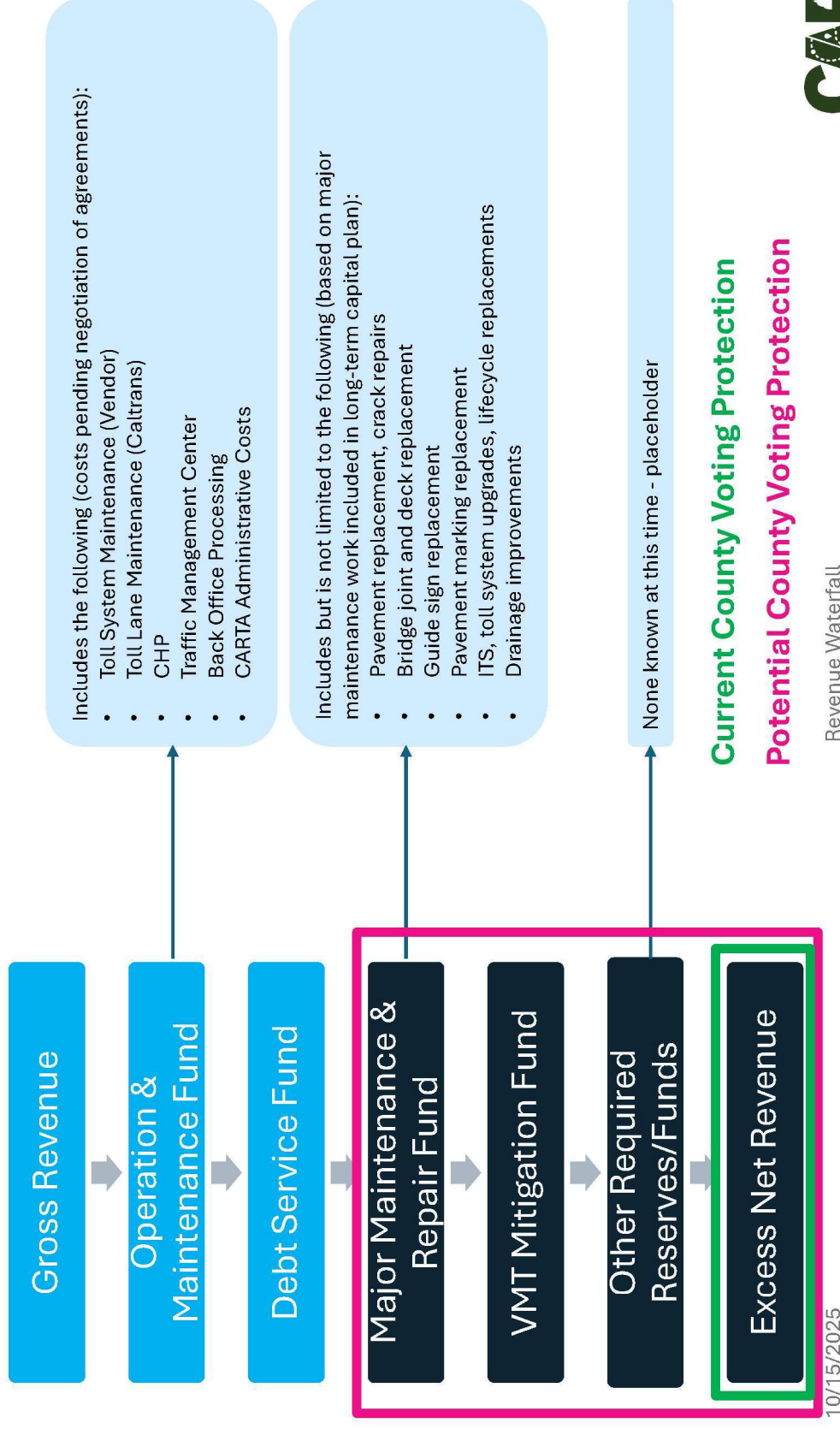
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Flow of Funds (Yolo 80)



10/15/2025

County Voting Protection



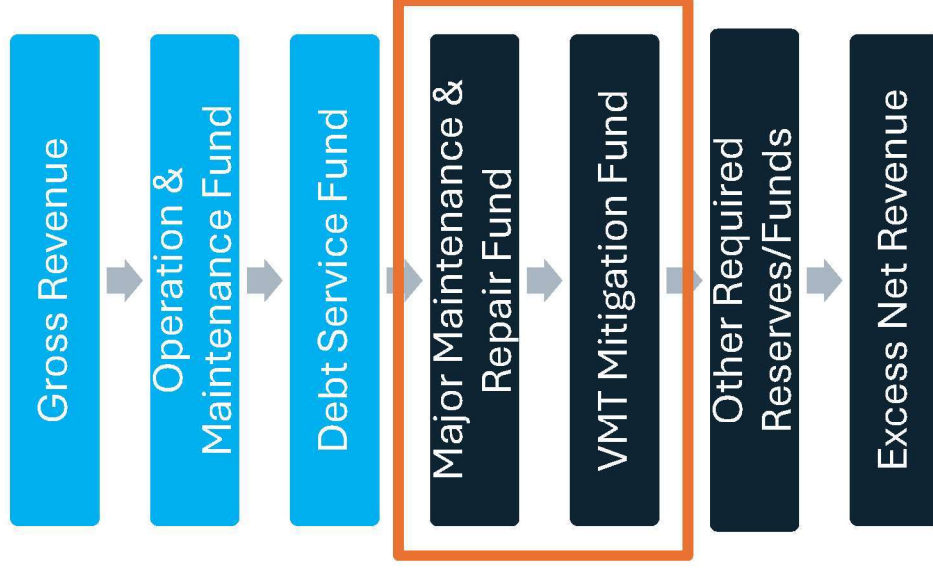
County Voting Protection

- Direct staff to work with current and future member agencies on amendments to the JPA, including expanding county voting protection

Section 5.6 - Voting

*d. To approve the expenditure of **Excess Net Toll Revenue**, there must be both: (i) a majority vote of the full Board, and (ii) an affirmative vote of at least two (2) Directors from each county within the respective corridor that has an operating toll facility. The affirmative vote may be from any Director from a jurisdiction within the respective county.*

Flow of Funds (prioritize Major Maint.)

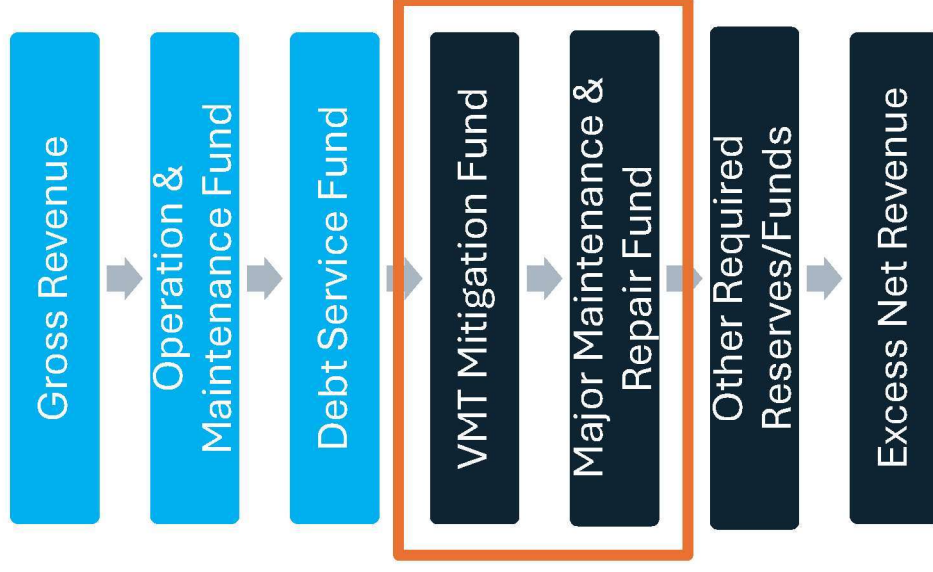


- \$1m initial funding of Major Maint.
- All Major Maint. is timely funded by revenues
- No flow into VMT mitigation until after debt has been repaid
- Flows into VMT mitigation are intermittent based on Major Maint. expenditures

10/15/2025

Revenue Waterfall

Flow of Funds (prioritize VMT)



10/15/2025

Revenue Waterfall

- \$1m initial funding of Major Maint.
- No additional revenue would flow into Major Maintenance & Repair fund until after debt has been repaid
- All major maintenance and repair expenses would have to be funded alternatively for the first 15 years of operations
- VMT Mitigation is partially funded until after debt is repaid

Additional Scenarios with VMT above

- High case revenue assumptions
 - Major Maintenance and Repair fully funded
 - Assumes no carpool discount, not consistent with EIR or board policy
- Reducing VMT by 50% to account for Phase 1
 - Major Maintenance and Repair not fully funded
- Two-pronged approach with \$3 million of VMT above and the rest below Major Maintenance and Repair
 - Major Maintenance and Repair not fully funded
- Add contributions from future corridors to revenue
 - Major Maintenance and Repair not fully funded
 - Future projects have not been environmentally cleared or funded

10/15/2025

Revenue Waterfall

Future Decisions

Operations & maintenance costs can be estimated as agreements are negotiated

Long-term capital costs will need to be developed as part of forecast

Board will decide on target balances and initial funding of Funds based on these projections

The projected waterfall can then be refined based on these decisions, and updated annually

10/15/2025

Revenue Waterfall

Staff Recommendation

Staff recommend that the Board:

- Approve revenue waterfall with Major Maintenance before VMT mitigation
- Approve use of Enterprise Fund Accounting
- Direct staff to work with members on amending the JPA agreement
- Direct staff to work with YoloTD on VMT mitigation priorities and updated funding estimates



MEMORANDUM

TO: YoloTD Board of Directors

FROM: Autumn Bernstein, Executive Director
Brian Abbanat, Planning Director

DATE: 10/7/2025

SUBJECT: 10/15/2025 CARTA Board Meeting Revenue Waterfall Agenda Item

This memo reflects YoloTD staff's perspective on the subject item as discussed at the 10/7/2025 CARTA TAG meeting.

ISSUE:

CARTA staff recommendation to adopt a draft toll policy that prioritizes toll revenue into a Major Maintenance & Repair Fund over a VMT Mitigation Fund.

DISCUSSION

Background

The Yolo 80 Managed Lanes project was among the first in California subject to SB 743 requiring project-level VMT mitigation for capacity increasing infrastructure projects. Substantial coordination occurred among Caltrans, YoloTD, and other stakeholders to develop a list of VMT-reducing projects in the project's EIR to be funded by the Yolo 80 Managed Lanes capital project. By definition, a capital project is a single project with a defined cost. As a result, any VMT mitigation funds committed by the Yolo 80 Managed Lanes project will have a limited duration. The approved Yolo 80 EIR identified eight (8) Mitigation Measures – primarily behavior-shifting programs - for which the capital project will fund for varying time periods. Thereafter, the EIR assumes toll revenue would continue funding the Mitigation Measures.

Revenue Waterfall

At the October 15 meeting, CARTA Board members will be asked to support a staff recommendation to establish a Revenue Waterfall with the following list of priorities. The list reflects expense categories which CARTA intends to prioritize. Some categories are statutorily required while others are characterized as Board policy (light blue and dark blue, respectively).

YoloTD Staff Analysis of CARTA Staff Recommendation

YoloTD staff recognize the need to ensure CARTA fiscal solvency. However, we also believe flaws exist with the CARTA staff recommendation that can have significant operational and political implications if approved in its current form, substantiating our dissent at the 10/7/2025 CARTA TAG meeting. YoloTD

Figure 1: CARTA Revenue Waterfall Proposal



sta believe if a policy decision must be made now, preserving flexibility for funding priorities is appropriate until revenue service begins and a better understanding exists of actual revenue available to determine whether funding compromises must be considered.

CARTA Sta / HNTB Analysis Supporting Revenue Waterfall Recommendation

Understandably, CARTA sta and consultants HNTB developed a cost model where some inputs were known and others required professional judgement. It's important to note that to date, a conservative approach is being used based on the "Low Revenue" scenario in the Traffic & Revenue Study. Generally acknowledged is that actual revenue will likely fall somewhere between the "Low Revenue" and "High Revenue" scenarios.

In this case costs requiring professional judgement included the Major Maintenance & Repair Fund (MM&R), for which reasonable, but potentially debatable cost assumptions were made. A major expense within this fund is the expectation of replacing tolling equipment after Year 10 at the end of expected useful life. Embedded in the CARTA sta recommendation is the assumption that toll revenues will fully fund all MM&R needs, before contributing any toll revenue to the VMT Mitigation Fund. Because of the high MM&R costs, under current assumptions *no contributions* to the VMT Mitigation Fund are assumed to be available until 2044.

YoloTD Sta Perspective on VMT Mitigation

The issue of how to prioritize revenues after statutorily required debt obligations are paid has existed since CARTA was established. YoloTD sta have consistently communicated that the Yolo 80 Managed Lanes project was supported by electeds, stakeholders, interest groups, and approving funding sources under the premise that CARTA would prioritize continued funding of the VMT Mitigation Programs launched with the Yolo 80 Managed Lanes capital project "seed" contributions. In fact, the project's adopted EIR references this directly. Failure to adequately fund the VMT Mitigation Program/Fund in the early years will likely cause operational disruption to the project's VMT Mitigation Program and undermine public confidence in commitments from future tolling projects.

YoloTD Sta Perspective on CARTA Recommendation

As discussed at the 10/7/2025 TAG meeting, the justification for prioritizing MM&R at the exclusion of VMT mitigation is CARTA must be self-sufficient and maintain the ability to generate revenue. While understandable, this explanation lacks nuance into recognizing VMT mitigation commitments made during the project approval process and options available to ensure MM&R needs are met when they're needed. YoloTD sta believe the CARTA Board can approve alternative policy and meet both objectives. For example, CARTA could conceivably allocate funding toward both categories and, when a large MM&R expense is required, borrow against (potentially from another regional toll corridor enterprise fund) future toll revenue to fill the funding gap.

YoloTD Sta Alternatives to Revenue Waterfall

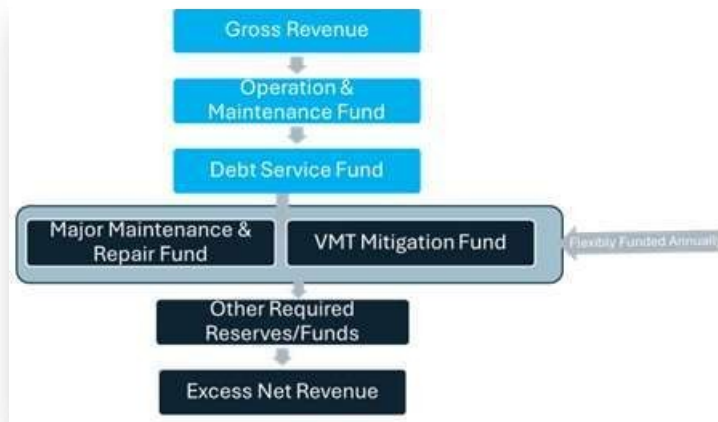
Acknowledging CARTA's need for financial self-sufficiency, a more nuanced Board Policy on this issue may not require an "all or nothing" approach to either funding MM&R or VMT Mitigation at the expense of the other nor preclude CARTA from its ability to generate revenue in the future. YoloTD sta believe the CARTA Board should support a Revenue Waterfall that places MM&R and VMT Mitigation Funds on a flexibly equivalent basis or one where at least VMT Mitigation investments

continue in CARTA's early toll revenue years.

YoloTD Sta Alternative #1:

In this alternative, MM&R and VMT Mitigation are flexibly funded on an annual basis fully informed of the financial implications of both. For example, while a Year 11 toll equipment replacement assumption is desirable, YoloTD consultants STC have confirmed that additional life (years) can often be squeezed out of the tolling equipment. In fact, several existing toll systems are successfully operating beyond the 10-year useful life timeframe.

Figure 2: YoloTD Alternative #1



YoloTD Sta Alternative #2:

In this alternative, the CARTA Board commits to a baseline funding amount for VMT mitigation, after which additional toll revenue is directed to the MM&R account or a variation thereof. This ensures that a minimum VMT mitigation commitment is made, then remaining revenues are prioritized for MM&R, followed by additional VMT mitigation.

Figure 3: YoloTD Sta Alternative 2



IMPORTANT QUESTIONS TO CONSIDER

1. *Why must this decision be made now?*

YoloTD Sta Comments: Due to meeting time constraints, YoloTD sta could not clearly understand why this policy decision needs to be made now, if at all. A better understanding is needed of what are the true implications if this decision is deferred.

2. *Why must the MM&R be fully funded exclusively by toll revenues?*

YoloTD Sta Comments: YoloTD sta believe that, in contrast to VMT mitigation funding, CARTA will be eligible for other funding sources in the future if needed (though not desirable), including, potentially,

federal funding programs, state funding programs, and even borrowing against future toll revenues as those revenues climb at a higher rate than annual costs.

3. *How does the CARTA staff recommendation fulfill the project's implicit commitment to funding VMT Mitigation?*

YoloTD Staff Comments: The public perception and operational impacts of not committing to continuing funding VMT mitigation after Caltrans capital "seed" funding is not fully apparent in the CARTA staff recommendation. For example, establishing and then discontinuing VMT mitigation programs is disruptive to those implementing and those using the programs. Additionally, adopting the staff recommendation prioritizing MM&R over VMT Mitigation Funds could potentially impact tolling projects in progress by eroding regional trust that CARTA and Caltrans will fully implement EIR VMT Mitigation Plans.

Equity Program

Both the YoloTD and CARTA boards have emphasized that creating an equity program is a key priority for the Yolo 80 Managed Lanes project. In response, the project team is developing a corridor-specific equity study. Additionally, CARTA has been awarded Caltrans Transportation Planning grant funds and will request approval from the CARTA Board at its October 15, 2025 meeting to issue a Request for Proposals for a region-wide equity program.

The current revenue waterfall assumes an equity program would fall into the Excess Net Revenue Fund. However, if funding availability for the VMT Mitigation Fund is scarce, categories further down the waterfall are disadvantaged more. Conceivably, overlap exists between the VMT mitigation program and an equity program. For example, prioritizing equity communities for VMT mitigation program benefits. However, an argument can be made that a separate Equity Program Fund should be established or minimally, approve a revenue waterfall where VMT Mitigation Funds are flexibly equivalent to MM&R so funding can be directed toward both VMT mitigation and equity programs.

FINAL THOUGHTS

This decision can likely be deferred until modeling assumptions can be updated with more accurate inputs and more alternatives can be considered. YoloTD staff believe if this decision must be made at all, it should occur with a deeper analysis and greater consideration of the Yolo 80 Managed Lanes project's approval context and accompanying community expectations surrounding commitment to the VMT Mitigation Plan. While the CARTA Revenue Waterfall Policy issue is solvable it requires additional time and CARTA Board direction and is not supportable in its current form by YoloTD staff.

ATTACHMENT D

**JOINT EXERCISE OF POWERS AGREEMENT
FOR
CAPITAL AREA REGIONAL TOLLING AUTHORITY**

THIS JOINT EXERCISE OF POWERS AGREEMENT ("Agreement"), is made and entered as of the 24th day of January, 2024, by and between the Yolo County Transportation District ("YoloTD"), the Sacramento Area Council of Governments ("SACOG"), and the California Department of Transportation ("CALTRANS"), hereinafter individually referred to as Member or collectively as Members, for the purpose of creating a multi-county entity that will develop and operate toll facilities throughout the region.

In adopting this Agreement and forming the Authority, the initial Members intend to create a mechanism to enable additional regional stakeholders to become Members, including but not limited to the Placer County Transportation Planning Agency (PCTPA), the El Dorado County Transportation Commission (EDCTC), and the Sacramento Transportation Authority (STA).

RECITALS

- A. The Joint Exercise of Powers Act (California Government Code Section 6500 et seq., the "Act") authorizes the Members to enter into an agreement for the joint exercise of any power common to them and, by that agreement, create an entity that is separate from each of the Members.
- B. Pursuant to Streets and Highways Code section 149.7, a joint exercise of powers authority, with the consent of the Regional Transportation Planning Agency, may apply to the California Transportation Commission ("CTC") to develop and operate high-occupancy toll lanes or other toll facilities, including but not limited to the administration and operation of value pricing programs and exclusive or preferential lane facilities for public transit or freight.
- C. YoloTD and CALTRANS are pursuing the Yolo 80 Corridor Improvements Project, which includes, among other improvements, the construction of toll lanes in both the eastbound and westbound direction of Interstate 80 in Yolo County. Additionally, future toll facilities may be constructed in Yolo County and other counties within the Sacramento region.
- D. SACOG serves as the metropolitan planning organization for the six counties within the region and, in this capacity, SACOG adopts a metropolitan transportation plan and sustainable communities strategy that establish transportation and land use planning goals to meet state and federal mandates, including state-mandated greenhouse gas

reduction targets and federal Clean Air Act requirements, which policies include the support for implementation of toll facilities.

- E. SACOG serves as the Regional Transportation Planning Agency for the Counties of Yolo and Sacramento (as well as the Counties of Sutter and Yuba) and is, therefore, the regional governmental entity that must submit, or consent to submitting, an application to the CTC for tolling authority within these counties pursuant to section 149.7 of the Street and Highways Code.
- F. Placer County Transportation Planning Agency and El Dorado County Transportation Commission serve as the Regional Transportation Planning Agencies for Placer County and El Dorado County, respectively, and are therefore the regional governmental entities that must submit, or consent to a joint powers agency submitting, an application to the CTC for tolling authority in their respective Counties pursuant to section 149.7 of the Street and Highways Code.
- G. By entering into this Agreement, CALTRANS does not waive its rights under Streets and Highways code sections 114 and 149.7 or any other rights and authorities of CALTRANS under the law on the state highway system.
- H. Transportation corridors serve constituents and customers from all areas of the region and beyond, and thus having a regional tolling authority governed by stakeholders from throughout the region will enable implementation of toll lanes in a manner that is consistent, equitable, innovative, collaborative, and economical.
- I. YoloTD's and CALTRANS's Yolo 80 Corridor Improvements Project presents an opportunity for development of the first toll lanes in the region, and the creation of a regional tolling authority will enable collaboration in the development of both this initial toll project and future toll projects within the region.
- J. By this Agreement, the Members intend to create a joint powers agency to apply to the CTC to develop and operate tolling facilities within the Project; to potentially share in the development and operation of potential future toll lanes in the greater region; and to exercise the powers described herein and as provided by law (including but not limited to California Streets and Highways Code Section 149.7, as it now exists and may hereafter be amended).

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Members agree as follows:

**ARTICLE 1
ESTABLISHMENT**

There is hereby created an organization known and denominated as the Capital Area Regional Tolling Authority (Authority) which shall be a public entity, separate and apart from any Member. The Authority shall be governed by the terms of this Joint Powers Agreement and the Rules, duly passed and adopted by the Board.

**ARTICLE 2
AUTHORITY AND DEFINITIONS**

Section 2.0 – Authority

This Agreement is entered into pursuant to the authority in Title 1, Division 7, Chapter 5 of the Government Code (commencing with Section 6500 et seq.) of the State of California.

Section 2.1 – Definitions

The following words or terms shall have the meaning ascribed to them within this Section unless the content of their use dictates otherwise:

- a. "Act" means the Joint Exercise of Powers Act of the State of California, California Government Code Section 6500 et seq., as it now exists or may hereafter be amended.
- b. "Agreement" means this Joint Exercise of Powers Agreement.
- c. "Authority" means the Capital Area Regional Tolling Authority established by this Agreement as authorized by California Government Code Section 6503.5.
- d. "Board" means the Board of Directors of the Capital Area Regional Tolling Authority.
- e. "Controller" means the Controller of the Authority designated pursuant to this Agreement.
- f. "CTC" means the California Transportation Commission.
- g. "Director" means a member of the Board of Directors of the Authority.
- h. "Excess Net Toll Revenue" means funding available for various uses, as allowed by law, after other obligations are satisfied regarding debt service, funding of reasonable reserves, and proper operation and maintenance of the toll facility.
- i. "Fiscal Year" means July 1st through June 30th, or such other period as the Board may specify by resolution.

- j. "Gross Revenues" means all revenues received by the Authority for the operations of the toll lanes, including but not limited to tolls and interest on funds of the Authority.
- k. "Joint Facilities" means all facilities, equipment, resources, and property to be managed and operated by the Authority and, if and when acquired or constructed, any improvements and additions thereto and any additional facilities or property acquired or constructed by the Authority or any of the Members related to toll lanes in the region. Joint facilities excludes the state highway system, which is owned and controlled by Caltrans.
- l. "Member" means the parties to this Agreement, including any entities that become a party to this Agreement after its initial effective date.
- m. "Metropolitan Transportation Plan" or "MTP" means the long-range transportation plan that is required under federal law pursuant to 23 U.S.C § 134.
- n. "Regional Transportation Plan" or "RTP" means the regional transportation plan that is required under state law pursuant to Government Code section 65080.
- o. "Regional Transportation Planning Agency" or "RTPA" means the agency designated under Government Code section 29532 or 29532.1 for regional transportation planning.
- p. "Secretary" means the secretary of the Authority appointed pursuant to this Agreement.
- q. "Section 149.7" means section 149.7 of the Street and Highways Code, as may be amended, revised, or renumbered from time to time.
- r. "State" means the State of California.
- s. "Sustainable Communities Strategy" or "SCS" means the strategy each MPO in California is required to develop as part of an RTP pursuant to California Government Code Section 65080.
- t. "Treasurer" means the Treasurer of the Authority designated pursuant to this Agreement.

ARTICLE 3 GENERAL PROVISIONS

Section 3.1 – Capital Area Regional Tolling Authority

- a. Pursuant to Section 6503.5 of the Act, the parties to this Agreement hereby recognize and confirm the continued existence of a public entity separate and independent from the Members.

- b. Within thirty (30) days after the effective date of this Agreement, and after any amendment, the Authority must cause a notice of such Agreement or amendment to be prepared and filed with the office of the California Secretary of State containing the information required by the Act.
- c. Within thirty (30) days after the effective date of this Agreement, and after any amendment, the Authority must cause a copy of such Agreement or amendment to be filed with the State Controller pursuant to the Act.
- d. Within ten (10) days after the effective date of this Agreement, the Authority must cause a statement of the information concerning the Authority, required by the Act, to be filed with the office of the California Secretary of State and with the County Clerk, amending and clarifying the facts required to be stated pursuant to the Act.

Section 3.2 – Purpose

The purpose of the Authority is to exercise the common powers of the Members to:

- a. Plan, design, finance, construct, own, manage, operate, and maintain the Joint Facilities under authorities such as Section 149.7;
- b. Collect toll and any other revenues generated by the Joint Facilities;
- c. Implement the financing, acquisition, and construction of additions and improvements to the Joint Facilities;
- d. Enter into and manage contracts, which may include but are not limited to the following, for the operations, maintenance, enforcement of the Joint Facilities, and for professional services;
- e. Oversee operation of the Joint Facilities;
- f. Make policy decisions related to the toll lane operations, including but not limited to setting tolls to cover costs (operating and maintaining facility; administering system; contract costs) and setting revenue generation targets;
- g. Prepare and adopt the plan for expenditure of toll lane revenues within the corridor in which they are collected;
- h. Implement or contract for implementation of such expenditure plan;
- i. Create and implement an equity program associated with toll lanes, if desired; and
- j. Issue and repay indebtedness of the Authority.

Each of the Members is authorized to exercise all such powers (except the power to issue and repay indebtedness of the Authority) pursuant to its organic law, and the Authority is authorized to issue and provide for the repayment of indebtedness pursuant to the provisions of the Bond

Law or other applicable law. Nothing in this Agreement shall constitute a relinquishment, grant, or delegation of CALTRANS's rights in connection with the state highway system.

Section 3.3 – Term

This Agreement is effective upon the approval and execution by CALTRANS, YoloTD, and SACOG. The Effective Date of this Agreement is **January 24**, 2024. This Agreement will continue in effect until such time as all of the following have occurred: (i) all indebtedness, if any, and the interest thereon issued by the Authority under the Bond Law, the Act, or other applicable law have been paid in full or provision for such payment have been made, (ii) the Authority and the Members have paid all sums due and owing pursuant to this Agreement or pursuant to any contract executed pursuant to this Agreement, and (iii) dissolution has occurred pursuant to Section 4.3.

ARTICLE 4 POWERS AND OBLIGATIONS OF AUTHORITY

Section 4.1 – General Powers

The Authority will have the power in its own name to exercise any and all common powers of its Members reasonably related to the purposes of the Authority, including, but not limited to, the powers to:

- a. Seek, receive, and administer funding from any available public or private source, including toll and any other revenues and grants or loans under any available federal, state, and local programs for assistance in achieving the purposes of the Authority;
- b. Contract for the services of engineers, attorneys, planners, financial, and other necessary consultants, and/or other public agencies;
- c. Make and enter into any other contracts;
- d. Employ agents, officers, or employees;
- e. Adopt and utilize a fictitious business name or other trademarks;
- f. Acquire, lease, construct, own, manage, maintain, dispose of, or operate (subject to the limitations herein) any buildings, works, or improvements, including but not limited to the Joint Facilities;
- g. Acquire, hold, manage, maintain, or dispose of any other property by any lawful means, including without limitation gift, purchase, lease, lease-purchase, license, or sale;
- h. Incur all authorized Indebtedness;

- i. Receive gifts, contributions, and donations of property, funds, services, and other forms of financial or other assistance from any source;
- j. Sue and be sued in its own name;
- k. Seek the adoption or defeat of any federal, state, or local legislation or regulation necessary or desirable to accomplish the stated purposes and objectives of the Authority;
- l. Adopt rules, regulations, policies, plans, programs, bylaws, and procedures governing the operation of the Authority and the Joint Facilities;
- m. Invest any money in the treasury pursuant to California Government Code Section 6505.5 that is not required for the immediate necessities of the Authority, as the Authority determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to California Government Code Section 53601, as it now exists or may hereafter be amended;
- n. With the consent of the appropriate Regional Transportation Planning Agency, apply to the CTC to develop and operate toll facilities consistent with the applicable MTP, SCS, and RTP, and consistent with the requirements of Streets and Highways Code section 149.7;
- o. Enter into memoranda of understanding, intergovernmental agreements, joint powers agreements, and other similar agreements with Members and other governmental agencies to delineate respective responsibilities for planning, environmental, funding, design, construction, implementation, and similar activities for the development and completion of projects that will involve tolling;
- p. Carry out and enforce all the provisions of this Agreement; and
- q. Exercise all other powers not specifically mentioned herein, but common to the Members, and authorized by California Government Code Section 6508 as it now exists or may hereafter be amended.

Section 4.2 – Specific Powers and Obligations

- a. Audit. The records and accounts of the Authority must be audited annually by an independent certified public accountant, and copies of such audit report must be filed with the State Controller and the County Auditor and will be provided to each Member no later than fifteen (15) days after receipt of such audit reports by the Authority. If not otherwise required by law, regulation, or any contract, the Board of Directors may, by unanimous vote, replace the annual audit with an audit covering up to a two-year period.

- b. Securities. The Authority may use any statutory power available to it under the Act and any other applicable laws of the State of California, whether heretofore or hereinafter enacted or amended, for issuance and sale of any Bonds or other evidences of indebtedness necessary or desirable to finance the exercise of any power of the Authority, and may borrow from any source including, without limitation, the federal government, for these purposes.
- c. Liabilities. The debts, liabilities, and obligations, whether contractual or non-contractual, of the Authority will be the debts, liabilities, and obligations of the Authority alone, and not the debts, liabilities, or obligations of the Members or their member entities. The Authority is not liable for the debts, liabilities, or obligations of its Members, including debts, liabilities, or obligations incurred prior to the Effective Date of this Agreement or prior to the Member joining the Authority.
- d. Manner of Exercise. For purposes of California Government Code Section 6509, the powers of the Authority will be exercised subject to the restrictions upon the manner of exercising such powers as are imposed upon SACOG. The Authority shall follow SACOG's policies and procedures for procurement, unless and until the Authority Board adopts its own policies and procedures; provided, however, that as long as SACOG staff provides procurement or administrative services to the Authority, the Authority shall continue to follow SACOG's policies and procedures unless SACOG consents to alternative procedures.
- e. Restrictions. The Authority shall only engage in activities, including construction, operations, and ownership of real property or facilities, related to tolling, the operation of toll lanes, or the Joint Facilities. This limitation shall not preclude the Authority from expending toll revenues on corridor enhancement or similar projects, or for any other purpose allowed by law for the use of toll revenues. However, the Authority shall not expend toll revenues, or any other Authority funds, for any purpose that is inconsistent with the applicable MTP, SCS or RTP, that would not conform to Clean Air Act requirements, or that would violate regional, state, or federal laws. The Authority shall not submit an application to develop and operate toll facilities without the consent of the applicable RTPA to submit the application.
- f. Review of Agreement. This Agreement will be reviewed every four (4) years by the Members, but its terms and conditions may be reviewed more frequently whenever the Members agree to do so. Upon the completion of every such review, the Authority will prepare a report regarding any recommended changes to the Agreement and transmit such report to each of the Members.

Section 4.3 – Dissolution of Authority

- a. Notice of Dissolution. An individual Member can express its intent to dissolve the Authority with at least 12 months' written notice, which dissolution must occur on

June 30 of the year that is at least 12 months from the date of notice. An intent to dissolve shall be expressed in a resolution of the Member. This section does not limit dissolution by mutual agreement of all Members.

- b. Agreement with Successor Entity. The Authority cannot be dissolved unless and until a successor entity, qualified by State law then in-effect, has agreed to (i) assume ownership of the Authority's Joint Facilities and other assets, (ii) provide for the assumption or discharge of the Authority's Indebtedness and other liabilities, and (iii) carry out all duties associated with operation and maintenance of the toll lanes and management of the expenditure of the Gross Revenues. Such agreement must be expressed in a contract between the successor entity, the Authority, and all Members. This subsection shall not apply if a successor entity would serve no purpose.

ARTICLE 5

ORGANIZATION, GOVERNANCE, AND FUNCTIONS OF AUTHORITY

Section 5.1 – Members

- a. Initial Members. The initial Members will be YoloTD, SACOG and CALTRANS.
- b. Additional Members. With the intent of creating an entity that is representative of the entire region, the Members stipulate that other public agencies may join as Members of the Authority as follows:
 - i. PCTPA, EDCTC, and STA may each become a Member by executing this Agreement and delivering to the Authority a duly adopted resolution of the agency's governing board, authorizing execution of this Agreement and agreeing to be fully subject to and bound by its terms, as well as to all other binding agreements, if any, among all of the Members related to the governance or operation of the Authority, *provided that*:
 - 1. The RTP governing, and/or adopted by, its jurisdiction allows for and considers implementation of one or more tolling projects;
 - 2. The authorizing resolution, or other formal governing board action, requests that the Authority apply to the CTC for tolling authority or otherwise initiate a tolling project; and
 - 3. The agency is not separately operating, or applying for authority to operate, any other toll facilities.

An agency will become eligible to become a Member no later than 30 days after the CTC approval for the Authority's development and operation of toll

lanes. Notwithstanding the foregoing, the Board may adopt a resolution making PCTPA, EDCTC, or STA a Member at an earlier time, and such resolution may be based on a memorandum of understanding or other agreement detailing the parties' roles and responsibilities. The Board shall in good faith consider requests to become a Member from the agencies identified in this subsection in order to facilitate an application to the CTC to develop and operate toll lanes. The intent of this Section is to add new Members in an efficient and responsible manner, and in advance of preparation and submittal of an application to the CTC. The Authority, therefore, shall not unreasonably deny, or unreasonably delay approval of, a potential new Member's request to join the Authority.

Prior to, and as a condition of, becoming a Member, the interested agency shall submit an operations plan satisfactory to the Authority that details how the agency will fund and implement its tolling project and enter into a memorandum of understanding or other agreement with the Authority delineating the roles, responsibilities, and financial obligations of the Authority and the agency for implementation of one or more specific toll projects. The Authority shall not be obligated to expend Authority funds for a potential new Member's application costs, and a new Member shall not have authority to compel the use of any of Authority's (or any other Member's) funds or other resources.

- ii. Other public agencies, including agencies from additional counties, that propose toll projects may become Members upon the approval of all Members and subject to terms substantially similar to the terms for the agencies identified in subsection (i) above.

Section 5.2 – Governing Board

- a. Governance. The Board will govern the Authority in accordance with this Agreement. All voting power of the Authority will reside in the Board.
- b. Appointments. Appointments to the Board will be as follows:
 - i. YoloTD will appoint two (2) Directors.
 - ii. SACOG initially will appoint two (2) Directors. At least one SACOG appointment shall be from Yolo County or a city within Yolo County. If any additional Members join, SACOG shall make one (1) additional appointment per county. SACOG's additional appointments shall be from the county, or a city within the county, of the additional Member so that SACOG will always

appoint one Director per county represented in the Authority and one at-large Director.

- iii. CALTRANS will appoint one (1) Director, who shall be an employee of CALTRANS.
- iv. As applicable, each additional Member that joins the Authority pursuant to Section 5.1.b.i shall appoint up to two (2) Directors upon joining the Authority as a Member.
- v. With the exception of CALTRANS's appointment, all Directors shall concurrently serve on the governing board of the appointing Member.
- c. Alternates. Each Member may appoint one alternate Director. In the absence of an appointed Board Member, the alternate may act as a full voting Director. The Board may adopt a policy allowing additional alternate Directors.
- d. Vacancies. Each Director will cease to be a member of the Authority Board if and when such Director ceases to hold office on the legislative body of the appointing Member or, in the case of CALTRANS, ceases to be employed by CALTRANS. Vacancies will be filled by the respective appointing Member in the same manner as initial appointments.
- e. Nonvoting Directors. Prior to becoming a Member, as set forth in Section 5.1 above, EDCTC, PCTPA, and STA may each appoint a nonvoting Director, which Director shall either serve on their governing board or the staff of the agency.

Nonvoting Directors shall not be counted toward a quorum, but shall receive notice of all meetings and may participate in all public discussions. Nonvoting Directors shall not be entitled to receive confidential information of the Authority or participate in closed sessions. The Board may approve the inclusion of additional Nonvoting Directors at its discretion.

Section 5.3 – Compensation and Expense Reimbursement

- a. Stipend. Directors may be entitled to a stipend for attending each Board meeting upon the enactment of a resolution of the Board to authorize such stipends.
- b. Waiver. A Director may waive the compensation to which the Director would otherwise be entitled under the preceding paragraph by notifying the Secretary in writing that he or she expressly and irrevocably waives any such compensation that he or she would otherwise be entitled to be paid in the future for services as a Director. This written waiver must: (i) be voluntary; (ii) be irrevocable; (iii) expressly waive any and all future compensation to which the Director may be entitled under

this Section 5.2; (iv) acknowledge that, by waiving compensation, the Board member understands he or she is not entitled to any compensation he or she would otherwise be eligible to receive pursuant to this Section 5.2; (v) acknowledge that the amount of the waived compensation will be retained in the Authority's general assets; and (vi) be dated and signed by the Director and filed with the Secretary before the compensation is paid.

- c. Expenses. Each Director will be entitled to be reimbursed for reasonable and necessary expenses actually incurred in the conduct of the Authority's business, pursuant to an expense reimbursement policy established by the Board in full accordance with all applicable statutory requirements.
- d. Nonvoting Directors. Nonvoting Directors and CALTRANS's appointed Director may not receive compensation but may receive expense reimbursement only if authorized by a policy adopted by the Board and if the Board determines that allowing expense reimbursement will serve the public purpose of the Authority.

Section 5.4 – Conflicts of Interest

- a. Political Reform Act. Board members will be considered "public officials" within the meaning of the Political Reform Act of 1974, as amended, and its regulations, for purposes of financial disclosure, conflict of interest, and other requirements of such Act and regulations, subject to a contrary opinion or written advice of the California Fair Political Practices Commission. The Authority must adopt a conflict of interest code in compliance with the Political Reform Act.
- b. Levine Act. Board members are "officials" within the meaning of California Government Code Section 84308 et seq., commonly known as the "Levine Act," and therefore subject to the restrictions of such act on the acceptance, solicitation, or direction of contributions.

Section 5.5. – Board Meetings

- a. Time and Place. The Board will meet quarterly, or more often as needed, at a place designated by the Board with the location included in the notice of each meeting under the Ralph M. Brown Act, California Government Code Section 54950 et seq. The date, time, and place of regular meetings of the Board will be designated on a meeting calendar adopted by the Board each year.
- b. Call and Conduct. All meetings of the Board will be called and conducted in accordance with the provisions of the Ralph M. Brown Act and any other applicable law.
- c. Quorum. A quorum for the transaction of business shall be a majority of the Directors.

- d. Rules. The Board may adopt from time to time such bylaws, rules, and regulations for the conduct of meetings of the Board and of the affairs of the Authority consistent with this Agreement and other applicable law.
- e. Minutes. The Secretary will cause minutes of all meetings of the Board to be drafted and provided to each Member promptly after each meeting. Upon approval by the Board, such minutes will become a part of the official records of the Authority.
- f. Confidential Proceedings. All information received by the Board in a closed session shall be confidential. However, a Director may disclose information obtained in a closed session that has direct financial or liability implications for the Director's Member agency to the following individuals: legal counsel of the Member agency for purposes of obtaining advice on whether the matter has direct financial or liability implications for that Member; other members of the Member's governing board present in a closed session of that local agency member; and any designated alternate Director of who is attending a closed session of the Authority in place of the Director. To the extent that any information referenced in this paragraph is requested pursuant to a California Public Records Act request, the Member in receipt of the request will inform the legal counsel of the Authority within five (5) working days of receipt and make the Authority's legal counsel aware of any documents subject to disclosure. The Member and the Authority will consult with each other prior to the release of any documents pursuant to the CPRA request.

Section 5.6 – Voting

- a. All actions of the Board will require a quorum of the Board to be present for voting.
- b. Except as expressly set forth in this Agreement or otherwise limited by law, actions of the Board require the affirmative vote of a majority of a quorum that is present and voting. Board members may not cast proxy or absentee votes.
- c. Except as provided in subsection d. below, adoption or amendment of a budget or an expenditure plan, adoption of an ordinance, or approval of an agreement with a successor agency as a prerequisite for dissolution of the Authority under Section 4.3, requires the affirmative vote of a majority of all Directors.
- d. To approve the expenditure of Excess Net Toll Revenue, there must be both: (i) a majority vote of the full Board, and (ii) an affirmative vote of at least two (2) Directors from each county within the respective corridor that has an operating toll facility. The affirmative vote may be from any Director from a jurisdiction within the respective county.

Section 5.7 – Officers

- a. The Board will elect a Chair and Vice-Chair from among its members, and will appoint a Secretary who may, but need not, be a member of the Board. The Chair and Vice Chair will serve one-year terms and must be appointees of different Members. The officers will perform the duties normal to said offices as described below. If the Chair or Vice Chair ceases to be a member of the Board, the resulting vacancy will be filled, for the remainder of the vacant term, at the next meeting of the Board held after each vacancy occurs.
- b. Chair. The Chair will preside over all meetings of the board and will sign all contracts on behalf of the Authority, except contracts that the Board may authorize an officer or agent, or employee of the Authority to sign. The Chair will perform such other duties as may be imposed by the Board in accordance with law and this Agreement.
- c. Vice Chair. The Vice Chair will act, sign contracts, and perform all of the Chair's duties in the absence of the Chair.
- d. Secretary. The Secretary must countersign contracts signed on behalf of the Authority and will be the official custodian of all records of the Authority. The Secretary will attend to such filings as required by applicable law. The Secretary will perform such other duties as may be imposed by the Board.

Section 5.8 – Common Interest and Confidentiality

The Members have a common interest in all operations and proceedings of the Authority. Each agrees to maintain the confidentiality of all confidential, proprietary, or privileged information of the Authority. The Authority acting through the Board shall be the holder of all privileges.

Section 5.9 – Auditor/Controller and Treasurer

The Treasurer of Sacramento County will serve as the Auditor/Controller and Treasurer of the Authority. The Treasurer will be the depositary and will have custody of all of the accounts, funds, and money of the Authority from whatever source. The Auditor/Controller and the Treasurer will perform the duties and functions, assume the obligations and authority set forth in Sections 6505, 6505.5 and 6505.6 of the Act, and assure strict accountability of all funds and reporting of all receipts and disbursements of the Authority. The Auditor/Controller and Treasurer are designated as having charge of, handling, or having access to funds or property of the Authority for purposes of the Official's Bond required under Section 6505.5 of the Act and Section 5.10 of this Agreement. The Authority may change the Auditor/Controller, and/or Treasurer, and/or appoint other persons possessing the qualifications set forth in Section 6505.5 of the Act to these offices, by resolution of the Board of Directors.

Section 5.10 – Staffing

The member agencies may commit staff resources to the Authority as may be required or requested in order to fulfil the purposes and obligations of the Authority until such time as the Board adopts a permanent/interim staffing and organizational plan for the Authority. The Authority shall not participate in, or contract with, a public retirement system unless each Member first mutually enters a binding agreement to apportion the Authority's retirement obligations among the Members.

Section 5.11 – Additional Officers and Consultants

The Board may appoint any additional officers deemed necessary or desirable. Such additional officers also may be officers or employees or contractors/consultants of a Member or of the Authority. The Board may also retain such other consultants or independent contractors as may be deemed necessary or appropriate to carry out the purposes of this Agreement.

Section 5.12 – Official's Bond

The officers or persons designated to have charge of, handle, or have access to any funds or property of the Authority will be so designated and empowered by the Board. Each such officer or person will be required to file an official bond with the Authority in an amount established by the Board. Should the existing bond or bonds of any such officer or persons be extended to cover the obligations provided herein, said bond will be the official bond required herein. The premiums on any such bonds attributable to the coverage required herein will be appropriate expenses of the Authority. If it is prudent to do so, the Authority may procure a blanket bond on behalf of all such officers and persons.

Section 5.13 -- Status of Officers

All of the privileges and immunities from liability, exemption from laws, ordinances, and rules, all pension, relief, disability, worker's compensation, and all other benefits that apply to the activity of officers or agents of the Authority when performing their respective functions within the territorial limits of a Member will apply to them to the same degree and extent while engaged in the performance of any of their functions and duties under the provisions of this Agreement and Chapter 5 of Division 7 of Title 1 of the California Government Code, commencing with Section 6500. However, none of the officers or agents appointed by the Board will be deemed to be employed by any of the Members or to be subject to any of the requirements of such Members by reason of their appointment or employment by the Authority.

Section 5.14 – Committees

The Board may create permanent or ad hoc committees to give advice to the Board of Directors on such matters as may be referred to such committees by the Board. Qualified persons will be appointed to such committees by the Board and each such appointee will serve at the pleasure

of the Board. The Board may delegate authority to committees, except that the Board may not delegate authority to adopt or amend a budget or expenditure plan, to enact an ordinance, or to hire a chief executive officer.

ARTICLE 6 OPERATIONS AND FACILITIES

Section 6.1 – Formation of Board

As soon as practicable after the date of this Agreement, the Members must appoint their representatives to the Board. At its first meeting, the Board will elect a Chair and Vice Chair, and appoint a Secretary as prescribed in Article 5.

Section 6.2 – Delegation of Powers; Revenues

The Members delegate to the Authority the power and duty to maintain, operate, manage, and control the Joint Facilities, as they may be planned, constructed, and expanded from time to time. The revenues generated by the Authority's tolls shall belong to the Authority. Nothing in this Article is intended to: (i) delegate the RTPA's right to consent to the Authority's submittal of an application to the CTC pursuant to Section 149.7, (ii) restrict the Authority from entering into agreements for the implementation of toll lanes that designate the rights and responsibilities of the Authority and other parties, including Members, or (iii) cause the Authority to assume any debt or liability of a Member.

Section 6.3 – Joint Facilities Costs, Reserves, and Capital

The Authority will have financial responsibility for the improvement, alteration, maintenance, and operation of the Joint Facilities and will pay all contractual and administrative expenses of the Authority. Once revenues are generated by the Authority's toll lanes, the Authority will establish reasonable reserves and undertake appropriate capital projects to maintain the Joint Facilities. The Authority may incur indebtedness for contractual and administrative expenses.

Section 6.4 – CALTRANS Services

CALTRANS has agreed to provide the Authority, including both the current Project and future Joint Facilities, with the following services in connection with the implementation and operation of Joint Facilities: Transportation Management Center services; access to the CALTRANS Freeway Service Patrol Contract; maintenance services; engineering services; access to the CALTRANS communications network; and expedited review of closures and permits. Within 180 days of the effective date of this agreement, CALTRANS shall provide the Authority with a memorandum detailing the scope, terms, and condition of services to be provided to the Authority. Upon acceptance by all other initial Members, the memorandum shall become an incorporated addendum to this Agreement.

ARTICLE 7
BUDGET AND OTHER FINANCIAL PROVISIONS

Section 7.1 – Fiscal Year

The Authority Fiscal Year will begin each July 1 and end on the following June 30.

Section 7.2 – Annual Budget

The Authority will adopt an annual budget for each fiscal year. Once the Authority first annual budget is adopted, no expenditures may be made by or on behalf of the Authority unless authorized by a budget or budget amendment. A draft budget shall be provided to the Members at least thirty (30) days prior to adoption.

Section 7.3 – Expenditures Within Approved Annual Budget

All expenditures within the limitations of the approved annual budget will be made in accordance with the rules, policies and procedures adopted by the Board.

Section 7.4 – Disbursements

Warrants will be drawn upon the approval and written order of the Board, and the Board will requisition the payment of funds only upon approval of claims, disbursements, and other requisitions for payment in accordance with this Agreement and other rules, regulations, policies, and procedures adopted by the Board.

Section 7.5 – Accounts

All funds will be received, transferred, or disbursed by the Controller. The Treasurer will account for such funds separately, in accordance with the generally accepted accounting principles applicable to governmental entities, with strict accountability of all funds. All revenues, expenditures, and status of bank accounts and investments will be reported to the Board quarterly or as the Board may direct and, in any event, not less than annually, pursuant to procedures established by the Board.

Section 7.6 – Expenditure Plan

The Authority shall develop the expenditure plan in consultation with CALTRANS and the applicable RTPA. The expenditure plan shall: be consistent with the applicable MTP/SCS and RTP; conform to the Clean Air Act requirements; consider the goals, policies, and funding priorities in the applicable MTP/SCS and RTP; give priority consideration to mitigation measures in any environmental impact reports, environmental assessments, mitigation monitoring and reporting plans, or other documents related to the approval of a project containing toll facilities; and consider programmatic mitigation measures in the applicable MTP/SCS and RTP.

This Section shall apply equally to all updates or amendments to an expenditure plan.

ARTICLE 8 INDEMNITY

Section 8.1 – Indemnity to Members from Authority

To the fullest extent permitted by law, the Authority agrees to save, indemnify, defend, and hold harmless each Member and its officers, employees, volunteers, or agents, from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses, or costs of any kind, whether actual, alleged, or threatened, including attorneys' fees and costs, court costs, interest, defense costs, and expert witness fees, where the same arise out of, or are in any way attributable in whole or in part, to negligent acts or omissions of the Authority or its officers, or agents or the employees, officers, or agents of any Member while acting within the course and scope of an agency relationship with the Authority

The provision of indemnity set forth in this Section shall not be construed to obligate the Authority to pay any liability, including but not limited to punitive damages, which by law would be contrary to public policy or otherwise unlawful.

Section 8.2 – Indemnity to Authority and Other Members

To the fullest extent permitted by law, Members agree and covenant to defend, hold harmless and indemnify the Authority, its elected officers, employees, volunteers and its other Members from any claim, damage or liability in connection with acts, errors, omissions or breach or default of any Member or any person or entity acting on behalf of any Member, except to the extent the Member is acting in the course and scope of performing services for or on behalf of the Authority.

Section 8.3 – Certain Tort Liabilities

By this Agreement, the Members intend that the debts, liabilities, and obligations of the Authority, including tort liabilities, shall not be the debts, liabilities, and obligations of the Members. The indemnities in Sections 8.1 and 8.2 are intended to protect the Members from such debts, liabilities, and obligations, if necessary, including any liabilities that may be imposed pursuant to Government Code section 895.2. In the event of liabilities imposed pursuant to Government Code section 895.2, the Members, as among themselves, pursuant to the authorization contained in Government Code Sections 895.4 and 895.6 each assume the full liability imposed upon it or any of its officers, agents, employees or representatives by law for injury caused by a negligent or wrongful action or inaction, or omission, occurring in the performance of this Agreement, to the same extent that such liability would be imposed in the absence of Government Code Section 895.2. To achieve this purpose, each Member indemnifies and holds harmless each other Member and the Authority, for any loss, cost or expense, including reasonable attorney's and consultant fees, that may be imposed upon or incurred by such other Member or the Authority solely by virtue of Government Code Section 895.2.

Pursuant to this Section 8.3, CALTRANS shall indemnify and hold harmless the other Members from any liability imposed solely pursuant to Government Code Section 895.2 that results from construction on, or conditions of, the state highway system or that would otherwise be attributable to CALTRANS; this Section 8.3 shall be subordinate to a specific indemnity provision in any agreement between CALTRANS and the Authority.

Section 8.4 – Retirement Liabilities

To the extent applicable, each Member shall pay its apportioned share of the retirement liabilities of the Authority described in Government Code section 6508.2. Each Member shall defend and indemnify the other members for any failure to pay apportioned retirement liabilities. The Authority shall not incur any retirement liabilities unless and until each Member agrees to an apportionment of liabilities among the Members.

Section 8.5 – Officers and Employees

The Authority shall provide for the defense of its officers and employees to the extent required by law as set forth in Government Code sections 995 et seq. or other applicable laws.

Section 8.6 – Insurance

The Authority shall insure itself, to the extent required by law and deemed appropriate by the Board of Directors, against loss, liability, and claims arising out of or connected with this revised Agreement. The Authority shall, at a minimum, procure adequate insurance prior to acquiring any real property interests or hiring for any construction work.

Section 8.7 – Implementation Agreements

This Article shall not limit the Authority from entering separate agreements with Members, such as project implementation agreements, that include indemnity and other contractual risk provisions between the Authority and a Member.

ARTICLE 9 MISCELLANEOUS

Section 9.1 – Amendments

This Agreement may be amended by a writing or writings executed by the Members approved by resolution of each Member's governing body.

Section 9.2 – Notice

Any notice required to be given or delivered by any provision of this Agreement will be personally delivered or deposited in the U.S. Mail, registered or certified, postage prepaid, addressed to the Members at their addresses as reflected in the records of the Authority, and

will be deemed to have been received by the Member to which the same is addressed upon the earlier of receipt or seventy-two (72) hours after mailing.

Section 9.3 – Good Faith Negotiations

The Members acknowledge that differences between them and among the Board members may arise from time to time and agree to make good faith efforts to resolve any such differences via good faith negotiations among the Members or Board members, as the case may be. If such negotiations do not resolve the dispute, and no Member gives a notice to dissolve the Authority as provided in this Agreement, then the Members may resolve disputes in any manner permitted by law or in equity.

Section 9.4 – Attorney’s Fees

In the event litigation or other proceeding is required to enforce or interpret any provision of this Agreement, the prevailing party in such litigation or other proceeding will be entitled to an award of its actual and reasonable attorney’s fees, costs, and expenses incurred in the proceeding.

Section 9.5 – Successors

This Agreement will be binding upon and inure to the benefit of any successor of a Member.

Section 9.6 – No Third Party Beneficiaries

The rights and obligations set forth in this Agreement are solely for the benefit of the Members, and this Agreement is not intended to, and does not, confer upon any other person any rights or remedies, including any right to enforce its provisions. The rights granted to third parties are strictly limited to those rights expressly provided.

Section 9.7 – Assignment and Delegation

No Member may assign any rights or delegate any duties under this Agreement without the written consent of the other Members, and any attempt to make such an assignment will be null and void for all purposes.

Section 9.8 – Counterparts

This Agreement may be executed in one (1) or more counterparts, all of which together will constitute a single agreement, and each of which will be an original for all purposes.

Section 9.9 – Severability

Should any part, term, or provision of this Agreement be decided by any court of competent jurisdiction to be illegal or in conflict with any applicable law, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms, or provisions of this

Agreement will not be affected thereby and to that end the parts, terms, and provisions of this Agreement are severable.

Section 9.10 – Integration

This Agreement represents the full and entire Agreement among the Members with respect to the matters covered herein.

Section 9.11 – Execution

Each individual executing this Agreement represents and warrants that they are duly authorized to execute this Agreement on behalf of their respective Member. Members other than Caltrans represent and certify that they have, through their regular process, authorized the execution of this Agreement by appropriate resolution, delegation, or plenary authority, as required.

IN WITNESS WHEREOF, the Parties have hereunder subscribed their names the day and year indicated below.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

By:  Date: 1/24/24
James Corless
Executive Director

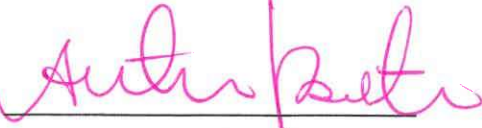
Approved as to Form: 
Michael J. Maurer
General Counsel

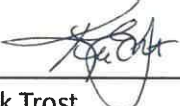
CALIFORNIA DEPARTMENT OF TRANSPORTATION

By:  Date: 1/19/2024
David Moore
Acting Director, District 3

Approved as to Form: 
Erin Holbrook
Chief Counsel

YOLO COUNTY TRANSPORTATION DISTRICT

By:  Date: 1/24/2024
Autumn Bernstein
Executive Director

Approved as to Form: 
Kirk Trost
Special Counsel



Capital Area Regional Tolling Authority

Meeting Date: December 17, 2025

Agenda Item: 5

Pre-Toll Revenue Operations Loans

Prepared By: Erik Johnson, SACOG

Attachments: Yes

Recommendation:

Staff recommend that the board approve the proposed loan terms and authorize the Secretary to negotiate with public agencies to secure up to \$14 million in loans.

Background:

CARTA is structured to be an independent Joint Powers Authority that will be funded by toll revenue generated from its facilities within the region. To date, because there is only one corridor (Yolo 80) and it has not yet opened for revenue service, CARTA's operations have been entirely funded by \$2.6 million in loans from SACOG. Once the Yolo 80 Managed Lanes project opens to revenue service, traffic and revenue studies show that the project is forecasted to cover all operating costs.

At the February 2025 meeting, the CARTA board approved a staffing approach for fiscal year (FY) 2025-2026 through FY 2027-2028 that relies heavily on consultants to staff CARTA and includes hiring an Executive Director starting in July 2026. At their May 2025 board meeting, staff presented a draft five-year budget forecast. CARTA's expenses over the next five years fall into four categories:

- Administration/Debt Service: including finance, insurance, legal, administrative staffing, meetings, community engagement, and travel.
- Program Management and Policy: including staff and consultant costs associated with managing CARTA, civil oversight on toll projects in development, performance monitoring of the toll system, and a regional equity study.
- Yolo 80 Roadside Toll System: including the construction and operations of the roadside toll system and associated staff and consultant costs.
- Yolo 80 Back Office System and Customer Service Center: including the construction and operations of the system, in partnership with Transportation Corridor Agencies (an existing toll authority identified by the board in October as our preferred partner), and the associated staff and consultant expenses.

The first two expense categories support CARTA's toll program generally and, once other corridors are in operations, these expenses will be shared among the corridors. The third and fourth expense categories are specific to Yolo 80 and, once other corridors are in operations, similar expense categories will be added that split out each corridor's roadside system and back office costs.

CARTA is not funding the work conducted by Caltrans and YoloTD on the Yolo 80 Managed Lanes Project. As the Yolo 80 Project Sponsors, Caltrans and YoloTD are responsible for securing capital costs for Yolo 80, including the civil construction, capital Roadside Toll System, and capital Back Office/Customer Service Center. The civil environmental, design, and construction costs remain in the Yolo 80 project budget and are not reflected in CARTA's budget. CARTA is responsible for the operating costs, so they are included in its budget.

This staff report uses the term "revenue service" which refers to the period when a toll project is fully open and collecting tolls. Similarly, "pre-revenue service" refers to the period prior to toll collection, when a project is in development, construction, and/or testing.

At the November 2025 meeting, staff provided an update on CARTA's operations funding needs, Yolo 80 project funding needs, and the strategy to enter into loans with other public agencies. At the November meeting, board members asked to understand what other funding options exist for these expenses. Loans between CARTA and local public agencies are the only remaining option. The nature of most of the expenses for administering CARTA are not eligible project costs for the Yolo 80 project, nor are they eligible to be financed by a loan from the state Infrastructure Bank. As CARTA is a new entity with no credit history, private market loans are not likely viable nor attainable given the timing where CARTA needs access to funding.

Discussion:

Partner Loans

In total, CARTA is hoping to secure up to \$14 million in loans. These loans would be repaid with future toll revenue once Yolo 80 begins revenue service. Staff recommend that CARTA keep the loan terms simple and consistent across all agencies. Based on feedback from the CARTA board in November, staff have worked with Yolo County partner agencies to develop common loan terms (Attachment 5B). Staff believe that these terms balance CARTA's needs for operational funds pre-toll revenue and partner agencies' needs to mitigate risk.

The attached loan terms are structured to achieve the following goals: (1) secure funding up front to allow effort to shift to delivering Yolo 80; (2) allow access to funding as needed; (3) minimize borrowing costs by accessing funds annually; (4) provide long-term flexibility to CARTA with a graduated repayment schedule; and (5) ensure no special benefits are provided to the agencies who loan funds to CARTA (e.g., commitment of future net excess toll revenues).

Staff's recommendation is to enter into loan agreements with partner agencies covering several fiscal years. This sequential structure would give CARTA funds as needed. For example, CARTA's estimated loan needs are \$1 million in FY 2026, \$4 million in FY 2027, \$5 million in FY 2028, and \$4 million in FY 2029. The loan agreements would establish all this upfront, and then as budgetary actions in the future, CARTA would draw down only the funds it needs each year. While the loan terms will be consistent across agencies, some agencies are interested in providing loans in a later year and potentially being paid back sooner. This proposed loan structure gives CARTA the flexibility to meet these needs, by drawing down funds from different agencies and facilitating the "buy out" of an agency's loans so they get repaid sooner.

The first agency likely to enter into a loan agreement with CARTA is the City of West Sacramento. West Sacramento has the financial capacity to loan the entire amount of funding to CARTA, but staff recommend having loan agreements with multiple agencies to provide flexibility for CARTA and allow more participation from local agencies. Staff will work with the City of West Sacramento over the next few months on the first loan agreement based on the attached term sheet. As with the existing loans from SACOG, the agency providing the loan will first secure approval from their governing body and then the CARTA board will act second. Staff expect to return to the CARTA board in March 2026 to approve the first loan agreement. This action will be coupled with a second amendment to the current budget and a draft FY 2027 budget that both reflect the additional funding.

At the board meeting, staff will provide an overview of forecasted expenditures between now and 2029, an analysis of the impact of repayment over the life of these loans.

TAG Discussion

The TAG met on December 10th with YoloTD, SACOG, Caltrans, and STA in attendance. CARTA staff also discussed this item with the PCTPA TAG member prior to the CARTA TAG meeting. The TAG was generally supportive of the staff recommendation. There were concerns from members with future toll corridors about the total borrowing cost to CARTA, although they acknowledged that CARTA's current financing options are limited. Their concerns covered both the high interest rate and the cost of having SACOG's existing loans bought out. Staff have modified the materials since they were proposed to the TAG so that the total amount does not include additional debt to assume SACOG's existing loans.

Attachments:

5A: Loan Term Sheet

5B: Loan Agreement Template

5C: Slides

Draft CARTA Partner Loan Terms

The following terms will be incorporated into individual agreements between participants and CARTA.

Amount	Minimum loan \$1 million
Participants	Participants are anticipated to be the cities of Davis, West Sacramento, and Woodland; and Yolo County, however other local public agencies within the CARTA boundaries may participate.
Draw Period	On execution of agreement, CARTA will receive first loan (FY26), thereafter, loans will be drawn on July 1 of the fiscal year. CARTA executive director may draw less than the authorized amount based on CARTA's financial needs.
Repayment Initiation	Staggered based on draw date: FY26 loans: 7/1/2029 or within 12 months of Borrower's initial receipt of toll revenue, whichever is later, unless otherwise agreed to in writing by Lender. FY27 loans: 7/1/2030 or within 12 months of Borrower's initial receipt of toll revenue, whichever is later, unless otherwise agreed to in writing by Lender. FY28 loans: 7/1/2031 or within 12 months of Borrower's initial receipt of toll revenue, whichever is later, unless otherwise agreed to in writing by Lender. FY29 loans: 7/1/2032 or within 12 months of Borrower's initial receipt of toll revenue, whichever is later, unless otherwise agreed to in writing by Lender.
Repayment Term	Generally 3 years moratorium, then 10 years
Payment Frequency	Quarterly
Payment type	Graduated principal & interest
Interest rate	Fixed, 8%, annual
Prepayment penalty	None
Repayment assurance	1. Consistent with SHC 149.7(e)(4) revenue generated from toll facility shall take priority over all other debt after loans from SACOG, unless otherwise agreed to in writing by Lender 2. Should other corridors join CARTA prior to payoff of these loans, payments received by CARTA for initial operating costs shall be prioritized to make regular debt service payments for these loans before any other debt service, unless otherwise agreed to in writing by Lender. 3. The first two Traffic & Revenue studies demonstrate that Yolo 80 will provide revenue to cover operating costs inclusive of debt from the time the project opens. YoloTD is commissioning a third study to further refine this forecast. 4. Should CARTA be dissolved, it is required per the JPA to first provide for the assumption or discharge of its debts to the members.
Other terms	SACOG is open to its loan being bought out by the partners so that the terms can be standardized among the parties
Buy-out	Participants may have their loans assumed by another agency with the consent of the CARTA Board of Directors.

AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDED AND RESTATED LOAN AGREEMENT (“Loan Agreement”) is made and entered into as of the _____ day of _____, 202_, by and between the CAPITAL AREA REGIONAL TOLLING AUTHORITY, a California joint powers agency (“Borrower”), and the [CITY OR COUNTY] OF _____ (“Lender”).

RECITALS

WHEREAS, Borrower is a joint powers agency formed on February 15, 2024, by the Sacramento Area Council of Governments (SACOG), Yolo Transportation District (YTD), and the California Department of Transportation (CalTrans) for the purpose leading the implementation of toll facilities in the Sacramento region; and

WHEREAS, Yolo County, and the cities within Yolo County, are the member agencies of the Yolo Transportation District and have a vested and continuing interest in the public benefits provided by the Yolo Transportation District; and

WHEREAS, the development of toll lanes within Yolo County, particularly on the I-80, will provide a public benefit to the County and all cities within the County by enabling more throughput of individuals and vehicles, reducing greenhouse gas emissions, and generating revenues that can be used to improve various transportation modes within the I-80 corridor, including but not limited to public transit; and

WHEREAS, YTD and CalTrans initiated a project to develop a toll lane on the I-80 corridor in Yolo County (“Yolo80 Project”), and the California Transportation Commission approved CARTA’s application to operate toll services once the toll lane is developed for the Yolo80 Project

WHEREAS, CARTA has obtained two Traffic & Revenue studies that demonstrate that the Yolo80 Project is expected to provide sufficient revenue to cover its operating costs inclusive of debt from the time the Yolo80 Project opens, and YTD is commissioning a third study to further refine the Traffic & Revenue forecast; and

WHEREAS, Lender desires to provide initial funding that is needed for CARTA to develop, administer and operate toll lanes within Yolo County, and Borrower intends to repay this debt as an operating expense payable from future toll revenues.

NOW, THEREFORE, in consideration of the promises and covenants herein, Borrower and Lender agree as follows:

ARTICLE I

1.01 **Definitions.** When used in this Loan Agreement, the following terms shall have the indicated definitions:

- (a) “Borrower” means Capital Area Regional Tolling Authority, a California joint powers agency.
- (b) “Loan” means the financial accommodation being made by the Lender to the Borrower in accordance with the terms and provisions of this Loan Agreement.
- (c) “Loan Documents” means this Loan Agreement, the Note and all other documents executed in connection with the Obligations or under this Loan Agreement, with all addendums, modifications and amendments thereto.
- (d) “Note” means the Promissory Note from the Borrower as maker, to the Lender, as payee executed concurrently with this Agreement, and all amendments, extensions or renewals thereof.
- (e) “Obligations” means all obligations under the Note, all of the obligations hereunder and all other obligations and liabilities of the Borrower, or any guarantor, surety, endorser or accommodation party, to the Lender, its successors and assigns, arising from or evidenced by the Loan Documents, whether direct or indirect, primary or secondary, joint or several, absolute or contingent, or now or hereafter existing or due or to become due in connection therewith.

ARTICLE II

Terms of Loan

2.01 **Loan Amount.** Lender hereby agrees to loan funds to Borrower in a total amount not-to-exceed **[INSERT WRITTEN AMOUNT]** (\$ _____), subject to the terms and conditions stated herein.

2.02 **Draw Schedule.** Borrower may draw upon the Loan in accordance with the following schedule:

- (a) Initial Draw: Up to \$ _____, [no later than / upon] [DATE]
- (b) Second Draw: Up to \$ _____, [no later than / upon] [DATE]
- (c) Third Draw: Up to \$ _____, [no later than / upon] [DATE]
- (d) Fourth Draw: Up to \$ _____, [no later than / upon] [DATE] [or: N/A]

Borrower is under no obligation to make a draw and may draw less than the stated amount. Upon giving notice of its intent to draw upon the Loan funds, Lender shall promptly release the funds to Borrower.

2.03 Repayment. The Loan shall have an initial three-year moratorium on repayment for each draw, followed by a ten (10)-year repayment period. The moratorium period shall be extended until twelve (12) months following Borrower's initial receipt of toll revenue, if greater than three years from Borrower's initial draw of Loan funds. The extension shall not exceed _____. Borrower may prepay the outstanding amount or any portion thereof, at any time prior to the repayment term without penalty.

- (a) During the repayment period, Borrower shall make quarterly payments of principal and interest until the Loan is fully repaid. Each quarterly payment shall consist of (i) accrued interest, and (ii) a graduated portion of the outstanding principal balance.
- (b) Consistent with California Streets and Highways Code section 149.7(e)(4) revenue generated from Borrower's toll facility on I-80 within Yolo County shall take priority over all other debt, unless otherwise agreed to in writing by Lender. Lender recognizes and agrees that the SACOG has previously loaned funds to Borrower in an amount up to \$ _____, and repayment of this SACOG loan shall take priority over the Loan. Additionally, Lender recognizes and agrees that the County of Yolo and the other cities within the County intend to make Loans to Borrower which shall be deemed on equal priority to the Loan. A schedule indicating the allowable draws from each agency is attached hereto as Attachment I and incorporated herein by reference. Lender agrees that repayments will be made proportionally for each lending agency.
- (c) Should other corridors join CARTA prior to repayment of the Loans, any payments received by CARTA for initial operating costs attributable to those corridors shall be prioritized to make regular debt service payments for these loans before any other debt service, unless otherwise agreed to in writing by Lender.

2.04 Interest. The Loan shall accrue interest at the fixed annual rate of eight percent (8%). Interest shall begin accruing upon Borrower's draw of the Loan funds and only upon the amount of funds actually drawn by Borrower.

2.05 Promissory Note. Repayment of the Loan shall be secured by a Promissory Note in substantially the form in Attachment II. The Note has been executed and was delivered by the Borrower contemporaneously with the execution and delivery of this Loan Agreement.

2.06 Default. Each of the following shall constitute an Event of Default under this Agreement:

- (a) Borrower fails to make any payment when due.

- (b) Borrower fails to comply with or to perform any other term, obligation or covenant or condition contained in this Agreement or any of the Loan Documents.
- (c) The dissolution or termination of the Borrower's existence as a joint powers agency, insolvency of the Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of Borrower's creditors or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

2.07 Lender's Rights. Upon an Event of Default, Lender may declare the entire unpaid balance of the Loan immediately due.

ARTICLE III

Miscellaneous

3.01 No Implied Waiver. Neither failure to exercise nor any delay on the part of Lender in exercising any right, power or privilege, nor any single or partial exercise of any right, power or privilege under this Agreement, nor under any of the documents executed by Borrower in connection herewith, shall preclude any further exercise thereof by Lender or the exercise of any other right, power or privilege.

3.02 Changes Must Be In Writing. No provisions of the Loan Documents may be changed, waived, discharged or terminated orally, by telephone or by any other means except an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought and then the same shall be effective only in the specific instance for which it is given.

3.03 Applicable Law. This Agreement shall be deemed to be a contract made in the State of California and entered into under and pursuant to the laws of such state, and to be governed, construed and enforced in accordance with the laws of the State of California.

3.04 Counterparts. This Agreement and any of the other Loan Documents may be executed in any number of counterparts, each of which shall constitute an original.

3.05 Survival of Covenants. This Agreement and all covenants, agreements, representations and warranties made herein in any other Loan Document, shall survive the making by the Lender of the Loan and the execution and delivery to the Lender of the Note, and shall continue in full force and effect so long as the Note and any other indebtedness of the Borrower to the Lender hereunder is outstanding and unpaid.

3.06 Successors and Assigns. Except as herein provided, this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of Borrower and Lender and any other successors and assigns. Notwithstanding the foregoing, Borrower or any other person other than Lender, without the prior written consent of the Lender, which consent may be withheld in Lender's sole discretion, may not assign, transfer or set over to another person, in whole or in part, all or any part of its benefits, rights, duties and obligations hereunder, including, without limitation, performance of and compliance with conditions hereof and the right to receive the proceeds of current or future advances. Whenever in this Agreement or in any of the other Loan Documents any of the parties hereto or thereto is referred to, such reference shall be deemed to include the

successors and assigns of such party (but without any implied consent to any transfer or other action which violates the term of any Loan Document); and all covenants, promises and agreements contained in this Agreement, or in any of the other Loan Documents by or on behalf of Borrower or any other Person other than Lender, shall inure to the benefit of the respective successors and assigns of Lender.

3.07 Severability. Any provision of this Agreement or of any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

3.08 Amendment, Waiver or Consent. No waiver, consent, modification, or amendment shall be effective as against the Lender unless the same is in writing and signed by an authorized officer. No such waiver, consent, modification, or amendment shall extend to or affect any obligation or right except to the extent expressly provided for therein.

3.09 Applicable Law and Costs of Enforcement. The laws of the state of California shall govern the validity, performance and enforcement of this Loan Agreement. Borrower agrees to pay the costs and expenses, including but not limited to reasonable attorneys' fees and legal expenses incurred by Lender in the exercise of any right or remedy available to it, whether or not suit is commenced, including, without limitation, reasonable attorneys' fees and legal expenses incurred in connection with any appeal of a lower court's order or judgment.

3.10 Further Assurances. Borrower will execute and deliver such other and further instruments and documents, and will do such other and further acts as in the opinion of the Lender may be necessary or desirable to carry out more effectively the purposes of this Loan Agreement.

3.11 Binding Effect. This Loan Agreement shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of the Lender and the benefit of its successors and assigns, including any subsequent holder or holders of the Note or any interest therein.

3.12 Survival. All representations, warranties, covenants, and agreements made herein shall survive the execution and delivery of this Loan Agreement, the Loan Documents and the issuance of the Note.

3.13 Integration of Loan Documents. The Parties agree that this Loan Agreement shall incorporate by reference all of the terms, covenants, conditions, obligations, stipulations and agreements contained in the Loan Documents, to the same extent and effect as if fully set forth herein and made a part of this Loan Agreement.

3.14 Entire Contract. This Loan Agreement with the Loan Documents constitutes the entire Loan Agreement between the parties. No oral representation shall be binding on any Party hereto, and all parties acknowledge that no reliance will be placed on any oral representations of any person or entity which vary, in any manner whatsoever, any portion of this Loan Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Loan Agreement executed and delivered as of the day and year first above written.

[SIGNATURES ON NEXT PAGE]

DRAFT

[CITY OR COUNTY]

[Name], [Title]

APPROVED AS TO FORM:

[Name], [Title]

CAPITAL AREA REGIONAL TOLLING AUTHORITY

Oscar Villegas, Board Chair

APPROVED AS TO FORM:

Michael Maurer,
General Counsel
Best Best & Krieger

ATTACHMENT 1

[Insert Master Draw Schedule]

DRAFT

ATTACHMENT 2

PROMISSORY NOTE

Loan Amount: [\$_____]

[DATE]

1. FOR VALUE RECEIVED, the CAPITAL AREA REGIONAL TOLLING AUTHORITY, a California joint powers agency (“Borrower”), promises to pay to the order of [NAME] (“Lender”), the Principal sum of [WRITTEN AMOUNT] (\$_____) with interest from the date first above written until paid at the fixed annual rate of eight percent (8%) (“Rate”).
2. The Principal sum borrowed pursuant to this Promissory Note, together with all interest due on it, is due and payable on or before _____.
3. Borrower will use the Principal sum borrowed pursuant to this Promissory Note for Borrower’s operations in implementing toll services on the I-80 within Yolo County.
4. Borrower will timely pay to Lender all sums owing under this Promissory Note without deduction, offset, or counterclaim of any kind.
5. All payments on this Note will be in accordance with the Loan Agreement between Lender and Borrower.
6. Failure to pay any part of the Principal of this Promissory Note when due, or failure to carry out any of the terms, covenants, or conditions of this Promissory Note, shall authorize the holder of this Promissory Note to declare as immediately due and payable the then-unpaid Principal and to exercise any and all of the rights and remedies provided by the California Commercial Code as well as all other rights and remedies either at law or in equity possessed by the holder of this Promissory Note.
7. If Lender incurs fees and expenses for legal services by any attorney to enforce or construe any provision of this Note or as a consequence of any event of default, with or without the filing of any legal action or proceeding, then Borrower will immediately pay to Lender on demand all attorneys’ fees and other costs incurred by Lender, together with interest from the date of the demand until paid.

8. Borrower hereby waives presentment, notice of dishonor, and protest.
9. This Note may be prepaid in whole or in part without penalty.

Dated: _____

By: _____

Name: Oscar Villegas

Title: Chair, Capital Area Regional Tolling Authority

DRAFT

Pre-Revenue Operations Loans

Board of Directors
17 December 2025
Attachment 5C



43

Revenue

2024-2028

- SACOG Loans (\$2.6 million)
- Partner Loans (up to \$14 million)
- Caltrans/California Transportation Commission grant funding (TBD)

2028-Beyond

- Toll Revenue (\$13+ million gross annual)
- CARTA operating contributions from new corridors (one-time, TBD)

Expenditures

2024-2028

SHARED COSTS

- Administration
- Program Management and Policy

- Yolo 80 Roadside Toll System
- Yolo 80 Back Office System & Customer Service Center

YOLO 80 COSTS

2028-Beyond

- Administration/Debt Service
- Program Management & Policy
- Yolo 80 Operations
- Future Corridor Operations

2025-2030 Draft Budget Forecast

Revenues	FY 26*	FY 27	FY 28	FY 29	FY 30
Existing /Carryover	\$1,927,681	\$300,000	\$1,306,000	\$1,047,000	\$1,805,000
New Loans	\$1,000,000	\$4,000,000	\$5,000,000	\$4,000,000	\$ -
Caltrans Equity Grant	\$60,000	\$392,087	\$206,395	\$ -	\$ -
Yolo 80 Funding (Est.)	\$ -	\$20,000,000	\$20,000,000	\$ -	\$ -
Yolo 80 Toll Revenue (Low)	\$ -	\$ -	\$ -	\$13,600,000	\$15,645,000
TOTAL	\$2,987,681	\$16,788,495	\$18,619,800	\$17,647,102	\$16,449,733
Expenditures					
Administration	\$351,500	\$439,000	\$548,000	\$691,000	\$1,034,000
Program Mgmt & Policy	\$1,773,855	\$1,822,000	\$1,726,000	\$829,000	\$592,000
Yolo 80	\$318,701	\$20,000,000	\$21,500,000	\$14,159,000	\$11,000,000
Future Corridors	\$ -	\$500,000	\$25,000	\$450,000	\$700,000
TOTAL	\$2,444,056	\$22,761,000	\$23,799,000	\$16,129,000	\$13,326,000
Rev. vs. Expend.	\$543,625	\$1,931,087	\$2,713,395	\$2,518,000	\$4,124,000

12/17/25

Pre-Revenue Operations Loans 46



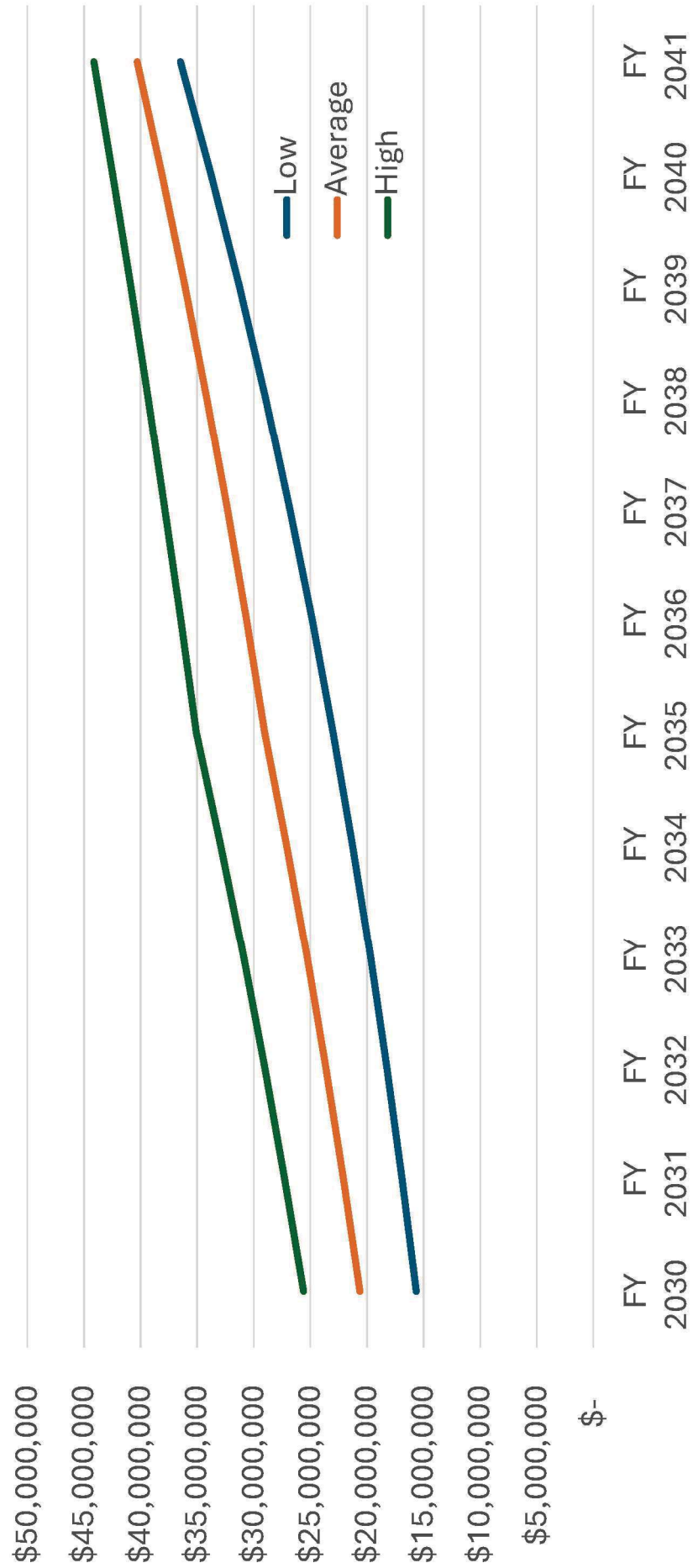
Pre-Revenue Options Explored

Source	Feasibility
Additional SACOG loans	Not able to cover CARTA’s need; SACOG board wants other participation
Bank loans	Not feasible due to lack of assets/credit
California Infrastructure Bank	Only funds capital costs
Caltrans Funding	Only funds project-specific costs
Partner Loans	Feasible

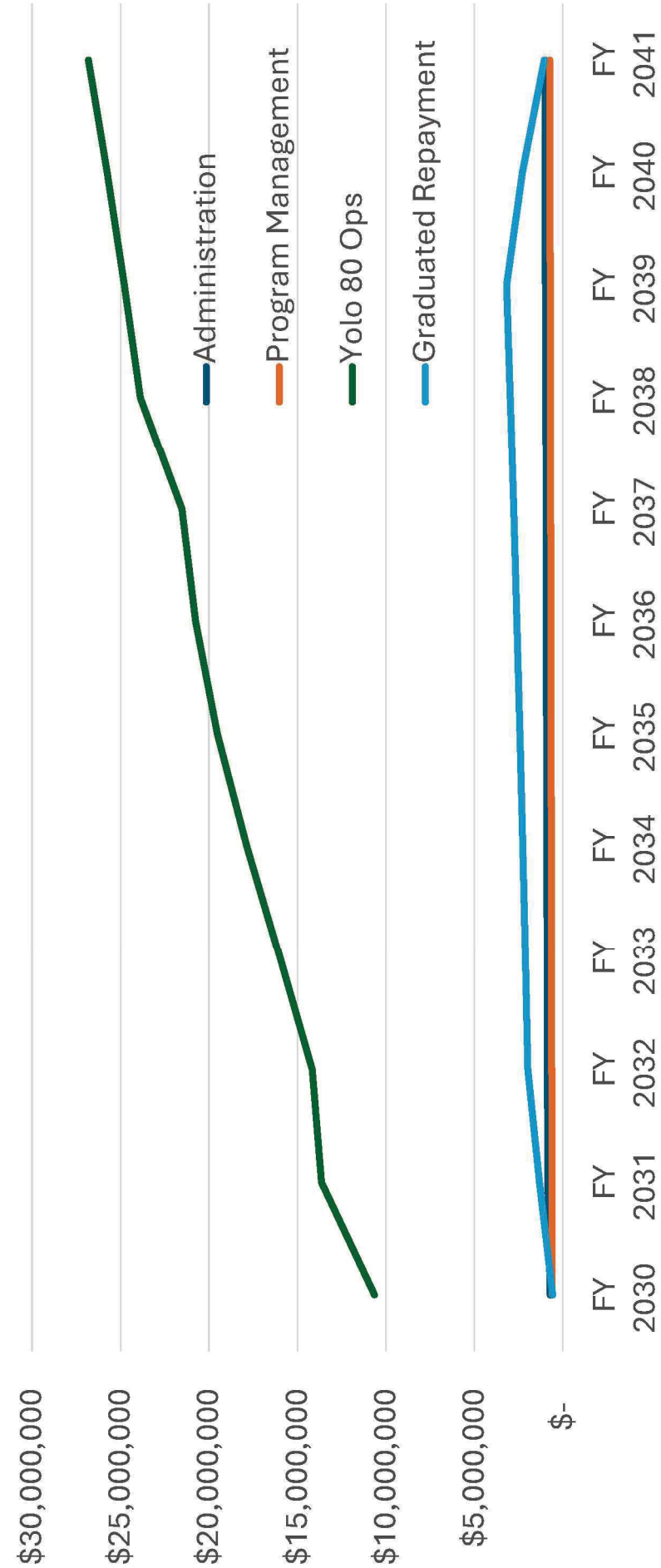
Draft Partner Loan Terms

Amount	Minimum loan \$1 million
Participants	Davis, West Sacramento, Woodland, and Yolo County, or other local agencies
Draw Period	First loan in spring 26, then 7/1 annually. CARTA may draw less based on needs
Repay Initiation	Staggered based on draw or within 12 mo. of initial receipt of toll revenue
Repay Term	Generally 3 years moratorium, then 10 years
Payment Freq.	Quarterly
Payment type	Graduated principal & interest
Interest rate	Fixed, 8%, annual
Prepay penalty	None
Repayment assurance	• Rev generated from tolls take priority over all other debt after SACOG loans • New corridor payments shall be prioritized to make payments • Should CARTA be dissolved, the debts shall be paid with any remaining assets
Other terms	SACOG is open to its loan being bought out to standardize terms

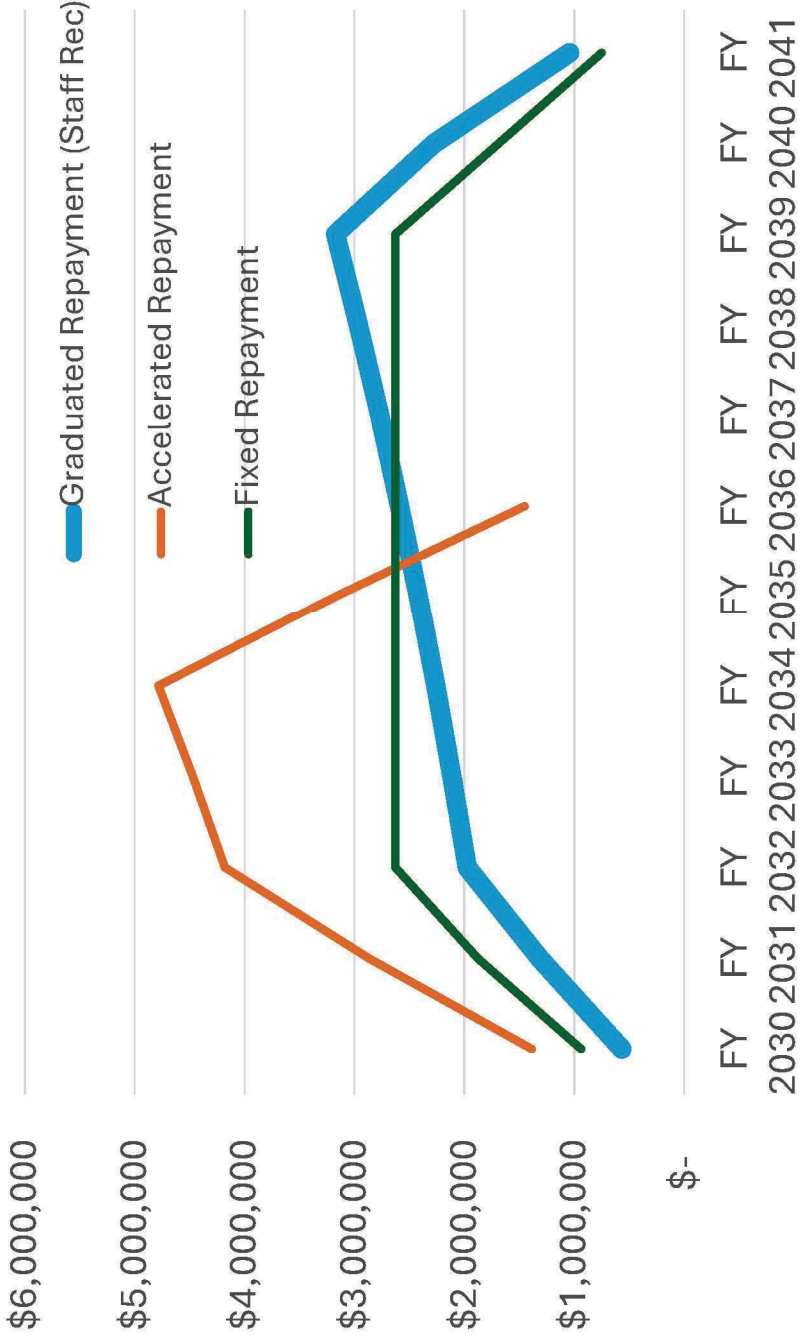
Yolo 80 Toll Revenue



12-Year Expenditure Forecast



Repayment Scenarios



Total Interest Paid
Graduated: \$13m
Fixed: \$12m
Accelerated: \$8m



Capital Area Regional Tolling Authority

captollauthority.org | ejohnson@sacog.org



STAFF REPORT

TOPIC	ITEM NUMBER
Reappoint Two Board Members and One Alternate to Represent YoloTD on the Capitol Corridor Joint Powers Authority Board of Directors	7 Action Jan 12, 2026 Board of Directors

PREPARED BY: A.Bernstein
ATTACHMENTS: None

STAFF RECOMMENDATION(S)

Staff recommend that the Board of Directors Reappoint Two Board Members and One Alternate to serve on the Capitol Corridor Joint Powers Authority (CCJPA) Board of Directors.

BACKGROUND

The Capitol Corridor runs 16 trains a day each direction between the Bay Area (Oakland/San Jose) and the Sacramento region (Sacramento/Roseville). All Capitol Corridor trains run through unincorporated Yolo County, Davis and West Sacramento. There is one station in Yolo County, in downtown Davis. The CCJPA is currently working with the City of Davis on major changes to the Davis station.

The CCJPA Board of Directors includes two representatives apiece from YoloTD, Santa Clara Valley Transportation Authority (VTA), Sacramento Regional Transit District (SacRT), Solano Transportation Authority (STA), and Placer County Transportation Planning Agency (PCTPA). The BART Board of Directors has six members on the CCJPA Board, two apiece from San Francisco, Contra Costa and Alameda Counties.

Since January 2023, YoloTD has been represented on the CCJPA Board by Yolo County

(Lucas Frerichs) and City of Davis (Josh Chapman). Since January 2025 Mayra Vega (City of Woodland) has served as Alternate.

The Capital Corridor Board meets bimonthly (5 meetings per year), on the third Wednesday of the month. The next meeting of the Capitol Corridor JPA Board is February 18, 2026 at 10 am. The meeting location alternates between Oakland and Suisun City.

Staff recommends that the Board Reappoint Directors Chapman, Frerichs and Vega to continue their service on the CCJPA Board of Directors.

FISCAL IMPACT

None