

**Capital Area Regional Tolling Authority
Board of Directors**



Friday, September 5, 2025, at 10:00 AM

Sacramento Area Council of Governments Board Room SACOG Board Room, 1415 L Street, Suite 300, Sacramento, CA 95814

AND

4720 South Dudley Street, #10, Denver, CO 80123

Pursuant to Government Code Section 54955.1, the Capital Area Regional Tolling Authority Board Meeting on August 4, 2025, at 12:30 p.m., has been continued to the Capital Area Regional Tolling Authority Board Meeting on September 5, 2025, at 10:00 a.m. at SACOG's offices, 1415 L Street, Suite 300, Sacramento, CA.

Attend, watch or listen

- The public can attend meetings at SACOG's offices
- Watch the meeting live at: <https://sacog-org.zoom.us/j/83855563316>, Webinar ID: 838 5556 3316
- Listen by phone 1-888-475-4499, Meeting ID: 838 5556 3316

Provide public comment:

Comments will be taken on the item at the time it is taken up by the board. Members of the public can participate in the meeting via written or verbal comments as described below.

• *In-person:*

Public comment may be made in person at SACOG's offices or at an alternative meeting location designated on the agenda (if any). You will have 3:00 minutes to speak, unless a different time is set by the Chair. Please complete a speaker form and provide it to the clerk. If attending at the alternative meeting location, please inform a SACOG official in attendance that you request to speak.

• *During the meeting by Zoom or phone:*

By Zoom: click on your name on the attendee list and then click "Raise Hand". The clerk will call you by name when it is your turn to comment. You will have 3:00 minutes to speak.

By phone: press *9. The clerk will call you by name or by phone number when it is your turn to comment. You will have 3:00 minutes to speak.

• *Written comments*

May be submitted via email to the clerk at rtadevich@sacog.org. Written comments will be read at the meeting and will be limited to 250 words. Written comments of more than 250 words will be distributed to board members if received by the clerk 48 hours or more in advance. Otherwise, they will be shared after the meeting.

Agenda Timing: Time durations are estimates only. Action may be taken on any item on this agenda. The board may take up any agenda item at any time, regardless of the order listed.

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Pledge of Allegiance

Roll Call: Directors Aceves, Chapman, Kennedy, Vice Chair Early, Chair Villegas and Ex-Officio Members Click, Deloria and Talamantes

Public Communications: Any person wishing to address the committee on any item not on the agenda may do so at this time. After ten minutes of testimony, any additional testimony will be heard following the action items.

Disclosures:

Directors will disclose any item in which they have a conflict of interest under state law, and acknowledge whether they will recuse from that item. Among other state laws, the Levine Act may require recusal on items involving a contract or entitlement where a campaign donor is a participant.

Consent:

1. August 4, 2025, Meeting Minutes (0 minutes, Robert Tadevich)
 - a. Issue: Approval of the meeting minutes from the prior CARTA Board meeting
 - b. Attachment 1A: Minutes

Closed Session:

2. Public Employee Appointment (Gov. Code section 54957(b)(1).) Title: Executive Director (15 minutes, Erik Johnson)
 - a. Issue: A closed session regarding the appointment of an Executive Director for CARTA

Action:

3. Authorize Contract for Executive Director Recruiter (5 minutes, Erik Johnson)
 - a. Issue: Delegation of authority to the Secretary to execute a contract with a recruiting firm to recruit an Executive Director

4. Toll Discounts (30 minutes, Sam Soules)
 - a. Issue: Approval of discounts for motorcycles and vehicles with three or more people and direction to staff to explore low-income discounts through an equity study
 - b. Attachment 4A: Slides
 - c. Attachment 4B: Toll Policy Register

Information:

5. Revenue Waterfall (10 minutes, Theresa Weekes)
 - a. Issue: Discussion of how toll revenue funds will flow and the general order of expenditures
 - b. Attachment 5A: Slides

6. CARTA Administrative Services Agreement (Erik Johnson, 10 minutes)
 - a. Issue: Discussion of updates the staffing agreement between CARTA and SACOG including making SACOG the employer of record for CARTA's future Executive Director
 - b. Attachment 6A: Administrative Services Agreement

Receive and File:

7. FY 2025 Q4 Actuals (Colin Uda, 0 minutes)
 - a. Issue: Report on actual unaudited expenses through June 30, 2025
 - a. Attachment 6A: FY 2025 Q4 Actuals

Other Matters

Adjournment

The next meeting of CARTA will be held on Wednesday, October 15, 2025, at 10:00 AM in the SACOG Board Room, 1415 L Street, Suite 300, Sacramento, CA.

This agenda and attachments are available on CARTA's website at www.captollauthority.org. CARTA is accessible to the disabled. As required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof, a person who requires a modification or accommodation, auxiliary aids or services in order to participate in a public meeting, including receiving this agenda and attachments in an alternative format, should contact CARTA by phone at (916) 321-9000, email contact@captollauthority.org or in person as soon as possible and preferably at least 72 hours prior to the meeting. Parking is available at the meeting location. To take transit to a meeting, go to [google.com/maps](https://www.google.com/maps).



Capital Area Regional Tolling Authority

Meeting Date: September 5, 2025

Agenda Item: 1

Approve Minutes of the August 4, 2025, Board Meeting

Prepared By: Robert Tadevich, Sacramento Area Council of Governments

Attachments: Yes

Recommendation:

Staff recommend approval of the minutes as submitted.

Background:

The board met on August 4, 2025.

Discussion:

Each meeting the board is asked to approve the minutes (Attachment 1A) from the prior meeting.

Attachments:

1A: CARTA August 4, 2025, Minutes



CARTA Board of Directors

Draft Action Minutes

The CARTA Board of Directors met in person on August 4, 2025, at 12:30 p.m. at the CARTA office, 1415 L Street, Suite 300, Sacramento, CA.

Call to Order: Chair Villegas called the meeting to order at 12:30 p.m.

Present: Directors Aceves, Chapman, Kennedy, Vice Chair Early, Chair Villegas and Ex-Officio Members Click, Deloria, and Talamantes

Absent: None

Public Communications: None

Consent: It was moved, seconded (Early/Aceves) and passed by unanimous vote that the following Consent item be approved:

1. Minutes of the May 28, 2025, Board Meeting
2. Minutes of the June 11, 2025, Board Meeting
3. Delegation of Authority to Secretary
4. Opting for Two-Year Audit for Fiscal Years 2024-2025 and 2025-2026

Action:

5. Final CARTA Multi-Year Workplan

Sam Soules, HNTB staff, presented the report. Following discussion, a motion was made by Vice Chair Early and Seconded by Director Chapman. The board unanimously approved the following:

- (1) The CARTA board accepts the Multiyear Implementation Workplan as complete;**
- (2) Staff is directed to implement the workplan and provide regular updates to the board.**

6. Enforcement and Violations

Sam Soules, HNTB staff, presented the report. Following discussion, a motion was made by Director Chapman and Seconded by Chair Villegas. The board unanimously approved the following:

Adoption of the draft toll policies, including:

(1) CARTA will make all reasonable attempts to encourage toll payment; (2) CARTA will make a concerted effort to convert violators into customers; (3) CARTA adopts the toll evasion penalty schedule as follows:

- **1st Notice: Unpaid toll + \$25 penalty.**
- **2nd Notice: Unpaid toll + \$50 penalty.**

Authorization for CARTA staff to:

(1) Develop a penalty waiver and reduction program with the selected Back Office System / Customer Service Center (BOS/CSC) partner; (2) Develop violation rules to define how CARTA enforces the payment of tolls; (3) Develop an agreement with the California Highway Patrol (CHP) for future board action.

7. Back Office Procurement Process

Sam Soules, HNTB staff, presented the report. Following discussion, a motion was made by Vice Chair Early and Seconded by Director Chapman. The board unanimously approved the following:

(1) Nomination of Directors Aceves, Villegas, and Talamantes as primary members of the ad hoc committee to review and advise on the selection of an agency for back office system (BOS) and customer service center (CSC) services to CARTA; (2) Director Chapman was nominated as the alternate member of the ad hoc committee.

Public Comment was provided by Autumn Bernstein, Yolo Transportation District, clarifying that the Environmental Impact Report includes various tolling alternatives for carpools, ranging from free HOV lanes to partial tolls for two-person carpools. She emphasized that these alternatives affect revenue and traffic outcomes and noted that Caltrans has final decision authority.

Information:

8. Yolo 80 Traffic and Revenue Study Draft Results

The board received and reviewed this report, presented by Carlos Contreras, YoloTD, and Kathleen Aziz, SACOG staff.

9. Public Engagement Update

The board received and reviewed this report, presented by Sam Soules, HNTB Staff.

Reports

10. Toll Program Manager's Report

The board received and reviewed this report, presented by Kathleen Aziz, SACOG Staff.

Adjournment: The meeting is being continued to Friday, September 5, 2025, at 10:00am in the SACOG Board Room, 1415 L Street, Suite 300, Sacramento, CA.

Approved by:

Approved by:

James Corless
Secretary

Oscar Villegas
Board Chair



Authorize Contract for Executive Director Recruiter

Prepared By: Erik Johnson, Sacramento Area Council of Governments
Attachments: Yes

Recommendation:

Staff recommend that the board authorize the Secretary to negotiate and execute an agreement with the firm of Krauthamer & Associates (K&A) for executive recruiter not to exceed \$100,000.

Background:

In February 2025, the CARTA board determined that hiring a full-time executive director was the preferred staffing plan for CARTA. Specifically, a new tolling consultant starting in January 2026 will serve as interim executive director until a permanent executive director can be hired, ideally on or after July 1, 2026.

Discussion:

To ensure a successful recruitment process, staff recommend that CARTA work with a professional recruiter experienced with recruiting for public sector executives. Staff reached out to eight firms with California and/or national experience recruiting for public sector and/or tolling industry clients. Six firms submitted proposals, and staff narrowed this down to two firms. A staff panel interviewed both firms and conducted reference checks.

| | Contacted | Submitted | Finalist |
|--|------------------|------------------|-----------------|
| Bob Murray & Associates | x | | |
| CPS-HR | x | x | |
| K&A (Krauthamer & Associates) | x | x | x |
| Keller Haldren Group | x | x | |
| MGT | x | | |
| Peckham & McKenney | x | x | |
| Raftelis | x | x | |
| WBCP | x | x | x |

After a thorough review of the proposals, staff recommend K&A to perform these services. The other firms that submitted are qualified, but either were more focused on more common city manager/department head recruitments or had a limited geographic focus to passed recruitments. The approach of the firms varies widely, with some taking an account manager type approach, while others have a single recruiter that interfaces with candidates and the client.

Led by the transportation practice leader Gregg Moser, K&A is a national firm that works with public agency and private sector clients across 12 industries. K&A has over 50 years of experience recruiting executive directors, CEO's, deputy CEO's, heads of operations and other senior level executives within and outside the transportation industry (public and private sectors). They were the only firm with specific tolling agency recruitment experience.

Mr. Moser would be the lead recruiter for CARTA in this process. He is involved with the International Bridge, Tunnel & Turnpike Association (IBTTA), American Public Transit Association (APTA), Conference of Minority Transportation Officials (COMTO), Women's Transportation Seminar (WTS), and other industry associations. Relevant to CARTA, he has recruited executives for Tampa Hillsborough Expressway Authority and Miami-Dade Expressway Authority. Closer to home, he has also recruited executives for Sacramento Regional Transit, San Joaquin Regional Rail Commission, and BART.

The fee is structured as a percentage of base salary (33 1/3%), plus direct expenses. Since CARTA has yet to set a salary for this position, the not to exceed amount is intended to provide latitude for the CARTA board to set a salary at a later date and not have to modify this contract authority. Some other firms base their fee on a percentage of salary, while others have a fixed fee regardless of salary. While the exact cost will depend on the salary set by CARTA, this fee structure is on the higher end of other firms that submitted. However, staff believes that this is the best value for CARTA based on the access to the specialized candidate pool in the broader transportation community and the dedicated support from Mr. Moser.

This is a retained search firm, meaning that the recruiter will provide comprehensive services for a single fee. The recruiter will provide expertise in how to finalize the job bulletin and compensation package. The recruiter will provide support to the CARTA board in the review process by reviewing applications, screening candidates, organizing and facilitating interviews, and providing advice through the selection process. The recruiter will also provide extensive background checks. If a placement is unsuccessful within the first year, K&A will do another search with no fee (only expenses).

Next Steps

After action by the CARTA board, the Secretary will work to finalize an agreement with K&A. Upon contract execution, the recruiter will meet with the CARTA board, ideally at the October CARTA meeting.

TAG Discussion

The CARTA TAG met on August 27, 2025, to discuss the recommended recruiter. The TAG had no further comments and unanimously supported moving forward with the recommended firm for board approval.



Capital Area Regional Tolling Authority

Meeting Date: September 5, 2025

Agenda Item: 4

Toll Discounts

Prepared By: Sam Soules, HNTB

Attachments: Yes

Recommendation:

Staff recommends that the board adopt the following draft toll policy as detailed in Attachment 4B:

- 100% discount for HOV3+
- 100% discount for motorcycles

Staff also recommends that the Board authorize CARTA staff to:

- Receive direction to explore methods for vehicle occupancy declaration and detection with CARTA's Toll System Integrator.
- Explore additional discount options as part of the development of CARTA's Regional Toll Equity Study

Background:

CARTA staff intend to have a toll policy resolution for the board's approval by the end of 2025. To do this, CARTA staff will advance toll policy topics in the following sequence:

1. Staff will present information items about specific toll policies as part of "workshops" at board meetings
2. Using direction from the board "workshop" discussion and from the TAG, staff will bring a staff recommendation on the previously discussed policies as action items for the board. These items will include draft resolution language regarding each toll policy
3. Once each toll policy has been addressed using steps 1-2, staff will draft a complete toll policy resolution, that combines the language previously approved for each individual toll policy, for the board's consideration and approval

This series of workshops, individual toll policy approvals, and final toll policy resolution will occur over the course of 2025 with the final toll policy resolution adopted by the end of the year.

During the May workshop, staff covered toll discount and exemption policies. The board took action in June 2025 to establish exemptions, and staff now asks for the Board to adopt a toll discount program. . As described during the May workshop, discount programs

dictate what types of users and vehicles can utilize express lanes for free or at a discounted rate. Programs that discount access to express lanes potentially affect an agency's ability to manage congestion and collect revenue. Discount programs also have several types of operational costs that can further reduce an agency's revenue. With these considerations, toll agencies offer several types of toll discounts, listed below:

- High Occupancy Vehicle (HOV)
- Low-income
- Motorcycle
- Frequent Driver
- Veteran

Staff considered the discount options available and recommend that CARTA adopt a toll discount program for HOVs and motorcycles. The rationale for this recommendation is discussed in the following sections

Discussion:

Recommended Discounts

High Occupancy Vehicle (HOV)

HOV discounts give a full or partial discount based on the number of occupants inside the vehicle. The Yolo 80 project received environmental clearance for an HOV 3+ discount, meaning carpools with three or more people can receive a 100% discount on the toll. Staff recommend that CARTA adopt this toll discount without offering a full or partial discount for HOV2+, also known as a tiered discount. Tiered discounts can impact revenue generation and lane performance, introduce transaction processing complexity, and confuse customers.

HOV discounts in California are most commonly applied using the FasTrak® Flex Tag, which allows a driver to self-declare their vehicle's carpool status (single occupancy, two passengers, or 3+ passengers). The self-declaration model has presented challenges with drivers misrepresenting their occupancy status to receive full discounts, and many agencies are exploring alternatives for occupancy declaration, detection/verification, and enforcement, to continue offering HOV discounts in a fair and equitable manner. Staff request that the Board direct staff to explore vehicle occupancy declaration and detection options that will fit CARTA's operational, cost, and equity needs.

Motorcycles

Many agencies in California choose to allow motorcycles to use their express lanes for free. Because California permits motorcycles to lane split, it is challenging for toll systems to accurately capture motorcycles without inadvertently capturing vehicles in the adjacent un-tolled lane. To avoid these operational issues, staff recommend CARTA allow motorcycles to receive a 100% discounted trip.

Discounts Not Recommended at This Time

Low-income

CARTA was recently awarded a Caltrans Sustainable Transportation Planning Grant to fund a Regional Toll Equity study. A firm with expertise in advising on developing a regional toll equity program will be hired under a competitive bid procurement and delivered before Yolo 80 begins revenue service. This study will be a tool for the board to use in determining how to ensure that the needs of low-income users are considered. The study is implementation-focused, and will create a list of actions CARTA can take to make its operations more equitable and accessible. As such, staff recommends the Board not adopt a discount at this time and instead adopt a Regional Equity framework following the completion of the study.

Other Discounts

For each discount type there are associated direct, indirect, and operations costs. First, when agencies offer a benefit in the form of a discounted toll, there is foregone toll revenue. Second, there are operational costs associated with the administration, management, communications, and delivery of the benefit itself. Third, discounts prevent users from being priced out of lane since the volume of price-tolerant trips increases with the volume and types of discounts given. If there are too many users who are unaffected by price, there is less ability to attain congestion relief through pricing. As a start-up agency, CARTA is conscious of its available resources to cover these costs and ensure the performance of the lane. At this time, staff recommend the board not adopt any additional discount programs.

Summary

Staff recommends that the board adopt a discount program as outlined in Attachment 4B. Staff further request direction to explore methods for vehicle occupancy detection with CARTA's TSI. Should the board feel one or more recommendations require additional analysis or discussion, individual decisions could be deferred to future meetings.

Attachments:

4A: Slides

4B: Draft Toll Policy Register

Toll Discounts

Board of Directors

05 September 2025

Attachment 4A



Policy Decisions and Opportunities

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

Toll Discounts

Discount Options

For Consideration

AND

Usually Exempt

Toll Discount Considerations

Revenue
Generation

Congestion
Relief

Indirect/
Direct Costs

Types of Discounts

HOV

- Range from 50-100% discount based on # of passengers

Low-income

- Means-based eligibility; variety of forms

Motorcycles

- Most agencies give a full discount

Frequent Driver

- Not common; discount or credit based on frequency of corridor usage

Veterans

- Not common on express lanes, challenging verification

Types of Discounts

HOV

- Environmental clearance for HOV 3+

Low-income

- Will be pursued following award of Caltrans Sustainable Transportation Planning Grant

Motorcycles

- Recommend full discount

Types of Discounts

HOV

- Environmental clearance for HOV 3+

Low-income

- Will be pursued following receipt of Caltrans Planning Grant

Motorcycles

- Recommend full discount through HOV functionality

Staff Recommendation

Staff recommends that the board adopt the following toll discount policy:

- 100% discount for HOV3+
- 100% discount for motorcycles

Staff request the Board direct staff to further explore methods for vehicle occupancy detection and provide updates to the Board in the future.



Capital Area Regional Tolling Authority

captollauthority.org | ssoules@hntb.com

Discount Direct & Indirect Costs

Direct

- Foregone toll revenue
- Value of benefit

Indirect

- Partnerships
- Staff time
- Eligibility verification
- Software/ websites
- Public messaging

Operational

- Price insensitivity
- Lane performance

Toll Discounts and Exemptions

Toll discounts are usually a combination of discounts and toll exemptions based on occupancy and vehicle type

For Consideration

HOV
Low-income
Motorcycles
Frequent Driver
Veterans



Usually Exempt

Vanpools
Public transit
Paratransit
CHP EL patrol
Maintenance
vehicles

Legally Required

Emergency
vehicles

Toll Exemptions

Emergency Vehicles

- Must be actively responding to an emergency

Transit/Buses

- Vehicles that meet “commute bus” definition

Paratransit

- Vehicles that meet definition

Vanpool

- Must be registered

CHP EL Patrol

- CHP policing express lanes

Maintenance Vehicles

- Caltrans, TSI vehicles

HOV Discounts



HOV Discounts – Bay Area 511

| Express Lane | Carpool Toll Policy (with properly set FasTrak® Flex Toll Tag) |
|---------------------|---|
| SR-237 | 3+ Free; 2-person Pay Half-Price Tolls |
| I-880 | 3+ Free; 2-person Pay Half-Price Tolls |
| US-101 | 3+ Free; 2-person Pay Half-Price Tolls |
| I-680 Sunol | 2+ Free |
| I-680 Contra Costa | 2+ Free |
| I-580 | 2+ Free |

HOV Discounts – Southern California

| Express Lane | Carpool Toll Policy (with properly set FasTrak® Flex Toll Tag) |
|-----------------------|---|
| LA Metro I-10 & I-110 | 2+ or 3+ Free; Varies by Time of Day |
| OCTA/RCTA SR-91 | 3+ Free |
| OCTA 405 | 2+ Free |
| RCTC 15 | 3+ 50% Discount |
| SBCTA I-10 | 3+ Free |
| SANDAG I-15 | 2+ Free |

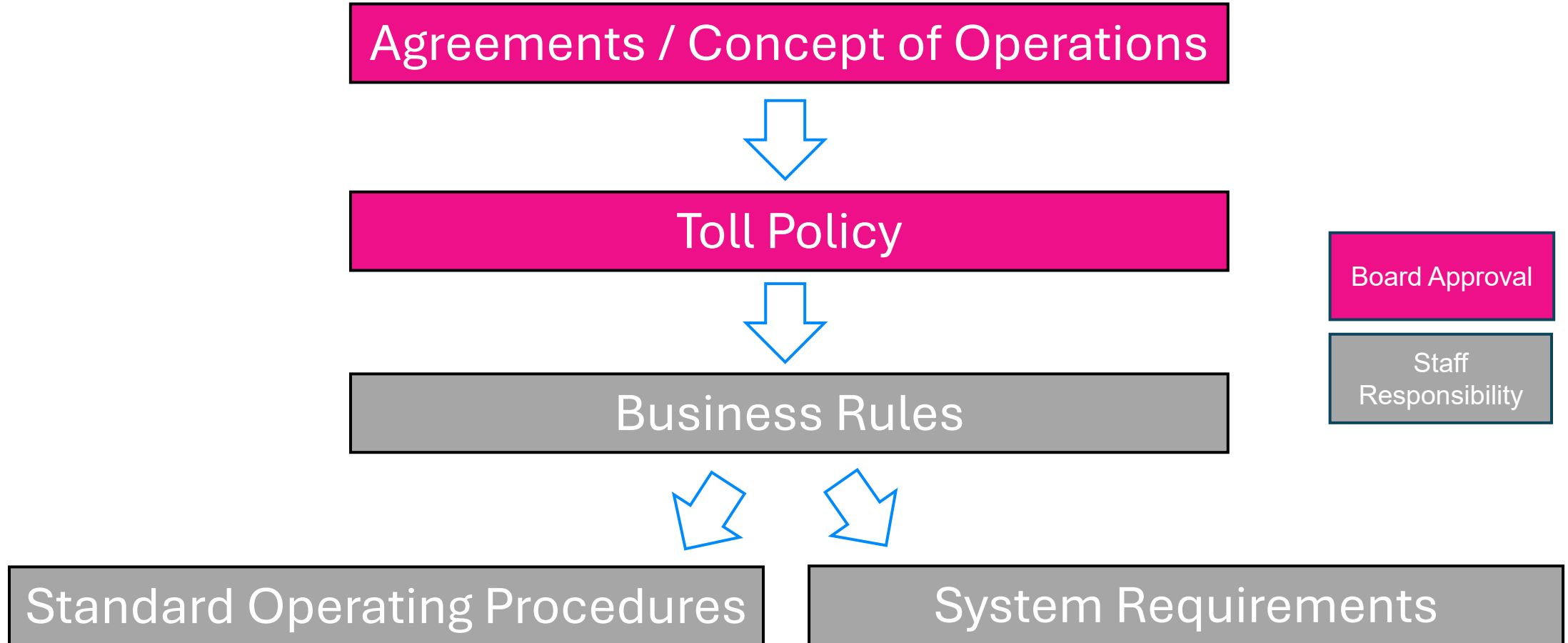
What are toll policies?

- Toll Policies define the key controlling aspects of the toll operations and serve as a foundation upon which CARTA establishes Business Rules
- Toll Policies are typically subject to Board approval and public facing
- Toll Policies tend to be high level and define:
 - Goals and objectives of the tolled facility
 - Eligible users of the tolled facility (SOV, HOV, axles, transit, etc.)
 - Methods of toll collection (transponder types, license plate, cash, credit card, violations, etc.)
 - Hours of operations
 - Pricing structure (static, variable, dynamic)
 - Discounts
 - Financing/project debt

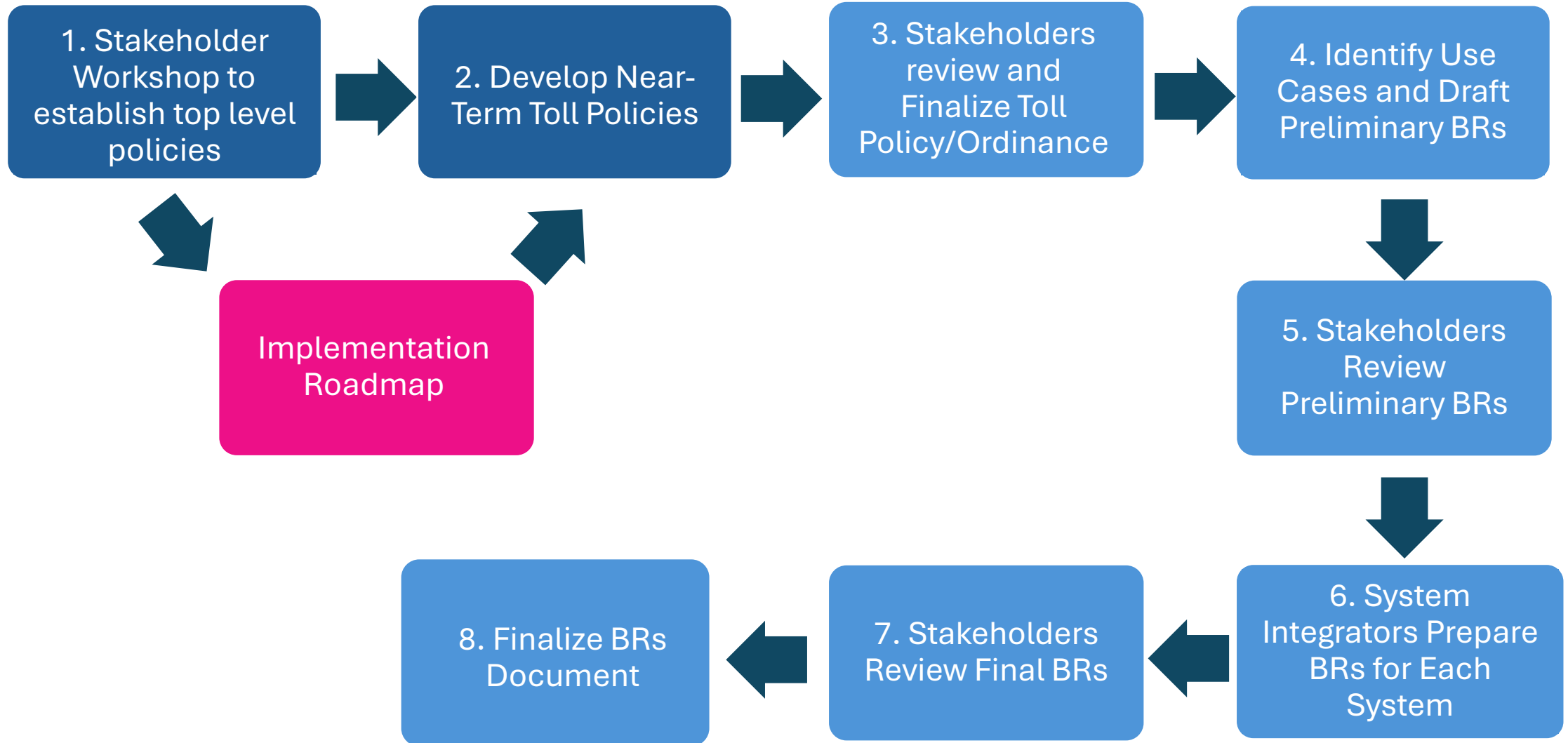
What are business rules?

- Business Rules create structure and control key business decisions.
- Business Rules inform the tolling systems design and operations.
- Business Rules define all decision points and processes necessary to execute the operation of the tolling systems in accordance with the Toll Policy.
- Business Rules management is typically delegated by Board to staff
- Examples of business rules include:
 - *Trips consisting of transactions involving opposite directions of travel will not be allowed.*
 - *Toll rates will be rounded to the nearest 5-cents.*

Toll Policy Framework



Toll Policy Development Process



Equity Discounts Benefits

| | Equity - Customer Communication | Operational cost | Impact | Regional Consistency |
|----------|---------------------------------|------------------|--------|----------------------|
| Discount | Green | Yellow | Green | Green |
| Stipend | Green | Green | Yellow | Yellow |
| Credit | Green | Yellow | Yellow | Red |

Capital Area Regional Tolling Authority
CARTA Toll Policy Adoption Register



Draft: September 2025

The purpose of this document is to provide a record of policy guidance from the CARTA Board during the 2025 toll policy development process. The policies listed in this register will be finalized in the Toll Policy Resolution adopted by the CARTA Board in December 2025. The Toll Policy Resolution is intended to be applied regionally to all future express lane facilities. However, deviations from adopted policies will be reviewed on a case-by-case basis and may be approved at the Board's discretion.

| # | Topic | Policy | Board Adoption Date |
|---|--------------------------|--|---------------------|
| 1 | Hours of Operation | To maximize operational flexibility, CARTA express lanes will be managed 24 hours a day, 7 days a week, including weekends and holidays, using tolling and non-tolling modes as warranted by traffic congestion. | 4/9/25 |
| 2 | Eligibility | Eligible use of the express lanes will comply with California Vehicle Code. Eligible express lanes users include qualified High Occupancy Vehicle (HOVs), motorcycles, transit buses, and toll-paying lower occupancy vehicles. Two-axle vehicles are eligible to access the express lanes but vehicles with 3-or-more axles (excluding transit vehicles) and vehicles towing a trailer are prohibited from the express lanes. | 4/9/25 |
| 3 | Transponder Requirements | Express lane users are required to use a valid FasTrak® transponder to pay their toll by deducting the amount due from their FasTrak® account. | 4/9/25 |
| 4 | Toll Pricing Structure | Tolls on CARTA's express lanes are calculated by a dynamic pricing algorithm that is designed to maintain express lanes speeds above 45 miles per hour by adjusting pricing based on real-time traffic conditions in the express lanes and adjacent general-purpose lanes. | 5/28/25 |
| 5 | Toll Pricing Approach | Tolls are assigned on a per-segment basis. Users are charged the toll rate posted on the segment's toll rate message signs at their time of entry into the express lane, regardless of the length they travel within a segment. | 5/28/25 |

| | | | |
|----|--------------------------------|--|---------|
| 6 | FasTrak® Account Management | CARTA will utilize an existing California back-office provider instead of procuring its own. As such, management of FasTrak® accounts and associated customer service will be provided by CARTA's operational partner (TBD), and any other interoperable agency with whom a customer has established their FasTrak® account. | 5/28/25 |
| 7 | Toll Exemptions | The following vehicles are exempt from paying tolls: (A) Vehicles entering a CARTA toll facility outside the hours of operation of that facility, as indicated by signage when the lane is in "open to all" mode. (B) Public transportation, mass transit, paratransit, and blood transport vehicles that serve the public (specified in Vehicle Code section 21655.5) and over-the-road buses (specified in Section 166 of Title 23) (C) Authorized emergency vehicles (specified in Vehicle Code section 23301.5). (D) California Highway Patrol vehicles policing the CARTA express lanes. (E) Maintenance vehicles servicing the CARTA express lanes. | 6/11/25 |
| 8 | Violation Enforcement | CARTA makes all reasonable attempts to encourage the payment of tolls to promote equitable cost sharing among all customers of the express lane facilities. | 8/4/25 |
| 9 | Violator Incentives | CARTA makes a concerted effort to convert violators who will use CARTA's express lanes again to FasTrak® customers. | 8/4/25 |
| 10 | Violation Penalties | CARTA adopts the following toll evasion penalty schedule: - 1 st Notice = Unpaid toll + \$25 - 2 nd Notice = Unpaid toll + \$50 | 8/4/25 |
| 11 | Toll Discounts: Motorcycles | Motorcycles using CARTA toll facilities will receive a 100% discount. | |
| 12 | Toll Discounts: Occupancy | High-occupancy vehicles with three or more passengers (HOV 3+) will receive a 100% discount on CARTA toll facilities. | |



Capital Area Regional Tolling Authority

Meeting Date: September 5, 2025

Agenda Item: 5

Revenue Waterfall

Prepared By: Theresa Weekes, HNTB

Attachments: Yes

Recommendation:

None; this item is for information only.

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., operating cost reserve, debt service reserve, emergency reserve, major maintenance reserve)
- Gross revenue – the total cash amount that is collected from customers prior to deducting expenses
- Operations and maintenance costs – include the following costs:
 - Roadway vendor maintenance, parts, and minor repairs
 - Caltrans maintenance
 - CHP services
 - Manual image review
 - Back-office service provider

Discussion:

An agency has two key decision areas when establishing a revenue waterfall. First, the order of the flow of funds, and second whether funds should be pooled or enterprise. Each decision area is described in greater detail below.

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, which support safe and efficient toll facilities and to protect the revenue stream. Following this, funds are directed to operating reserves to safeguard against forecasted shortfalls, unexpected costs, or revenue fluctuations. Only after these foundational needs are met are remaining revenues allocated toward debt service obligations, ensuring compliance with financing agreements. Subsequent allocations may include capital reserves, renewal and replacement funds, or other strategic investments. This order reflects a commitment to maintaining core operations before addressing long-term financial obligations.

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.

Enterprise Funds

As part of the overall flow of funds structure, an agency must also decide on its funding 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.

Use of Toll Revenue and County Voting Protection

State law requires that excess toll revenues be reinvested in the corridor. The CARTA JPA agreement includes a provision that ensures the county a toll corridor is in has direct say in the use of its toll revenue. Decisions before the CARTA board on VMT mitigation and the use

of Excess Net Toll Revenue have a two part test requiring support from (1) a majority of all voting CARTA directors and (2) a majority of the directors from that corridor's county. Together, these protections ensure that toll revenue is directed by and invested in, the communities along CARTA's toll corridors.

Summary and Next Steps

Staff requests the Board discuss this item and ask clarifying questions. Staff will bring a policy recommendation on the order of the revenue waterfall in October.

Attachments:

5A: Slides

CARTA Revenue Waterfall Workshop

Board of Directors

05 September 2025

Attachment 5A



Policy Decisions and Opportunities

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

Workshop Goals

- Discuss purpose of revenue waterfall
- Discuss impact of waterfall decisions
- Manage expectations about:
 - Incoming toll revenue
 - Developing policy framework based on current knowledge vs. more precision over time
- Clarify how county voting protection applies

Assumptions

- Revenue early on may not be sufficient to cover operating expenses
- More information is needed to determine need for reserves:
 - Traffic & Revenue Studies
 - Operating Budgets
 - Other facility obligations
- Debt repayment must be planned; may differ for each corridor
- Debt holders ultimately determine flow of funds
- Enterprise fund will be established for each corridor

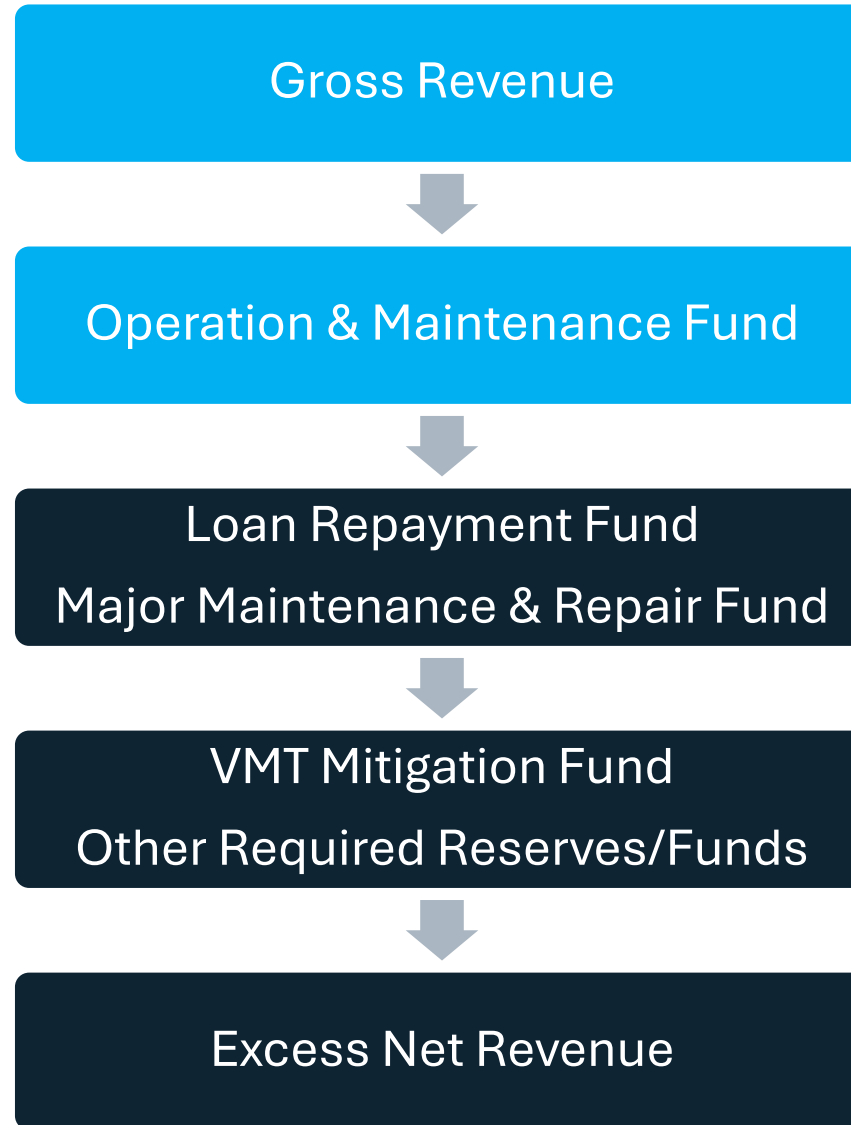
Enterprise Funds (Three Corridors)

Yolo 80 Gross Enterprise
Account

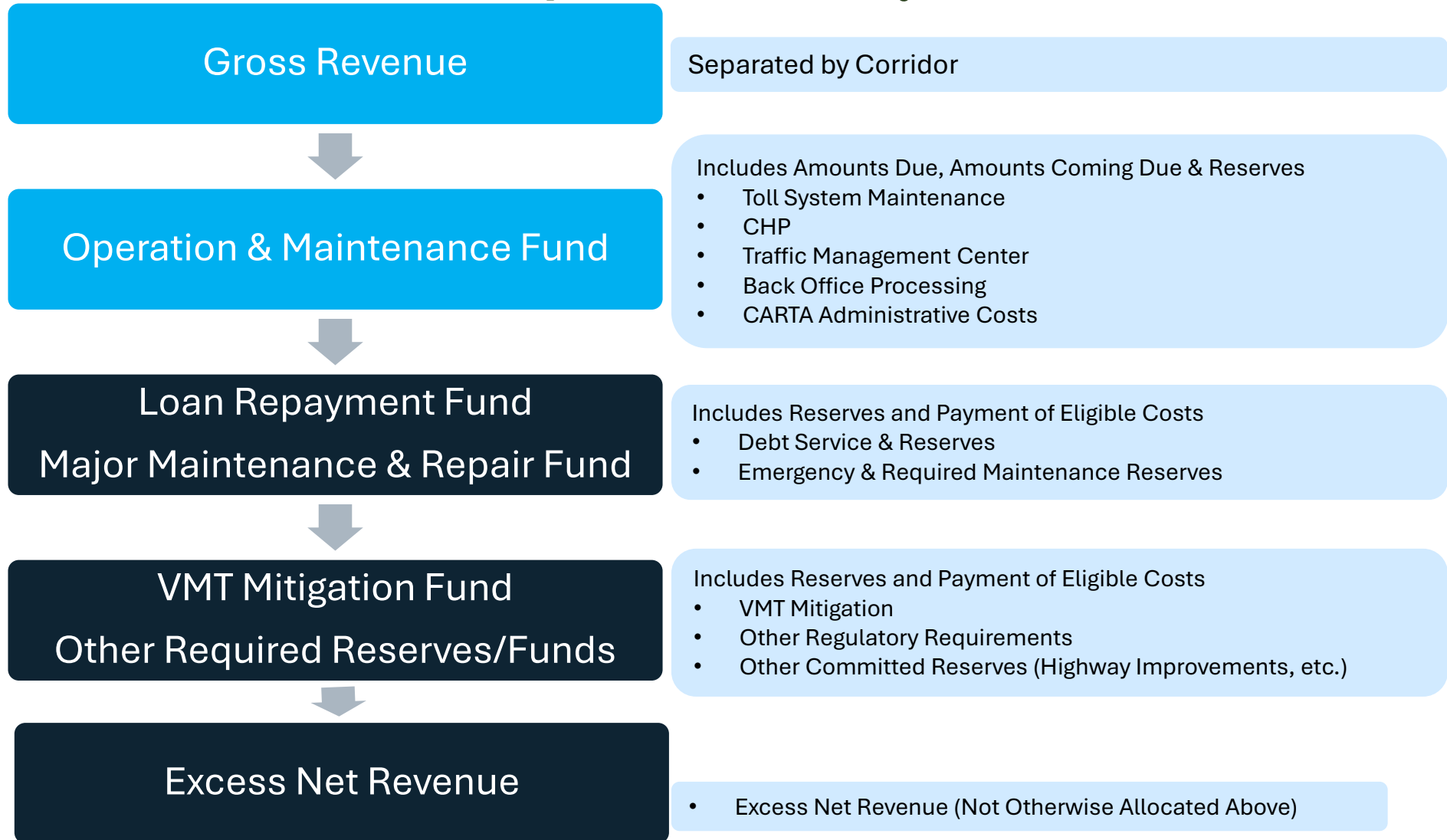
Placer 65 EL Enterprise
Account

Sac 5 Enterprise Account

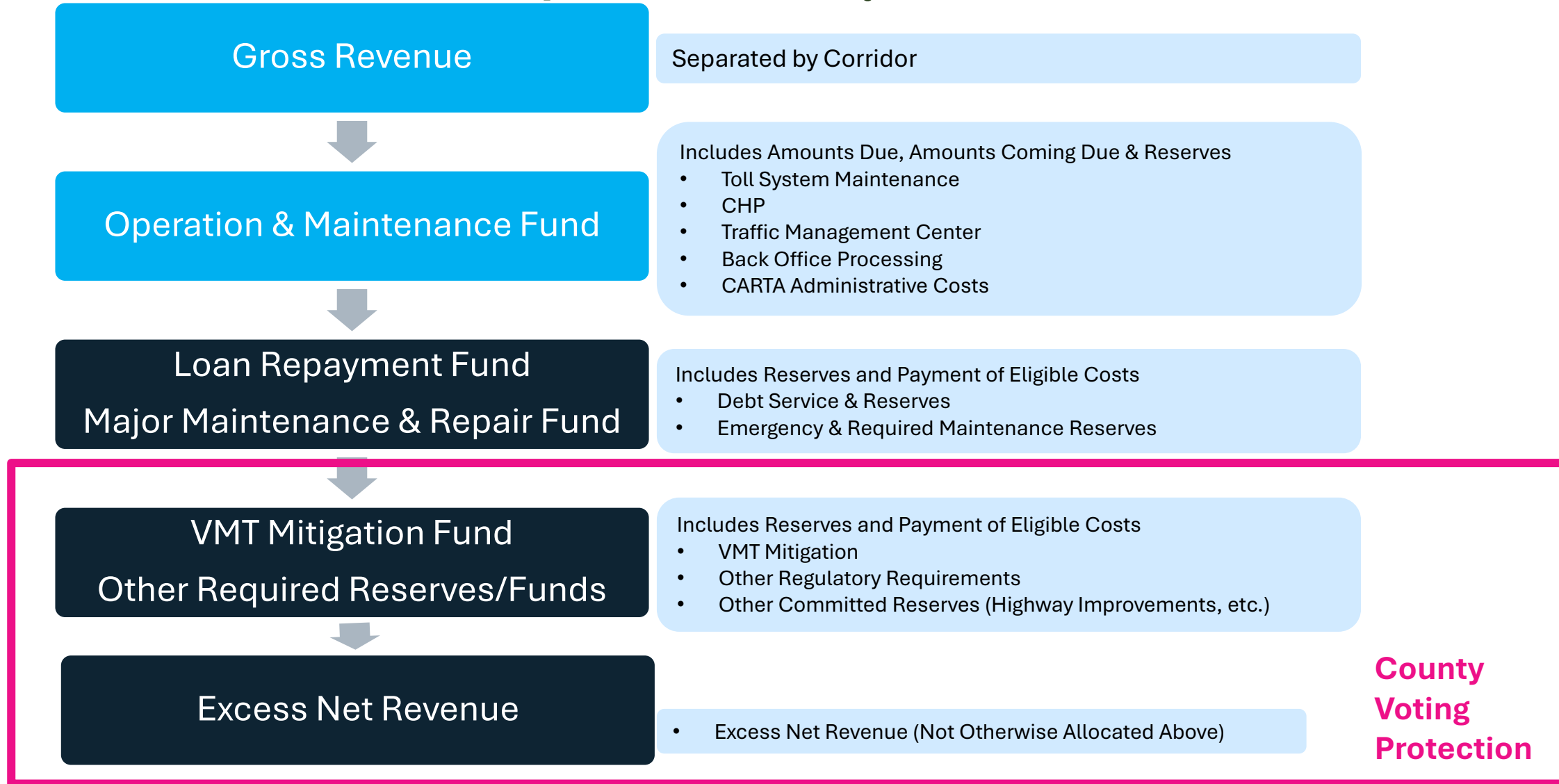
Flow of Funds (Yolo 80)



Flow of Funds (Yolo 80)



Flow of Funds (Yolo 80)





Capital Area Regional Tolling Authority

captollauthority.org | tweekes@hntb.com



Administrative Services Agreement for CARTA Staff

Prepared By: Erik Johnson, Sacramento Area Council of Governments

Attachments: Yes

Recommendation:

This item is for information and discussion.

Background:

In February 2025, the CARTA board determined that hiring a full-time executive director was the preferred staffing plan for CARTA. Specifically, a new tolling consultant starting in January 2026 will serve as interim executive director until a permanent executive director can be hired, ideally on or after July 1, 2026.

In May 2025, the CARTA board approved an administrative services agreement with SACOG (attached). This agreement, effective July 1, 2025, through June 30, 2027, formalized the staffing arrangement between CARTA and SACOG. In July 2024, SACOG staff officially began providing contract staffing services to CARTA, as well as managing consultants working for CARTA. This arrangement has worked well for CARTA and SACOG. CARTA has been able to get immediate access to staff and only pay for actual time worked. SACOG has been able to lend expertise of its staff in the areas of transportation planning, operations, and finance.

The Administrative Service Agreement was initiated because functions of CARTA began to be delineated between specialized tolling program work and general finance and administrative support. The agreement is intended to clarify services SACOG is providing to CARTA. Other services not covered by the agreement are a direct responsibility of CARTA.

Aside from an executive director, the bulk of the remaining work for CARTA will be contracted out, in the form of a multiyear toll program consulting services contract and a series of on-call services contracts. SACOG will continue to provide finance and administrative support to CARTA through June 2027, though specific support will be revisited as part of developing the FY 2026-2027 budgets for SACOG and CARTA at this time next year.

Discussion:

In conjunction with beginning the process for hiring CARTA's first full-time executive director, SACOG staff, as the administering agency for CARTA, has evaluated options for how to best support the executive director as the sole employee of CARTA.

Contracting for Staffing

As a new public agency, the CARTA Board of Directors has indicated that it wants to be strategic in making long-term commitments as it establishes a new regional tolling authority in the Sacramento region. There are fixed costs and expertise required to ensure that employment is carried out in a legally compliant and effective manner.

There are various components that range in complexity and cost, and while they could be provided by CARTA independently, it would take considerable time to set these up. Additionally, as CARTA is not envisioned to have more than a few employees in the next five years, there would be an ongoing administrative burden that would take away from the program duties of CARTA employees.

SACOG is still planning to end its direct project management for CARTA at the end of this calendar year. However, it is already committed to provide administrative and finance support to CARTA through June 30, 2027. Staff is recommending that the administrative services agreement be amended to contract with SACOG to provide the HR support to CARTA for its executive director (and any additional staff for CARTA), and that CARTA should retain the ability to re-evaluate this over time as CARTA's needs change. Should CARTA grow in staff size in the future, it may bring these functions in-house.

Staffing Services Outsourcing Options

SACOG has approximately 60 full-time employees as well as paid interns. SACOG has the capacity to provide HR support to CARTA so that CARTA does not have to employ staff to fulfill these roles. This would include payroll, employee benefits (medical, vision, dental, disability, life, FSA, etc.), HR compliance, CalPERS, required training, and timekeeping. It is common for special districts to contract with a county to provide staffing services. Other joint powers authorities, such as the Capital Southeast Connector and Capitol Corridor rail service also contract with another agency for staffing services and have dedicated staff as is envisioned here.

We do not believe it is viable for the other current voting members of CARTA, YoloTD or Caltrans District 3, to provide this staffing arrangement to CARTA. YoloTD has a smaller staff than SACOG and receives some services from Yolo County, which may limit flexibility for CARTA. Contracting with Caltrans District 3 would require the employees to be state employees, which would also limit flexibility.

CARTA's Role

As noted above, this arrangement is intended to provide CARTA with flexibility. It is also important that as a new agency, CARTA is independent of any of its individual members. Under this proposed arrangement, CARTA board would have independent authority to direct the work of CARTA staff.

The CARTA board would select an executive director, and SACOG would employ that individual. The executive director would report to the CARTA board and would be subject to review and dismissal by the CARTA board. The executive director of CARTA would, subject to budget authority granted by the CARTA board, select and oversee any other CARTA employees.

The CARTA board would approve the salaries and benefits for all CARTA employees, and SACOG would manage positions on behalf of CARTA based on these decisions.

As outlined in the existing administrative services agreement, each year CARTA will develop a detailed estimate of staffing needs from SACOG. Under this proposed amendment, this estimate would be broken down into CARTA positions (e.g., executive director) and SACOG support (e.g., board clerk, accounting). CARTA positions would be 100% dedicated to CARTA.

SACOG's Role

SACOG would work with the CARTA executive director to recruit for CARTA positions included in the CARTA budget as part of the annual budget process. Within SACOG's classifications, there would be new CARTA-specific positions created and managed separately, so it is clear that they are distinct from other positions at SACOG.

For SACOG administrative and finance support, if there are needs for CARTA that change during the year from what CARTA and SACOG agree to budget on, the agencies would develop a formal process to request additional resources mid-year.

Cost Allocation

For SACOG administrative and finance support, SACOG would continue bill CARTA directly for that time. Based on the proposal, SACOG would bill 100% of the cost for the executive director, plus direct staff time from administrative and finance staff. SACOG staff time on tolling issues that are not contracted to CARTA (e.g., participating in Technical Advisory Group, planning for managed lanes in the region), would be a SACOG-absorbed cost.

CARTA currently pays for actual hours worked for SACOG staff using the hourly rate that SACOG has developed for its programs. This includes salaries (actual), fringe rate (blended rate applied to all employees), and indirect rate (blended rate applied to all employees). This allows the total cost of services provided to be recovered.

Under this proposal, CARTA would pay for the salary for the CARTA employee, and SACOG would develop a CARTA fringe benefit rate which includes the proportional share of group benefits that the CARTA executive director would participate in, but exclude SACOG-specific costs such as CalPERS pension liability for SACOG's Tier 1 classic pool which is closed to new hires. Additionally, CARTA may choose to provide a slightly different benefit package to CARTA employees, which would be reflected in the fringe benefit rate.

SACOG would also apply its approved Indirect rate to CARTA employees, as this reflects the costs of services that would be utilized by CARTA, including computers, equipment, office space, and supplies. As part of the Indirect rate, SACOG would provide the same level of general support that internal programs at SACOG receive for accounting, procurement, HR, and administrative support. In the future, SACOG and CARTA may agree to set a separate Indirect rate for CARTA as it develops its own costs that are independent from SACOG, but for the current time, the current methodology is fair to both agencies.

Timeline

Staff has identified this timeline to move forward with the provision of staffing services to CARTA.

- September 2025: Board provides input and feedback
- November 2025 – January 2026: SACOG provides detailed cost information
- February 2026: Board approves amendment, reviews agreement as part of budget development
- March 2026: SACOG approves amendment, reviews agreement as part of budget development
- July 2026: Anticipated start date for the new Executive Director, amendment takes effect
- Annually: Review agreement as part of budget development for CARTA and SACOG
- June 30, 2027: Current Agreement Term
- June 30, 2030: Proposed Amendment Term

Attachments:

6A: Administrative Services Agreement effective July 1, 2025

ADMINISTRATIVE SERVICES AGREEMENT

BETWEEN THE SACRAMENTO AREA COUNCIL OF GOVERNMENTS AND CAPITAL AREA REGIONAL TOLLING AUTHORITY

This Administrative Services Agreement ("Agreement") is entered into between the Sacramento Area Council of Governments ("SACOG"), a California joint powers agency, and the Capital Area Regional Tolling Authority ("CARTA"), a California joint powers agency.

WHEREAS, CARTA is a joint powers agency formed on February 15, 2024, by the Sacramento Area Council of Governments, Yolo Transportation District, and the California Department of Transportation District 3 for the purpose of leading the implementation of toll facilities in the Sacramento region; and

WHEREAS, SACOG has been providing staffing services to CARTA on a cost reimbursement basis since July 2024; and

WHEREAS, CARTA desires to continue receiving staffing services from SACOG to support its operations and projects.

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

1. Services. SACOG shall provide staffing services to CARTA as requested and agreed upon by both parties. These services may include, but are not limited to, administrative support, contract management, financial management, and other related services (collectively, "non-technical services").
2. Planning and Project Management. SACOG shall provide limited technical planning and project management services to CARTA through January 31, 2026. CARTA acknowledges that SACOG does not employ a licensed engineer and will not provide engineering services to CARTA.
3. Evaluation of Services. In October 2026, SACOG and CARTA shall jointly evaluate the need for staffing support to CARTA from SACOG through the term of this Agreement. The need for additional staffing support shall be memorialized by a signed letter agreement between the Executive Director of each agency. In the event that CARTA does not have an executive director by such a date as such additional staffing support needs are identified, approval on CARTA's behalf shall be granted by its Board.
4. Annual Staffing Needs Assessment. CARTA shall develop by January 1 of each year a detailed estimate of staffing needs from SACOG and share this information with SACOG. SACOG shall respond to CARTA to confirm whether the staffing request can be met, or, if there need to be any modifications. SACOG will include agreed upon staffing estimates in its budget. CARTA will budget for a total dollar amount for staffing services as indicated by SACOG.
5. Control of Personnel. SACOG has and shall retain the right to exercise full control of the supervision of the services, employment, direction, compensation, and discharge of all SACOG employees performing services under this Agreement. SACOG shall be solely

responsible for all matters relating to the payment of its employees, including, but not limited to, compliance with California Public Employees' Retirement System, social security and income tax withholding, workers' compensation insurance, and all regulations governing such matters.

6. Reimbursement. CARTA agrees to reimburse SACOG for all costs incurred in providing the staffing services described in Section 1. Reimbursement shall be based on actual costs incurred by SACOG, including salaries, fringe benefits, indirect costs, and any direct costs associated with the staffing services. SACOG staff will submit timesheets detailing hours worked for CARTA on a monthly basis. SACOG will bill CARTA for costs based on the then-current rates by staff person. Any costs incurred shall be invoiced monthly or at least quarterly. CARTA shall remit payment to SACOG within thirty (30) days of receipt and verification of the itemized invoice.
7. Term and Termination. This Agreement shall commence on July 1, 2025, and shall continue through June 30, 2027, unless otherwise terminated as provided herein. Either party may terminate this Agreement for any reason upon ninety (90) days' written notice to the other party. In the event of termination, CARTA shall reimburse SACOG for all costs incurred up to the effective date of termination.
8. Amendments. Except as otherwise described herein, this Agreement may be amended only by a written agreement executed by both parties.
9. Integration. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter hereof.
10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

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

[SIGNATURES ON NEXT PAGE]

SACRAMENTO AREA COUNCIL OF GOVERNMENTS



James Corless, Executive Director

APPROVED AS TO FORM:



Osman Mufti (Jul 15, 2025 16:28 PDT)

Osman Mufti, Counsel
Sloan Sakai Yeung and Wong

CAPITAL AREA REGIONAL TOLLING AUTHORITY



Oscar Villegas (Jul 17, 2025 15:22 PDT)

Oscar Villegas, Board Chair

APPROVED AS TO FORM:



Michael Maurer (Jul 25, 2025 12:42:32 PDT)

Michael Maurer, Counsel
Best Best & Krieger



Capital Area Regional Tolling Authority

Meeting Date: September 5, 2025

Agenda Item: 7

Fiscal Year 2024-2025 Quarterly Financial Report

Prepared By: Colin Uda, Sacramento Area Council of Governments

Attachments: Yes

Recommendation:

None; this item is for information only.

Background:

The CARTA Board of Directors adopts an annual operating budget. The board adopted the original Fiscal Year (FY) 2024-2025 Budget at its May 23, 2024, meeting. As the board has designated SACOG as CARTA's administering agency for FY 2024-2025, CARTA's budget is developed and maintained by SACOG staff.

Discussion:

The Quarter 4 Financial Report (Attachment 7A) compares the FY 2024-2025 adopted Budget, which was approved by the Board in May 2024, to actual expenditures from July 1st to June 30th. As of June 30th, CARTA has spent \$720,394, or 55% of its \$1,300,000 budget.

CARTA has received all its projected revenue: a \$1,300,000 loan from the SACOG Managed Fund. Since CARTA expenses in FY 2024-2025 are less than \$1,300,000, the remaining loan balance has rolled over as revenue in CARTA's FY 2025-2026 Budget. Per CARTA's agreement with SACOG, this loan accrues interest in the amount earned by the Sacramento County Pooled Investment Fund during the same period. As of June 30th, the loan has accrued \$56,492 in interest.

Attachments:

7A: Quarter 4 Financial Report

CAPITAL AREA REGIONAL TOLLING AUTHORITY
Q4 FINANCIAL REPORT
Budget-to-Actual (Unaudited)

| REVENUES: | BUDGET <i>Adopted May 2024</i> | ACTUAL <i>July-June 2025</i> | ACTUAL % <i>July-June 2025</i> | REMAINING <i>Budget vs. Actual</i> |
|---|--|--|--|--|
| Local | | | | |
| Loan from SACOG Managed Fund | \$ 1,300,000 | \$ 1,300,000 | 100% | \$ - |
| Interest Income | \$ - | \$ 48,075 | | \$ (48,075) |
| Subtotal - Local Revenues | \$ 1,300,000 | \$ 1,348,075 | 104% | \$ (48,075) |
| TOTAL REVENUES | \$ 1,300,000 | \$ 1,348,075 | 104% | \$ (48,075) |
| EXPENDITURES: | | | | |
| Administration: | | | | |
| Administrative Staff Costs | \$ 87,529 | \$ 67,190 | 77% | \$ 20,339 |
| General Counsel | \$ 71,666 | \$ 24,922 | 35% | \$ 46,744 |
| Contracts Counsel | \$ 50,000 | \$ 1,861 | 4% | \$ 48,140 |
| Public Outreach / Education | \$ 60,000 | \$ 383 | 1% | \$ 59,617 |
| Insurance | \$ 50,000 | \$ 38,896 | 78% | \$ 11,104 |
| Audits | \$ 50,000 | \$ - | 0% | \$ 50,000 |
| Website and Software | \$ 5,000 | \$ 3,966 | 79% | \$ 1,034 |
| Meetings | \$ 10,000 | \$ 5,527 | 55% | \$ 4,473 |
| Interest on SACOG Loan | \$ - | \$ 56,492 | | \$ (56,492) |
| Subtotal - Administration Expenditures | \$ 384,195 | \$ 199,236 | 52% | \$ 184,959 |
| Toll Program | | | | |
| Transportation Staff Costs | \$ 215,805 | \$ 165,658 | 77% | \$ 50,147 |
| Consulting Services: Toll Lanes Program Development | \$ 700,000 | \$ 355,499 | 51% | \$ 344,501 |
| Subtotal - Toll Program Expenditures | \$ 915,805 | \$ 521,157 | 57% | \$ 394,648 |
| TOTAL EXPENDITURES | \$ 1,300,000 | \$ 720,394 | 55% | \$ 579,606 |