AGENDA

PENINSULA CORRIDOR JOINT POWERS BOARD

Bacciocco Auditorium, 2nd Floor
1250 San Carlos Avenue, San Carlos CA 94070

February 3, 2011 – Thursday
10:00 a.m.

1. Pledge of Allegiance

2. Swearing in of Adrienne Tissier (Representing the San Mateo County Board of Supervisors)

3. Call to Order/Roll Call

4. Report of Nominating Committee – Election of 2011 Officers
   MOTION

5. Public Comment
   Public comment by each individual speaker shall be limited to two minutes

6. Consent Calendar
   Members of the public or Board may request that an item under the Consent Calendar be considered separately
   a) Approval of Minutes of January 6, 2011
   b) Authorize Execution of the Proposition 1B Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) Certifications and Assurances

   RESOLUTION

7. Chairperson’s Report
   a) Certificate of Appreciation to Outgoing Citizens Advisory Committee Chair, John Hronowski
   b) Resolution of Appreciation to Outgoing Metropolitan Transportation Commission Liaison, Sue Lempert

   RESOLUTION

8. MTC Liaison Report

9. Report of the Citizens Advisory Committee

10. Report of the Executive Director
    a) Caltrain Performance Report – December 2010
    b) Peninsula Rail Program Update

12. Call for a Public Hearing at the March 3, 2011 Meeting for Consideration of Service Suspensions and Station Closures for Fiscal Year 2012

13. Acceptance of Statement of Revenues and Expenses for December 2010


15. Fiscal Year 2010 Comprehensive Annual Financial Report

16. Caltrain Customer Survey Key Findings

17. Legislative Update

18. Correspondence

19. Board Member Requests

20. Date/Time of Next Meeting: Thursday, March 3, 2011, 10 a.m. at San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA 94070

21. General Counsel Report
   a) Closed Session: Conference with Legal Counsel – Anticipated Litigation Pursuant to Government Code Section 54956.9(b)(1) (One Potential Case)

22. Adjourn
INFORMATION FOR THE PUBLIC

All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

If you have questions on the agenda, please contact the JPB Secretary at 650.508.6242. Agendas are available on the Caltrain website at www.caltrain.com.

Location, Date and Time of Regular Meetings
Regular meetings are held at the San Mateo County Transit District Administrative Building located at 1250 San Carlos Ave., San Carlos, which is located one block west of the San Carlos Caltrain Station on El Camino Real. The building is also accessible by SamTrans bus Routes: 260, 295, 390, 391, and KX.

The JPB meets regularly on the first Thursday of the month at 10 a.m. The JPB Citizens Advisory Committee meets regularly on the third Wednesday of the month at 6 p.m. at the same location. Date, time and place may change as necessary.

Public Comment
If you wish to address the Board, please fill out a speaker’s card located on the agenda table and hand it to the JPB Secretary. If you have anything that you wish distributed to the Board and included for the official record, please hand it to the JPB Secretary, who will distribute the information to the Board members and staff.

Members of the public may address the Board on non-agendized items under the Public Comment item on the agenda. Public testimony by each individual speaker shall be limited to two minutes and items raised that require a response will be deferred for staff reply.

Accessibility for Individuals with Disabilities
Upon request, the JPB will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and a preferred alternative format or auxiliary aid or service at least two days before the meeting. Requests should be mailed to the JPB Secretary at Peninsula Corridor Joint Powers Board, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or emailed to board@caltrain.com; or by phone at 650.508.6242, or TDD 650.508.6448.

Availability of Public Records
All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070-1306, at the same time that the public records are distributed or made available to the legislative body.
MEMBERS PRESENT: O. Ahmad, J. Cisneros, S. Elsbernd (Chair), L. Kniss, A. Kalra, A. Lloyd, K. Yeager

MEMBERS ABSENT: N. Ford

MTC LIAISON: S. Lempert


Chair Sean Elsbernd called the meeting to order at 10:00 a.m. Director Ash Kalra led the Pledge of Allegiance.

SWEARING IN OF LIZ KNISS (REPRESENTING THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY (VTA))
Director Liz Kniss (San Jose City Council) representing VTA was sworn in.

PUBLIC COMMENT
Yoriko Ishimoto, Friends of Caltrain, said plans are coming along for the January 29 summit. The goals of the summit are to educate the public about Caltrain; the lack of dedicated funding for Caltrain; stimulate creative thinking on possible solutions, including cost containment, regional rail connections and revenue; increase ridership using pre-tax dollars; build partnerships with neighborhood groups, cyclists, chambers of commerce; empower grass roots groups; build and coordinate leadership for Caltrain across the three counties.

Ed DeLanoy, San Carlos, said consists should be three cars and five car consists should only be used when there is a ridership need. This would result in the use of half the diesel fuel.

Shirley Johnson, San Francisco, asked that Caltrain start implementing its plan to increase onboard bicycle capacity to 80 spots. Bicyclists are often bumped due to insufficient bike capacity. Ms. Johnson said adding bike capacity will bring in more revenue.

Jeff Carter, Burlingame, said a dedicated funding source needs to be found for Caltrain. Mr. Carter said he went and tried the new Baby Bullet weekend service and it was well received, even for a holiday weekend.

Jim Fink, Monterey, said he is alarmed at the discontinuation of paper Monthly passes. There are a number of Caltrain passengers that transfer to Monterey-Salinas Transit Route 55 at San Jose Diridon and use their Caltrain Monthly passes as fare media. The discontinuation of the existing paper monthly ticket is going to cause problems for these passengers. Mr. Fink said an inter-agency cooperation needs to be maintained for those who do not have a Clipper card.
CONSENT CALENDAR
  a. Approval of Minutes of December 2, 2010
  b. Adoption of the Amended Conflict of Interest Code

The Board approved the consent calendar (Lloyd/Kalra).

CHAIRPERSON’S REPORT
Appointment of Nominating Committee for 2011
Chair Elsbernd appointed Directors Nat Ford, Art Lloyd and Kniss to the nominating committee for the election of 2011 officers.

METROPOLITAN TRANSPORTATION COMMISSION (MTC) LIAISON REPORT
MTC Commissioner Sue Lempert reported:
  • She received several complaints from Caltrain commuters on the Clipper system and she will be sharing those with MTC staff.
  • The Association of Bay Area Governments will be celebrating its 50th anniversary and MTC will be celebrating its 40th anniversary, both later this month.

REPORT OF THE CITIZENS ADVISORY COMMITTEE (CAC)
CAC Member Bruce Jenkins reported on the December 15 meeting:
  • He was elected chair and Bruce Bendix was elected vice chair.
  • Received a presentation on the Regional Bike Sharing Program.

REPORT OF THE EXECUTIVE DIRECTOR
Executive Director Michael Scanlon reported:
  • Welcomed Director Kniss to the Board.
  • Acknowledged there are problems and a learning curve with Clipper.
  • Staff is working on a consistent fleet with two bike cars per consists.
  • Monthly Performance Statistics – November 2010 compared to November 2009
    a. Total Ridership was 1,002,283, an increase of 5.7 percent.
    b. Average Weekday Ridership was 39,036, an increase of 4.4 percent.
    c. Total Revenue was $3,723,097, an increase of 12.3 percent.
    d. On-time Performance was 93.9 percent, an increase of 1.9 percent.
    e. Caltrain Shuttle Ridership was 5,714, an increase of 13.6 percent.
  • Year-to-Date Performance Statistics – November 2010 compared to November 2009
    f. Total Ridership was 5,389,703, an increase of 4 percent.
    g. Average Weekday Ridership was 40,884, an increase of 4.1 percent.
    h. Total Revenue was $19,957,189, an increase of 9.1 percent.
    i. On-time Performance was 93.4 percent, a decrease of 0.3 percent.
    j. Caltrain Shuttle Ridership was 5,485, a decrease of 1.5 percent.
  • As encouraging as the performance statistics are, there is an extraordinarily large deficit for Fiscal Year (FY) 2012. A subcommittee of the Board continues to meet in an effort to find solutions.
  • The Friends of Caltrain summit will be here January 29 and he is encouraged by the amount of interest.
  • The Silicon Valley Leadership Group will be holding a Caltrain summit January 21 at Stanford University.
• Staff continues to work diligently on the budget and as of right now the service will be at less than one-half, with daily trains less than half and no weekend, evening or special service and a lot fewer stations, and with that, the budget is still not in balance.

• A subcommittee of the Board has been working with staff on the Caltrain Operating and Maintenance Procurement. Five proposals have been received from Keolis Rail Services America, Peninsula Corridor Rail Services (a joint venture between Amtrak and Bombardier), Peninsula Rail Services (a joint venture between Rail American and RATP), Transit American Services, Inc. and Veolia. An evaluation team is conducting evaluations and due diligence. Staff anticipates awarding the contract in late spring or early summer and begin service of the new contract by the end of 2011.

• Special service includes:
  o Sharks service is averaging about 223 extra riders after each game, which is down about 11 percent from last year.
  o A modified Saturday schedule was run on Christmas Eve and New Year’s Eve with one roundtrip to Gilroy and four Baby Bullet trains. Christmas Eve ridership was 2.3 percent less than a typical Saturday and New Year’s Eve ridership was about 71 percent higher than a typical Saturday. Free rides were offered after 11 p.m. New Year’s Eve and additional post-fireworks trains were added out of San Francisco. The extra trains carried a little more than 2,500 extra riders, a decrease of about 30 percent from last year, but weather was a factor.
  o The Kraft Fight Hunger Bowl is Sunday, January 9 at AT&T Park and extra service will be provided.
  o Regular service will run January 17 for the Martin Luther King Jr. holiday, along with two chartered Freedom Trains, which will be making limited stops.

• Fare and service changes went into affect January 1. Staff feels we are hitting a number where we could start losing riders if the fares are increased even more.

• Weekend Baby Bullet service started on January 1.

• The first fatality occurred this morning at 1:20 a.m., about half-mile north of the California Avenue Caltrain Station at a location where there is no crossing.

• Peninsula Rail Program Director Bob Doty has been recruited by HNTB to work on High Speed Rail (HSR) on the national level. His last day will be January 21.

Peninsula Rail Program (PRP) Update
Mr. Doty reported:
• The last month for HSR has been a transitory moment. There is a new program manager that has come into the organization that is extraordinarily good. He is making changes to bring structure to the organization that is desperately needed.
• There is going to be a new schedule and a new sequence. This will change what is expected and what HSR can provide. There is going to be a period of time to figure out what the new relationship is.
• Caltrain is in a position to be a huge winner out of this relationship and we need to figure out how to do that, but it can’t be done unless the relationship between the two organizations is redefined.
• If the focal point is toward service, that is Caltrain, it is no longer a Caltrain service or HSR service, it is a passenger service.
• Thanked the Board for allowing him to play with their train.

Chair Elsbernd thanked Mr. Doty for all he has done for the people of the peninsula and the system.
Ms. Lempert said it is not only the presentations Mr. Doty gave at the Board meetings, but all the outside meetings he attended and listened to the concerned citizens. It is a tremendous loss for Caltrain.

Director Lloyd said Mr. Doty has been outstanding in his worldwide knowledge and will truly be missed.

**ACCEPTANCE OF STATEMENT OF REVENUES AND EXPENSES FOR NOVEMBER 2010**

Deputy CEO Gigi Harrington said fare revenue is over budget by $1.4 million and there are savings on the expense side in the fuel and operating line items. Last week, fuel was $2.60 per gallon. The hedge was tripped in December and a check for $33,000 was received from the bank.

Director Omar Ahmad asked about the pretty reasonable jump over last year in the insurance line item 28. Ms. Harrington said the budget was amended in the fall to assist in settling a claim.

**Public Comment**

Shirley Johnson, San Francisco Bicycle Coalition, said in examining the revenues and expenses, Caltrain is showing $1.1 million favorable variance and it would be smart to increase revenue even more by upgrading the remaining bike cars. She said you need to spend money to make money.

A motion (Lloyd/Ahmad) to accept the November 2010 statement was approved unanimously.

**AUTHORIZE AMENDING THE FISCAL YEAR (FY) 2011 OPERATING BUDGET BY $1,342,325 FROM $100,869,615 TO $102,211,940**

Manager of Budgets Ladi Bhuller said Staff Coordinating Council (SCC) is recommending the Board amend the FY2011 Operating Budget by $1.3 million. She said in July, the Board adopted the FY2011 Operating Budget with a gap between revenue and expenses in the amount of $2.3 million. Ms. Bhuller said staff conducted a comprehensive outreach process culminating with a public hearing in September, followed by proposed scenarios to bridge the $2.3 million gap. Staff is proposing to increase farebox revenue by $1.2 million, decrease rail operator service by $870,000 and fuel by $182,000. She said in addition staff is proposing to include some unspent FY2010 grant funds in the amount of $182,000 to be carried forward into FY2011 for projects that are in progress. Ms. Bhuller said the corresponding expenses for these grants fall under professional services. She said staff will continue to monitor the budget and recognize any operational savings that can be realized by year-end.

A motion (Kniss/Ahmad) to amend the FY2011 Operating Budget was approved unanimously by roll call.
AUTHORIZE AWARD OF CONTRACT TO GTSI CORPORATION FOR INSTALLATION AND INTEGRATION OF A CLOSED-CIRCUIT TELEVISION, SECURITY VIDEO SYSTEM (CCTV-SVS) AT THE CENTRALIZED EQUIPMENT AND MAINTENANCE OPERATIONS FACILITY (CEMOF) FOR A TOTAL ESTIMATED COST OF $633,512

Director of Contracts and Procurement Cheryl Cavitt said SCC is recommending the Board award a contract to GTSI Corporation for a CCTV system at CEMOF in San Jose. Ms. Cavitt said installation of the system will enhance surveillance and control access to the facility.

Director Ahmad asked if this is a capital expenditure. Ms. Cavitt said yes.

A motion (Ahmad/Lloyd) to authorize award of contract to GTSI Corporation was approved unanimously by roll call.

UPDATE ON CLIPPER ON CALTRAIN

Executive Officer Customer Service and Marketing Rita Haskin made the following points:

- This is a MTC initiative to introduce a regional fare payment system.
- AC Transit, BART, Golden Gate Transit and Ferry, Muni and SamTrans are now accepting Clipper.
- Staff started testing the system in spring 2009, the soft launch was in summer 2009 and the full launch was in April 2010.
- In February 2011, paper 8-ride tickets will be eliminated and paper Monthly passes will be eliminated in March 2011.
- Green TransLink cards are still in use, but MTC wants to transition everyone to the blue Clipper card.
- Passengers need to tag on if they are using e-cash or an 8-ride ticket. If a passenger has a Monthly pass they only need to tag on and off the first of the month to set the parameters.
- There are customer reminders as you exit the train to tag off on the platform. If a passenger doesn’t tag off, they will be charged the maximum fare.
- In December 2010, there were 8,300 people who used paper Monthly passes and only 2,600 had transitioned to Clipper.
- In November 2010 there were 14,000 people still using paper 8-ride tickets and 2,700 people had transitioned to Clipper.
- Some of the marketing efforts include station flyers, conductor announcements, take-ones, onboard brochures, outreach and news releases.
- Customer feedback included the ease of use, the limited number of vendor outlets and their lack of knowledge, the three- to five-day lag time when loading product via the Web or phone and the Customer Service Bureau is slow to respond.

Director Ahmad asked why there is a three- to five-day lag time when loading product. He said this is unacceptable. Ms. Haskin said the information has to get disbursed out to where the card interface devices are so it can read what is on the card.

Ms. Lempert said she has used her Clipper card numerous times and has never had her card checked. She said during sporting events the trains are so crowded there is no way for the conductors to see if people have bought a ticket. Ms. Lempert said at the Stanford Caltrain Station there is no Clipper machine to tag card.
Mr. Scanlon said there are about one-quarter a million fare checks each month and year-to-date through November there have been more than 3,000 proof-of-payment citations.

Ms. Haskin said Stanford is an issue because there are no card readers at the station. She said staff will see if MTC can fund mobile card readers that can be put at the station during football season and also be used at 4th & King in San Francisco after baseball games and special events.

Public Comment
Andy Chow, Bay Rail Alliance, said monthly and 8-ride tickets can be loaded at any Muni/BART station in downtown San Francisco. He said there should be Clipper machines at San Francisco, Millbrae Intermodal and San Jose Diridon. Mr. Chow said there is a need for additional readers at Millbrae Intermodal for those transferring to and from BART to Caltrain. He said Bay Rail Alliance thanks Mr. Doty for challenging how people and the community think outside of the box about Caltrain.

Jim Fink, Monterey, said the Monterey-Salinas Bus Route 79 serves students and those who work at the Monterey Presidio Defense Institute and travel to San Jose Diridon. He thinks paper tickets need to be retained, along with the Clipper card, for those who like to keep paper records and for interconnection transfers for agencies not set-up with Clipper.

Jeff Carter, Burlingame, said conductors seem to be checking tickets more often now. He asked if Clipper provides origin and destination specific data.

ADOPTION OF 2011 STATE AND FEDERAL LEGISLATIVE PROGRAM
Government Affairs Manager Seamus Murphy said SCC is recommending the Board adopt the 2011 Legislative Program to guide advocacy efforts for the next calendar year. He said the program is written broadly to allow staff and legislative advocates in Sacramento and Washington, D.C. to respond quickly to issues that may arise. Mr. Murphy said engagement on issues outside the scope of this document would be brought before the Board for action. He said many of the objectives are carried over from 2010, but there are some new issues. The State program reflects new efforts to preserve transit funding following voter approval of Proposition 26 and it also includes a focus on preserving the flexibility of Proposition 1A High Speed Rail Connectivity funding allocated to transit agencies. Mr. Murphy said the Federal program adds the new Federal Transit Safety Regulations being considered at the Department of Transportation. He said it is possible that those proposals will impact how commuter rail safety is regulated and staff will be working with the American Public Transportation Association as the details emerge.

A motion (Lloyd/Ahmad) to adopt the 2011 State and Federal Legislative Program was approved unanimously.

STATE AND FEDERAL LEGISLATIVE UPDATE
No report.

CORRESPONDENCE
In the reading file.

BOARD MEMBER REQUESTS
Director Lloyd said Amtrak will be celebrating its 40th anniversary on May 1 this year.
GENERAL COUNSEL REPORT
Legal Counsel David Miller said he, Joan Cassman and the entire legal team will truly miss Mr. Doty’s insight and wish him the best of luck.

DATE/TIME/PLACE OF NEXT MEETING
Thursday, February 3, 2011, 10 a.m. at San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA 94070.

ADJOURNED
Adjourned at 11:24 a.m.
PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director

FROM: Gigi Harrington
Deputy CEO

SUBJECT: AUTHORIZE EXECUTION OF THE PROP 1B PUBLIC
TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND
SERVICE ENHANCEMENT ACCOUNT (PTMISEA) CERTIFICATIONS
AND ASSURANCES

ACTION
Staff Coordinating Council recommends that the Board authorize the Executive Director, or his
designee, to execute certifications and assurances in order to be eligible to receive Prop 1B
Public Transportation Modernization, Improvement, and Service Enhancement Account
(PTMISEA).

SIGNIFICANCE
The California Department of Transportation (Caltrans) requires that recipient agencies of
PTMISEA funds execute Certification and Assurances prior to receiving an allocation of
PTMISEA funds appropriated in Fiscal Year 2010/11 or later. The Certification and Assurances
contain general conditions of the PTMISEA program, as well as some additional cost principles
and record retention requirements that are standard for other State-funded projects. The
Certifications and Assurances need to be submitted only once, and will be valid for the
remainder of the PTMISEA program.

BUDGET IMPACT
This Board item has no budgetary impact.

BACKGROUND
The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006,
otherwise known as Proposition 1B, was approved by California voters on November 7, 2006.
Proposition 1B includes a program of funding specifically for capital transit projects, known as
the PTMISEA. PTMISEA funds have been used to help fund the South Terminal Project, and
the Communications Based Overlay Signal System (CBOSS).

Prepared by: Rebecca Arthur, Senior Grants Analyst 650.508.6368
RESOLUTION NO. 2011 -

BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA

* * *

AUTHORIZE EXECUTION OF THE PROP 1B PUBLIC TRANSPORTATION
MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT
(PTMISEA) CERTIFICATIONS AND ASSURANCES

WHEREAS, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, otherwise known as Proposition 1B, was approved by California voters on November 7, 2006; and

WHEREAS, Proposition 1B includes a program of funding specifically for capital transit projects, known as the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA); and

WHEREAS, Senate Bill 88 (2007) named the California Department of Transportation (Caltrans) as the administrative agency for PTMISEA funds; and

WHEREAS, Caltrans has developed guidelines for the purpose of administering and distributing PTMISEA funds to eligible project sponsors; and

WHEREAS, beginning with funds appropriated in Fiscal Year 2010-2011, these guidelines require the Peninsula Corridor Joint Powers Board (JPB) to execute certifications and assurances in order to maintain eligibility to be a recipient of PTMISEA funds; and

WHEREAS, the JPB wishes to delegate the authorization to execute these documents and any amendments thereto to the Executive Director.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the JPB, by adopting this resolution:
1. Affirms that the JPB agrees to comply with all conditions and requirements of all PTMISEA funded transit projects, as set forth in the certification and assurances, and applicable statutes, regulations and guidelines;

2. Authorizes the Executive Director, or his designee, to execute and file the certifications and assurances, as well as any amendments, or furnish any additional information as Caltrans may require of recipients of PTMISEA funds.

Regularly passed and adopted this 3rd day of February 2011, by the following vote:

AYES:

NOES:

ABSENT:

_____________________________________
Chair, Peninsula Corridor Joint Powers Board

ATTEST:

______________________________
JPB Secretary
FOR: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director

FROM: C.H. (Chuck) Harvey
Deputy CEO

SUBJECT: KEY CALTRAIN PERFORMANCE STATISTICS DECEMBER 2010

For December 2010, Caltrain average weekday ridership (AWR) increased 6.9 percent over December 2009. AWR based on ticket sales was 34,856 for December 2010, an increase of 2,259 compared to December 2009. AWR has trended upward compared to last year for six of the last seven months. The total number of passengers for the month of December 2010 was 929,107, representing a 4.5 percent increase from last year’s December total of 888,790.

In December 2010, on-time performance was 95.8 percent, as compared to 93.4 percent in December 2009, an increase of 2.4 percentage points and above the standard of 95 percent.

Average weekday shuttle ridership was estimated at 4,188. Overall shuttle ridership is down 1.6 percent from December 2009. For the station shuttles, the Millbrae-Broadway shuttle averaged 88 daily riders. The Belmont-Hillsdale shuttle averaged 62 daily riders. The weekend Tamien-San Jose shuttle averaged 35 riders per day.
Caltrain Promotions – December 2010

Holiday card – In the spirit of the season and sustainability, Caltrain developed an electronic holiday card that it posted to its website. The Examiner posted it to its online community page.

Holiday Transit Toy Drive – With the suspension of the annual Holiday Train, because of fiscal issues, Caltrain partnered with SamTrans to provide a downscaled holiday celebration to generate toy donations for the Marine Corps Reserves and Salvation Army’s Toys for Tots programs. Nearly 500 toys were collected for children in need.

New Year’s Eve – Caltrain operated special service for New Year’s revelers who celebrated in San Francisco then wanted to get home to the Peninsula and South Bay. The service was promoted through a news release, conductor announcements, station visual message sign notification, Caltrain Connection newsletter and web posting. While the weather was a bit moist and gloomy, Caltrain carried an extra, 2,508 customers.

Sharks Hockey – As the hockey season got into full swing, fans settled into riding Caltrain to the Shark Tank. To help promote the service, the Sharks paid for customer take ones and made announcements during the games. The service also was promoted with onboard ad cards, a Caltrain web button, radio reads before each game, and current editions of Track the Fun and Caltrain Connection. More than 1,115 hockey fans rode Caltrain to the five December games.

Clipper℠ – As the deadline to eliminate paper 8-ride tickets and Monthly passes neared, Caltrain staff continued to outreach to customers at stations and onboard trains about switching to the Clipper card. Information has been provided through multiple channels, including the Citizens Advisory Committee, news releases, websites, newsletters, brochures, take ones, conductor announcements, station visual message signs, mailed notices, station flyers and via ticket vending machines.

Prepared by: Rita P. Haskin, Executive Officer, Customer Service and Marketing  650.508.6248
  Ted Yurek, Senior Planner, Operations Planning  650.508.6471
Table A

December 2010

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<tr>
<th>FY2010</th>
<th>FY2011</th>
<th>%Change</th>
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<td>Average Weekday Ridership</td>
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<td>Total Revenue</td>
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<td>On-time Performance</td>
<td>93.4%</td>
<td>95.8%</td>
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<td>Caltrain Shuttle Ridership</td>
<td>4,258</td>
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Year to Date

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<tr>
<th>FY2010</th>
<th>FY2011</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Ridership</td>
<td>6,073,381**</td>
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<tr>
<td>Average Weekday Ridership</td>
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<tr>
<td>Total Revenue</td>
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<tr>
<td>On-time Performance</td>
<td>93.6%</td>
<td>93.8%</td>
</tr>
<tr>
<td>Average Caltrain Shuttle Ridership</td>
<td>5,352**</td>
<td>5,269</td>
</tr>
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</table>

* numeric difference of the percentages
**FY10 figures have been adjusted to reflect corrected number of days operated per month

Graph A

Caltrain Average Weekday Ridership
AGENDA ITEM # 11
FEBRUARY 3, 2011

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director

FROM: Gigi Harrington
Deputy CEO

SUBJECT: CALL FOR A PUBLIC HEARING: A DECLARATION OF FISCAL
EMERGENCY FOR THE PENINSULA CORRIDOR JOINT POWERS
BOARD FOR FISCAL YEAR 2012

ACTION
Staff Coordinating Council (SCC) recommends that the Board hold a public hearing
March 3, 2011, to receive public comment concerning a proposed declaration of a fiscal
emergency under California Public Resources Code section 21080.32 and California
Environmental Quality Act implementing guidelines, Title 14 of the California Code of
Regulations section 15285 for FY2012. The SCC recommends this action in light of the
following considerations:

1. The JPB, as it has in the past several fiscal years, utilized one-time sources of funds to
   balance the FY2011 budget. The amount of unrestricted net assets is estimated to be
   a negative $35.7 million at the end of FY2012 and is insufficient to support current
   service levels.

2. Staff is reviewing various options to balance the FY2012 budget including reductions
   in service levels and increased fares.

3. When a transit agency’s revenues are insufficient to fund operations and facilities, the
   California Environmental Quality Act (CEQA) provides a statutory exemption from
   environmental review to any public service, program, project or activity for reducing
   or eliminating services and for initiating or increasing fees, rates or charges through
   declaration of a fiscal emergency.

4. The criterion for declaring a fiscal emergency is that the transit agency expects to
   have negative working capital within one year from the date of the declaration.

5. The JPB must respond within 30 days of the public hearing to suggestions made by
   the public.

6. After responding to these comments, the JPB may declare a fiscal emergency for its
   Caltrain operation caused by the failure within one year of revenues to adequately
   fund programs and facilities.
SIGNIFICANCE
The JPB partners continue to face financial uncertainty due in part to the State of California’s budget crisis and the reduction of State Transit Assistance funds. At this time it is unclear what level of partner support will be available for the FY2012 budget. To plan for the worst-case scenario, the SCC recommends that the JPB undertake the process outlined in CEQA for declaring a fiscal emergency. If a fiscal emergency is declared, the JPB can pursue appropriate service scenarios for the FY2012 budget, including reductions in service and increases in fees, rates and charges in compliance with applicable laws and regulations.

The California Environmental Quality Act considers reductions in transit service as “projects” that typically require evaluation of any potential environmental impact, unless a statutory exemption applies. The requirement for environmental review of the specified public transit changes is exempted in the case of a declared fiscal emergency. (California Public Resources Code section 21080.32; 14 Code of California Regulations section 15285).

A fiscal emergency is deemed to exist if the transit agency is projected to have negative working capital within one year from the date of the fiscal emergency declaration. To calculate available working capital, the transit agency adds together all unrestricted cash, unrestricted short-term investments and unrestricted short-term accounts receivable and then subtracts unrestricted accounts payable, where applicable. Employee retirement funds, including Internal Revenue Code Section 457 deferred compensation plans and Section 401(k) plans, health insurance reserves, bond payment reserves, workers’ compensation reserves, and insurance reserves, are excluded from the calculation of available working capital.

Once the working capital analysis is complete and the transit agency concludes the declaration of a fiscal emergency is warranted, the agency is required to hold a public hearing on the issue and to respond to comments and suggestions made by the public within 30 days.

Staff recommends that the JPB hold a public hearing on the issue of a fiscal emergency for Caltrain operations on March 3, 2011. At the hearing, staff will explain why a fiscal emergency exists and the JPB will receive testimony from the public. Staff further recommends that the JPB respond to the public comments at a meeting to be scheduled within 30 days after the March 3 meeting.

After the response to the public comments has been received, the JPB can declare that a fiscal emergency exists. A declaration of fiscal emergency does not by itself implement service reductions or changes to fees or fares.

BUDGET IMPACT
There is minimal budget impact directly associated with holding a public hearing to take comment concerning the potential declaration of a fiscal emergency. Should the Board choose to declare a fiscal emergency after consideration of public comment, the JPB will evaluate service scenarios and possible fare adjustments and staff would present a proposed FY2012 budget for consideration by the Board of Directors.
BACKGROUND
The FY2011 JPB adopted budget included the use of one-time revenues along with a fare increase and service reduction. There are not sufficient revenues to support existing services in FY2012. Staff is undertaking a comprehensive review of both the revenue and expense options and will develop a number of alternatives that would balance the FY2012 budget. Both revenue increases and service reductions will be included in some scenarios.

Prepared by: Ladi Bhuller, Manager, Budgets

650.508.7755
TO: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director

FROM: C.H. (Chuck) Harvey
Deputy CEO

SUBJECT: CALL FOR A PUBLIC HEARING FOR CONSIDERATION OF SERVICE SUSPENSIONS AND STATION CLOSURES FOR FISCAL YEAR 2012

ACTION
Staff Coordinating Council (SCC) recommends that the Board hold a public hearing at its regularly scheduled meeting March 3, 2011, to receive public comment on proposed Caltrain service suspensions and station closures to be effective FY2012.

SIGNIFICANCE
In FY2011, the San Mateo County Transit District (SamTrans) was not able to provide its full contribution to support the Caltrain service. As a result, the FY2011 budget was balanced using a combination of service reductions, fare increases, staffed ticket office closures, administrative cost reductions and MTC funds. In FY2012, SamTrans will further decrease its contribution to Caltrain’s operating subsidy. Assuming that the other member agencies follow suit, Caltrain is anticipating a $30M deficit entering FY2012.

In order to balance the budget, the JPB must approve a viable operating scenario that is supported by available revenue sources, including partner contributions, farebox revenue and other income. The service changes, as well as station closures, resulting from this hearing process are expected to take effect July 2011.

FY2012 Operating Scenario

In order to reduce the budget deficit, staff has sought to develop a proposal that minimizes the cost of the service while maximizing ridership and fare revenue. The proposed changes to be considered include suspension of all weekend and special event service, and the reduction of weekday service to 48 trains during commute hours only. Weekday service will be suspended south of the San Jose Diridon station and at up to seven Peninsula stations between San Jose and San Francisco. The specific service options will be included in the notice of public hearing.
**BUDGET IMPACT**
The proposed changes, if approved, are projected to more closely align expenses with projected revenues and will assist, but not fully balance, the FY2012 Operating Budget. In order to maximize budget savings, the proposal under consideration would be implemented at the start of FY2012.

**BACKGROUND**
Service suspensions and station closures are two components that will help achieve a balanced FY2012 budget.

In preparation for the public hearing, staff will prepare a specific service proposal for comment by the public. This proposal will be presented at four community meetings to be conducted in mid-February in Gilroy, San Jose, San Carlos, and San Francisco and public comment will be sought. Additionally, a summary of the proposals will be circulated onboard trains and posted on the Caltrain website. Comments will be accepted at the meetings, through the rail agency’s website, via mail and phone.

The specific proposals and the results of the public outreach will be presented to the Board during the March 3, 2011 public hearing.

By means of a separate agenda item at the March 3, 2011 meeting, the Board will hold a public hearing to consider the declaration of a fiscal emergency. The criterion for declaring a fiscal emergency is that a transit agency expects to have negative working capital within one year of the date of the declaration. The declaration of a fiscal emergency permits the JPB to take action to implement service reductions without conducting a full environmental review of that action.

Prepared By: Michelle Bouchard, Director, Rail Transportation 650.508.6420
AGENDA ITEM # 13  
FEBRUARY 3, 2011

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: Joint Powers Board

THROUGH: Michael J. Scanlon
 Executive Director

FROM: Gigi Harrington
 Deputy CEO

SUBJECT: STATEMENT OF REVENUE AND EXPENSE FOR THE PERIOD
ENDING DECEMBER 31, 2010 AND SUPPLEMENTAL INFORMATION

ACTION
Staff proposes that the Board of Directors accept and enter into the record the Statement of Revenue and Expense for the month of December 2010 and supplemental information.

SIGNIFICANCE
Revenue: For December of Fiscal Year 2011, Total Operating Revenue (line 7) is $1,738,642 or 6.8 percent better than budget. Within total operating revenue, Farebox Revenue (line 1) is $1,791,714 or 8.3 percent better than budget offset by Shuttles (line 3) is $180,904 or 24.0 percent worse than budget. Compared to the prior year, Total Operating Revenue (line 7) is $1,997,349 or 7.9 percent higher.

Expense: Grand Total Expenses (line 47) show a favorable variance of $5,791,199 or 11.3 percent. Total Operating Expense (line 33) is $5,278,277 or 11.6 percent better than budget. Within total operating expense, Contract Operating & Maintenance (line 23) and Fuel (line 26) together are $4,538,120 or 11.8 percent better than budget. Total Administrative Expense (line 42) is $512,923 or 9.8 percent better than budget.

Compared to prior year, Grand Total Expenses (line 47) are $2,568,488 or 6.0 percent higher. The increase in expense is mainly due to Fuel (line 26) and Insurance (line 28) which together are $2,195,662 or 30.3 percent higher.

Budget Revisions: There are no budget revisions for the month of December 2010. Budget amendments were adopted at the January 6th board meeting and will be reported in January Statements of Revenues and Expenses.

Prepared by: Jeannie Chen, Senior Accountant 650.508.6259
 David Ramires, Accountant 650.508.6417
## Statement of Revenue and Expense

### PENINSULA CORRIDOR JOINT POWERS BOARD
#### STATEMENT OF REVENUE AND EXPENSE

**Fiscal Year 2011**  
**December 2010**

<table>
<thead>
<tr>
<th>MONTH</th>
<th>YEAR TO DATE</th>
<th>% OF YEAR ELAPSED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CURRENT ACTUAL</td>
<td>PRIOR ACTUAL</td>
</tr>
</tbody>
</table>

### REVENUE

**OPERATIONS:**

1. Farebox Revenue  
   - 2010: 3,387,026  
   - 2011: 21,405,188  
   - % OF YEAR ELAPSED: 108.3%

2. Parking Revenue  
   - 2010: 210,365  
   - 2011: 1,069,576  
   - % OF YEAR ELAPSED: 106.8%

3. Shuttle Revenue  
   - 2010: 90,878  
   - 2011: 523,354  
   - % OF YEAR ELAPSED: 76.0%

4. Rental Income  
   - 2010: 139,299  
   - 2011: 825,932  
   - % OF YEAR ELAPSED: 102.3%

5. Other Income  
   - 2010: 237,111  
   - 2011: 1,423,921  
   - % OF YEAR ELAPSED: 102.5%

### EXPENSE

**OPERATING EXPENSE:**

1. Contract Operating and Maintenance  
   - 2010: 4,378,617  
   - 2011: 27,961,056  
   - % OF YEAR ELAPSED: 89.4%

2. Operator Contract Transition Costs  
   - 2010: -  
   - 2011: -  
   - % OF YEAR ELAPSED: 0.0%

3. Shuttles (incl Peninsula Pass)  
   - 2010: 242,763  
   - 2011: 1,430,362  
   - % OF YEAR ELAPSED: 87.9%

4. Fuel  
   - 2010: 1,009,910  
   - 2011: 5,037,342  
   - % OF YEAR ELAPSED: 82.8%

5. Timetables and Tickets  
   - 2010: 7,296  
   - 2011: 91,862  
   - % OF YEAR ELAPSED: 50.9%

6. Insurance  
   - 2010: 2,565,839  
   - 2011: 2,214,393  
   - % OF YEAR ELAPSED: 100.0%

7. Facilities and Equipment Maint  
   - 2010: 92,566  
   - 2011: 512,146  
   - % OF YEAR ELAPSED: 64.8%

8. Utilities  
   - 2010: 107,922  
   - 2011: 489,393  
   - % OF YEAR ELAPSED: 82.2%

9. Services  
   - 2010: 63,656  
   - 2011: 444,640  
   - % OF YEAR ELAPSED: 76.6%

### ADMINISTRATIVE EXPENSE

1. Wages and Benefits  
   - 2010: 624,299  
   - 2011: 2,959,926  
   - % OF YEAR ELAPSED: 93.1%

2. Board of Directors  
   - 2010: 1,119  
   - 2011: 5,683  
   - % OF YEAR ELAPSED: 88.6%

3. Professional Services  
   - 2010: 107,533  
   - 2011: 618,429  
   - % OF YEAR ELAPSED: 84.5%

4. Communications and Marketing  
   - 2010: 1,545  
   - 2011: 98,660  
   - % OF YEAR ELAPSED: 26.0%

5. Office Expense and Other  
   - 2010: 106,665  
   - 2011: 594,551  
   - % OF YEAR ELAPSED: 95.9%

### TOTAL OPERATING EXPENSE

- 2010: 6,308,569  
- 2011: 38,181,174  
- % OF YEAR ELAPSED: 88.4%

### TOTAL CONTRIBUTED REVENUE

- 2010: 5,569,950  
- 2011: 20,271,198  
- % OF YEAR ELAPSED: 84.4%

### GRAND TOTAL REVENUE

- 2010: 9,634,629  
- 2011: 45,519,169  
- % OF YEAR ELAPSED: 95.5%

* The Approved Budget is the Board adopted budget effective July 1, 2010.
* The Revised Budget is the adopted budget plus board amendments plus budget transfers.

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* % OF YEAR ELAPSED provides a general measure for evaluating overall progress against the annual budget. When comparing it to the amounts shown in the "% REV BUDGET" column, please note that individual line items reflect variations due to seasonal activities during the year.

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1/24/11 10:46 AM
### PENNSULA CORRIDOR JOINT POWERS BOARD

#### INVESTMENT PORTFOLIO

#### AS OF DECEMBER 31, 2010

<table>
<thead>
<tr>
<th>TYPE OF SECURITY</th>
<th>MATURITY DATE</th>
<th>INTEREST RATE</th>
<th>PURCHASE PRICE</th>
<th>MARKET RATE</th>
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<tbody>
<tr>
<td>Local Agency Investment Fund (Restricted)</td>
<td>Liquid Cash</td>
<td>0.462%</td>
<td>$ 2,000,000</td>
<td>$ 2,002,923</td>
</tr>
<tr>
<td>Local Agency Investment Fund (Unrestricted)</td>
<td>Liquid Cash</td>
<td>0.462%</td>
<td>19,300,020</td>
<td>19,328,223</td>
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<tr>
<td>Investment Portfolio (Unrestricted)</td>
<td>Liquid Cash</td>
<td>3.548%</td>
<td>6,182,740</td>
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<tr>
<td>Other (Unrestricted)</td>
<td>Liquid Cash</td>
<td>0.050%</td>
<td>828,844</td>
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</tbody>
</table>

<p>| | | | | |</p>
<table>
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<th></th>
<th></th>
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</thead>
</table>

$ 28,311,603 $ 28,270,354

Accrued Earnings for December 2010 $24,536.24 (1)

Cumulative Earnings FY2011 $168,694.88

(1) Earnings do not include prior period adjustments

* The market value of Local Agency Investment Fund (LAIF) was derived from the fair value factor of 1.001461323 as reported by LAIF for quarter ending December 31, 2010.

** The Portfolio and this Investment Report comply with the Investment Policy and the provisions of SB 564 (1995). The Joint Powers Board has the ability to meet its expenditure requirements for the next six months.
AGENDA ITEM # 14
FEBRUARY 3, 2011

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director / CEO

FROM: Gigi Harrington
Deputy CEO

SUBJECT: QUARTERLY INVESTMENT REPORT AND FIXED INCOME MARKET REVIEW AND OUTLOOK

ACTION
Staff Coordinating Council (SCC) recommends that the Board accept and enter into the record the Quarterly Investment Report and Fixed Income Market Review and Outlook for the quarter ended December 31, 2010.

SIGNIFICANCE
The Joint Powers Board’s (JPB) Investment Policy contains a requirement for a quarterly report to be transmitted to the Board within 30 days of the end of the quarter. This staff report was forwarded to the Board of Directors under separate cover on January 14, 2011 in order to meet the 30 day requirement.

BUDGET IMPACT
As this reports on the Quarterly Market Review and Outlook, there is no budget impact.

BACKGROUND
The JPB is required by state law to submit quarterly reports within 30 days of the end of the quarter covered by the report. The report is required to include the following information:

1. Type of investment, issuer, date of maturity, par and dollar amount invested in all securities, investments and money held by the local agency;
2. Description of any of the local agency's funds, investments or programs that are under the management of contracted parties, including lending programs;
3. For all securities held by the local agency or under management by any outside party that is not a local agency or the State of California Local Agency Investment Fund (LAIF), a current market value as of the date of the report and the source of this information;
4. Statement that the portfolio complies with the Investment Policy or the manner in which the portfolio is not in compliance; and,
5. Statement that the local agency has the ability to meet its pool’s expenditure requirements (cash flow) for the next six months or provide an explanation as to why sufficient money shall or may not be available.

A schedule, which addresses the requirements of 1, 2, and 3 above, is included in this report on page 6. The schedule separates the investments into three groups: The Investment Portfolio which is managed by CSI Capital Management, Inc. ("CSI"); Liquidity funds which are managed by JPB staff; and Trust funds which are managed by a third party trustee. The Investment Policy governs the management and reporting of the Investment Portfolio and Liquidity funds while the bond covenants govern the management and reporting of the Trust funds.

CSI provides the JPB a current market valuation of all the assets under its management for each quarter. The valuation is provided by FT Interactive Data, the major operating division of Interactive Data Corporation, (IDC). IDC is a leading provider of global securities data. They offer one of the largest information databases with current and historical prices on securities traded in all major markets including daily evaluations for more than 2.5 million fixed income securities.

Due to the nature of securities which are bought and sold in a principal market, such as fixed income securities, multiple market values may exist for a given security at any given time. CSI has chosen IDC as an unbiased estimator of these prices based on their leading role as a provider of end of the day pricing, an evaluation of their methodology and the experience of their evaluation staff. Unfortunately, given the recent volatility in the markets not every security is currently supported or accurately reflected by IDC. Therefore at the end of the quarter, CSI surveyed a number of Wall Street firms to get an accurate market value of the securities held in JPB’s portfolio. These surveys reflect the levels at which someone is actually willing to purchase the securities held by JPB. In the case of money market instruments, which are not supported by IDC, CSI uses adjusted cost.

The Liquidity funds managed by JPB staff are considered to be cash equivalents and therefore market value is considered to be equal to book value, (i.e. cost). The shares of beneficial interest generally establish a nominal value per share. Because the Net Asset Value is fixed at a nominal value per share, book and market value are equal and rate of income is recalculated on a daily basis.

The portfolio and this Quarterly Investment Report comply with the Investment Policy and the provisions of SB 564 (1995). The JPB has the ability to meet its expenditure requirements for the next six months.
DISCUSSION

Market Review and Outlook

A steady stream of improving news on the economy, in combination with renewed efforts to provide both monetary and fiscal stimulus, resulted in rising interest rates during the last quarter of the year. The increase in interest rates was most pronounced in longer maturity bonds where rates rose as much as 0.8 percent. This was in stark contrast to shorter term securities where the rate increases were quite modest. This pattern, known as a steepening yield curve, is consistent with the prevailing notion that although the economy may be improving, it will be quite some time before the Fed begins to raise the level of short-term interest rates.

As we look forward to 2011, investors have reason to be both optimistic and apprehensive. Perhaps the biggest reason for optimism is the level of corporate profits. Operating profits for the companies that constitute the S&P 500, for example, are widely expected to reach all time record levels in 2011. Profits are critical because they are one of the best leading indicators we have for both employment and investment. As employment and investment pick up, we can expect to see a host of other economic variables, such as confidence and consumption, follow suit.

As comforting as the observations above may be, there are still many reasons to remain cautious. For starters, as a country we have actually done remarkably little to address the important structural problems we are currently facing. Since the early 1980’s, our economy’s main engine of growth has been the increase in debt. Recent reductions in the level of individual and corporate debt have been more than offset by increases in government debt. In fact, some would argue, our recent efforts to stimulate the economy have accomplished nothing more than to borrow from future growth. As a country, we still face the burden of finding a way to grow
while simultaneously reducing our over-reliance on debt.

Global concerns remain as well. Chief among these are the sovereign debt problems in Europe. As we entered the New Year, concerns of a default among the most problematic countries, namely Greece, Ireland, Portugal and Spain (as measured by the cost to insure against an incident of default) reached record levels. An escalation in these anxieties could lead to sharply rising interest rates and potentially result in a significant negative shock to the global economy.

Beyond the more tangible threat of a sovereign debt default, there are also growing imbalances in global markets as countries compete for their share of global growth. While a discussion in and of itself, these imbalances are growing and are more likely to resolve themselves with a bang than a whimper.

As we move forward, we must weigh the good with the bad and consider both the obvious and the unexpected. We must also consider how we will respond as a country to the challenges we face, either because we are forced to by the markets, or because our policymakers have the insight and leadership to create a more favorable path. As much as we may wish to just embrace the positives, the way forward remains a challenge and will not be smooth. In such an environment, prudence still requires an eye towards safety first.

**Strategy**

Over the foreseeable future we expect interest rates to move gradually higher. The current low rates leave no room for a sudden rise in interest rates, which would result in negative returns. For this reason, we are comfortable keeping the JPB’s portfolio invested in securities that are more conservative, but lower yielding than the benchmark.

As of the end of the quarter, the JPB’s portfolio consisted of 0 percent FDIC guaranteed Corporate Bonds, 100 percent Agency Securities and 0 percent US Treasury securities; see Exhibit 6. The current average interest rates on short term US Treasury securities are below the return provided by LAIF. FDIC guaranteed Corporate Bonds typically have a longer duration than one year and do not satisfy the JPB’s liquidity needs. It is for these reasons the current portfolio mix is 100 percent invested in Agency Securities.

**Budget Impact**

The portfolio’s performance is reported on a total economic return basis. This method includes the coupon interest, amortization of discounts and premiums, capital gains and losses and price changes (i.e., unrealized gains and losses). For the quarter ending December 31, the portfolio returned -0.02 percent. This compares to the benchmark return of -0.05 percent. The Performance graph in Exhibit 3 shows the relative performance of the JPB’s portfolio since inception. The Growth of a Thousand Dollars graph in Exhibit 5 shows the cumulative performance over this same time frame for the portfolio.
The portfolio’s yield to maturity, the return the portfolio will earn in the future if all securities are held to maturity is also reported. This calculation is based on the current market value of the portfolio including unrealized gains and losses. For the quarter ending December 31, the portfolio’s yield to maturity or call was 0.60 percent. The benchmark’s yield to maturity was 0.32 percent.

Another method of measuring the portfolio’s yield to maturity is the yield of the portfolio at cost. This calculation is based on the value of the portfolio at cost and does not include any unrealized gains or losses as part of its computation. As of the end of the quarter the portfolio’s rate of return on investments, at cost, was 1.63 percent.

Prepared by: Lori Snow, Manager, Finance Treasury

650.508.6425
Penninsula Corridor Joint Powers Board
Report of Investments
For Quarter Ended December 31, 2010

<table>
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<tr>
<th>Type</th>
<th>Date of Maturity</th>
<th>Par Value</th>
<th>Carrying Amount</th>
<th>Market Value</th>
<th>Accrued Interest</th>
<th>Market Value + Accr. Int.</th>
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<td><strong>Funds Managed by CSI Capital Management, Inc.:</strong></td>
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<td><strong>Investment Portfolio:</strong></td>
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<td>1,031,875</td>
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<td>FNMA</td>
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<td>2,023,697</td>
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<td>LAIF</td>
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<td>21,300,020</td>
<td>21,300,020</td>
<td>24,981</td>
<td>21,325,001</td>
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<tr>
<td><strong>Total Funds Managed by District Staff</strong></td>
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<td>22,128,863</td>
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<td><strong>Trust Funds Managed by Third Party Trustee:</strong></td>
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<tr>
<td>First American Treas. Oblig. Cl D Corp Tr</td>
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<td><strong>Total Funds Managed by Third Party Trustee</strong></td>
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<tr>
<td><strong>Total As of December 31, 2010</strong></td>
<td>6,000,000</td>
<td>28,599,956</td>
<td>28,554,859</td>
<td>86,023</td>
<td>28,640,882</td>
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Peninsula Corridor Joint Powers Board
Historical Yield Curve

Data Source: Bloomberg

CSI Capital Management, Inc.
Peninsula Corridor Joint Powers Board
Monthly Review – Account vs. Benchmark

Rolling 24 Months

<table>
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<th>Returns</th>
<th>Mar-09</th>
<th>Feb-10</th>
<th>Jan-10</th>
<th>Apr-10</th>
<th>May-10</th>
<th>Jun-10</th>
<th>Jul-10</th>
<th>Aug-10</th>
<th>Sep-10</th>
<th>Oct-10</th>
<th>Nov-10</th>
<th>Dec-10</th>
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<tbody>
<tr>
<td>JPB</td>
<td>0.23%</td>
<td>0.05%</td>
<td>-0.05%</td>
<td>0.07%</td>
<td>0.10%</td>
<td>0.24%</td>
<td>0.12%</td>
<td>0.05%</td>
<td>0.05%</td>
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<td>-0.02%</td>
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<tr>
<td>Benchmark</td>
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<td>0.10%</td>
<td>-0.12%</td>
<td>0.14%</td>
<td>0.26%</td>
<td>0.25%</td>
<td>0.14%</td>
<td>0.12%</td>
<td>0.10%</td>
<td>0.13%</td>
<td>-0.09%</td>
<td>-0.08%</td>
<td>1.37%</td>
</tr>
</tbody>
</table>
Duration is a measure of a portfolio's sensitivity to a change in interest rates. It represents the amount a portfolio's value would change, in percent, if interest rates were to rise or fall by 1%. For example, we would expect a portfolio with a duration of 2 to rise by 2% in value if interest rates fell 1% and to fall by 2% in value if interest rates rose by 1%.
Peninsula Corridor Joint Powers Board Growth of One Thousand Dollars Rolling 24 months

EXHIBIT 5

CSI Capital Management, Inc.
TO: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director

FROM: Gigi Harrington
Deputy CEO

SUBJECT: PRESENTATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010

ACTION
This report is for information only. No Board action is required.

SIGNIFICANCE
Maze and Associates conducted the annual audit of the financial statements for the year ended June 30, 2010 and determined that the financial statements fairly represent the financial position of the JPB for the period of July 1, 2009 to June 30, 2010.

The Comprehensive Annual Financial Report has four sections the introductory, financial, statistical and single audit section. The financial section includes:

1) Independent Auditor’s Report – this report was prepared by the independent auditors, who rendered an unqualified opinion, which is the most favorable opinion an agency can receive in an audit. An unqualified opinion means that the financial statements are presented fairly and in accordance with generally accepted accounting principals in the United States.

2) Management’s Discussion and Analysis – this section provides management’s overview of the financial activities.

3) Basic Financial Statements – the basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, statement of cash flow, and notes to the financial statements which are essential to a full understanding of the data provided.

4) Required Supplementary Information – this includes the budgetary basis comparison for the Revenue and Expenses and the notes to the supplementary schedule which are essential to a full understanding of the data provided.

Annually, the JPB submits the Comprehensive Annual Financial Report to the Government Finance Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting. The JPB has received an award for every year that the report was submitted.

Budget Impact
There is no impact on the budget.

Prepared by: Jeannie Chen, Senior Accountant 650.508.6259
David Ramires, Accountant 650.508.6417
The report can be viewed at the following link:

TO: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director

FROM: Rita P. Haskin
Executive Officer, Customer Service and Marketing

SUBJECT: CALTRAIN CUSTOMER SURVEY KEY FINDINGS

**ACTION**
This report is for information only. No board action is required.

**SIGNIFICANCE**
Staff will present the key findings of the triennial Caltrain customer survey at the committee meeting.

Caltrain conducted a survey of its customers in October 2010 with the following objectives:
- Determine trip characteristics, such as level of usage, trip purpose and fare category
- Assess the ratings of specific service characteristics
- Identify sources used by customers for local news
- Identify how customers get information about Caltrain
- Provide current customer profile.

The information will be used to plan future communications and marketing activities.

**BUDGET IMPACT**
There is no impact on the budget.

**BACKGROUND**
Caltrain retained the services of Corey, Canapary & Galanis Research of San Francisco through a competitive process. CC&G surveyed 4,428 customers in October 2010, which was an 83 percent response rate. The survey was administered in both English and Spanish.

Prepared by: Rita P. Haskin, Executive Officer, Customer Service and Marketing  650.508.6248
STATE AND FEDERAL LEGISLATIVE UPDATE

ACTION
This report is for information only. No Board action is required

SIGNIFICANCE
Staff will provide regular updates to the Board in accordance with the approved Legislative Program.

STATE ISSUES
Legislation
January 21 was the deadline for submitting bill requests to the Office of the Legislative Counsel and the deadline for introducing legislation is February 18. A number of transportation or transit-related bills have already been introduced and are included in the attached matrix. Staff will monitor legislation throughout the 2011-2012 Legislative Session and take action pursuant to the Board’s adopted 2011 Legislative Program.

FEDERAL ISSUES
2011 Appropriations
It is likely that Congress will approve another Continuing Resolution (CR), extending Fiscal Year 2010 funding levels before the current CR expires on March 4.

The House Republican Study Committee is proposing to cut funding for domestic programs back to their 2008 levels through the Spending Reduction Act of 2011. Transportation programs would be affected by this reduction under newly adopted House rules that allow Congress to appropriate less funding than is available through the Highway Trust Fund.

Surface Transportation Authorization
House Transportation and Infrastructure Committee Chairman, Representative John Mica (R-Fla), plans to introduce legislation that authorizes spending levels that are close to those specified in the last authorization bill, which was approved in 2005 and authorized $286.5 billion. In contrast, the authorization proposal introduced by Mica’s predecessor included more
than $500 billion. Mica plans to conduct a nationwide listening tour to help shape the legislation.

The Senate Environment and Public Works Committee, Chaired by Senator Barbara Boxer (D-Ca), will conduct hearings this week to discuss the economic benefits of long-term surface transportation authorization.

Prepared By: Seamus Murphy, Government Affairs Manager 650.508.6388
<table>
<thead>
<tr>
<th>Bill ID/Topic</th>
<th>Location</th>
<th>Summary</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AB 16</strong></td>
<td>ASSEMBLY PRINT 12/7/2010 - From printer. May be heard in committee January 6.</td>
<td>Existing law creates the High-Speed Rail Authority with specified powers and duties relating to the development and implementation of an intercity high-speed rail system. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, authorizes $9.95 billion in general obligation bonds for high-speed rail development and other related purposes. The federal American Recovery and Reinvestment Act of 2009 (ARRA) provides funding for allocation nationally to high-speed rail projects. This bill would require the authority to make every effort to purchase high-speed train rolling stock and related equipment that are manufactured in California, consistent with federal and state laws.</td>
<td>D</td>
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<tr>
<td><strong>AB 31</strong></td>
<td>ASSEMBLY PRINT 12/7/2010 - From printer. May be heard in committee January 6.</td>
<td>The California High-Speed Rail Act establishes the High-Speed Rail Authority to develop and implement an intercity high-speed rail system in the state, exclusively grants to the authority the responsibility for planning, construction, and operation of that system, and confers upon the authority specified powers and duties relating to that system. This bill would establish the High-Speed Rail Local Master Plan Pilot Program, applicable to specified cities and counties, and would require each of those jurisdictions to prepare and adopt, by ordinance, a master plan for development in the areas surrounding the high-speed rail system in each jurisdiction. The bill would require the master plan to include incentives for encouraging investment and coherent growth in the areas surrounding the high-speed rail system in each participating jurisdiction. The bill would also require the participating jurisdictions to collaborate with the State Air Resources Board to develop incentives to encourage development while concurrently reducing greenhouse gas emissions, consistent with or pursuant to the California Global Warming Solutions Act of 2006. The bill would require the master plan to be consistent with the jurisdiction's general plan and the regional sustainable communities strategy. By adding to the duties of local government officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.</td>
<td>D</td>
</tr>
<tr>
<td><strong>AB 41</strong></td>
<td>ASSEMBLY PRINT 12/7/2010 - From printer. May be heard in committee January 6.</td>
<td>Existing provisions of the Political Reform Act of 1974 prohibit a public official at any level of state or local government from making, participating in making, or attempting to use his or her official position to influence a governmental decision in which he or she knows or has reason to know that he or she has a financial interest, as defined. Existing law also requires specified elected and appointed officers at the state and local level of government to disclose specified financial interests by filing periodic statements of economic interests. Existing law further requires public officials who hold specified offices and who have a financial interest in a decision within the meaning of the Political Reform Act of 1974 to publicly identify the financial interest giving rise to the conflict of interest or potential conflict of interest, recuse themselves from discussing and voting on the matter, and leave the room until after the discussion, vote, and other disposition of the matter is concluded, except as specified. This bill would add members of the High-Speed Rail Authority to those specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly. This bill contains other related provisions and other existing laws.</td>
<td>D</td>
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### AB 57
**Beall D**

**Transportation planning.**

Existing law requires the Department of Transportation to engage in various transportation planning activities, including long-term state highway system planning to identify future highway improvements in consultation with transportation planning agencies, county transportation commissions, counties, and cities.

This bill would also require those activities to be done in consultation with metropolitan planning organizations.

**AB 58**
**Galgiani D**

**High-speed rail.**

Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of $9.95 billion in general obligation bonds for high-speed rail and related purposes. Existing law provides for appointment of an executive director by the authority, who is exempt from civil service and serves at the pleasure of the authority.

This bill would authorize the Governor to appoint up to 5 deputy directors exempt from civil service who would serve at the pleasure of the executive director. This bill contains other related provisions and other existing laws.

**AB 76**
**Harkey R**

**High-speed rail.**

Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of $9.95 billion in general obligation bonds for high-speed rail and related purposes. Article XVI of the California Constitution authorizes the Legislature, at any time after the approval of a general obligation bond act by the people, to reduce the amount of the indebtedness authorized by the act to an amount not less than the amount contracted at the time of the reduction or to repeal the act if no debt has been contracted.

This bill would reduce the amount of general obligation debt authorized pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the amount contracted as of January 1, 2012.

**SB 22**
**La Malfa R**

**High-speed rail.**

Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, provides for the issuance of $9.95 billion in general obligation bonds for high-speed rail and related purposes.

This bill would state the intent of the Legislature to reexamine the bond funding mechanism of the authority relative to the authority’s high-speed rail project.
### SB 46
**Correa (D)**
**SENATE PRINT** 12/10/10-From printer. May be acted upon on or after January 9.

Existing law provides for the compensation of local government officers and employees, as specified. This bill would require filers, as defined, to annually file a compensation disclosure form, as specified. This bill would require the Secretary of State to develop the form, which would provide for the disclosure of, among other things, salaries and stipends, automobile and equipment allowances, and incentive and bonus payments. This bill would also require a county, city, city and county, school district, special district, or joint powers agency that maintains an Internet Web site to post the information contained on the filed form on that Internet Web site, as specified. The bill would authorize a district attorney or any interested person to commence an action by mandamus to enforce the provisions of the bill, as specified. The duties imposed on local departmental agencies by the bill would create a state-mandated local program. The bill would express a legislative finding and declaration that, to ensure the statewide integrity of local government, disclosure of compensation paid filers is an issue of statewide concern and not a municipal affair and that, therefore, all cities, including charter cities, would be subject to the provisions of the bill. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

### SB 50
**Correa (D)**
**SENATE PRINT** 12/16/10- From printer. May be acted upon on or after January 15.

Existing provisions of the Political Reform Act of 1974 prohibit a public official at any level of state or local government from making, participating in making, or attempting to use his or her official position to influence a governmental decision in which he or she knows or has reason to know that he or she has a financial interest, as defined. Existing law also requires specified elected and appointed officers at the state and local level of government to disclose specified financial interests by filing periodic statements of economic interests. Existing law further requires public officials who hold specified offices and who have a financial interest in a decision within the meaning of the Political Reform Act of 1974 to publicly identify the financial interest giving rise to the conflict of interest or potential conflict of interest, recuse themselves from discussing and voting on the matter, and leave the room until after the discussion, vote, and other disposition of the matter is concluded, except as specified.

This bill would add members of the High-Speed Rail Authority to those specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly. Existing law makes a violation of the Political Reform Act of 1974 subject to administrative, civil, and criminal penalties. This bill would impose a state-mandated local program by exposing these members to potential criminal penalties for failing to make the disclosures and recuse themselves where required by this bill. The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that no reimbursement is required by this act for a specified reason. The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a 2/3 vote of each house and compliance with specified procedural requirements. This bill would declare that it furthers the purposes of the act.