

**Peninsula Corridor Joint Powers Board (JPB)
Board of Directors Meeting
1250 San Carlos Avenue, San Carlos CA 94070**

**Minutes
April 21, 2011**

MEMBERS PRESENT: O. Ahmad, J. Cisneros, S. Elsbernd (Chair), A. Kalra, L. Kniss, A. Lloyd, A. Tissier, K. Yeager

MEMBERS ABSENT: N. Ford

STAFF PRESENT: J. Cassman, G. Harrington, C. Harvey, R. Haskin, R. Lake, M. Lee, M. Martinez, D. Miller, M. Scanlon, M. Simon

Chair Sean Elsbernd called the meeting to order at 10:05 a.m. Director Ken Yeager led the Pledge of Allegiance.

APPROVAL OF BASE FARE AND DAILY AND MONTHLY PARKING FEE INCREASES AND APPROVAL OF CONCEPTUAL OPERATING BUDGET BALANCING PLAN FOR FISCAL YEAR 2012

Deputy CEO Gigi Harrington made the following points:

- In Fiscal Year (FY) 2011 SamTrans proposed to reduce its contribution by \$11.7 million over a two-year period, but did a one-time fund swap to keep its contribution near FY2010 levels for FY2011.
- The FY2011 budget was balanced using a combination of service reductions, fare increases, staffed ticket office closures, administrative cost reductions and Metropolitan Transportation Commission (MTC) funds.
- In FY2012 SamTrans staff proposes to recommend to the Board to further decrease its contribution to Caltrain's operating subsidy as part of its second year reduction.
- Assuming the other member agencies follow, Caltrain is anticipating a \$30 million deficit in FY2012.
- A public hearing was held at the March 3 meeting to discuss a 48-train schedule. More than 2,500 comments were received on this proposal. Based on input received at this meeting staff developed a 76-train schedule and presented it to the Board at the April 7 meeting.
- The 76-train preliminary Operating Budget is developed with a service plan that attempts to balance competing objectives and can be achieved within projected revenue sources.
- The projected revenue sources for the 76-train scenario are:
 - A base fare increase of \$0.25, which generates \$2 million.
 - Increase in daily and monthly parking from \$3 to \$4 and \$30 to \$40, which generates \$500,000.
 - Preventative maintenance funds of \$1.5 million.
 - Member agency contributions would be increased for a total of \$25.3 million.
 - Savings from FY2011 being rolled forward total \$7.5 million.
- SamTrans has engaged in discussions with the member agencies, funding partners and MTC on funding options. SamTrans contribution of \$10.6 million is made up of:
 - \$4.9 million from the San Mateo County Transportation Authority (SMCTA)

- \$2 million in funds received from repayment of the SamTrans investment in the Caltrain right of way.
- \$3.7 million through a swap of capital funds for operating funds.

Chair Elsbernd asked how many one-time funds would be used to get from the 48 to 76-service proposal and how much is not going to be available in FY2013. Ms. Harrington said the vast majority are one-time funds.

Chair Elsbernd said the only sustainable part is the parking fee and base fare increases. Ms. Harrington said yes, if the partners continue to match the up and down movements of the contributions.

Chair Elsbernd asked if the 48-train scenario is pure ongoing or are there one-time funds in that scenario too. Ms. Harrington said the 48-train scenario has a slight deficit.

Director Omar Ahmad said in the 48-train scenario there were some one-time money being used. Ms. Harrington said yes, there are some funding in all scenarios to the support transition as part of the rail operating contract that is scheduled to occur in FY2012.

Director Liz Kniss arrived at 10:10 a.m.

Deputy CEO Chuck Harvey made the following points:

- Staff worked through a restoration of various services based on the money that was available, which included a 76-train service proposal with off-peak, Gilroy, weekend and special event and holiday service all being maintained.
- The 76-train schedule requires \$3.5 million in service reductions and required \$3.5 million in revenue enhancements.
- In order to balance a 76-train schedule for FY2012 it is important that staff proceed with fare and parking increases now because adequate time is needed to notify Clipper, the MTC and our customers.
- An 86-train service proposal would have no changes to what is currently being run now. The only minor adjustments may be required in weekend and evening times to enable construction at the Jerrold Avenue Bridge and the new San Bruno Station.
- Total preliminary revenue for the 86-train proposal is \$99.3 million and the expenses are \$102.8 million.
- The two areas of risk on the expense side are the rail operating contract and fuel.
- All the recommended actions to balance the FY2012 budget is subject to independent policy board actions by JPB members and also by the MTC.

Chair Elsbernd asked what is going to happen to the FY2012 Capital Budget. Mr. Harvey said staff has a preliminary Capital Budget and have met with the partners at the staff level to show them what the budget looks like and what the local match requirements are. There is a problem with both San Francisco and Santa Clara county partners to match the capital that is required to fully fund the program.

Chair Elsbernd asked if staff has a sense of what the \$3.5 million that is undefined for MTC money is. Mr. Harvey said it might be some additional preventative maintenance money that can go into the Operating Budget and would be subject to MTC Board action.

Chair Elsbernd asked how the maintenance is on the fleet due to its age. Mr. Harvey said a tremendous amount of capital money went into the state of good repair for track and signal system over the last decade. Despite that, there continues to be a backlog of work that needs to be done that is in the area of \$100's of millions. The rolling stock is nearing the end of its useful life and the railroad is slated to be electrified between now and 2020. This rolling stock needs to be replaced with electric units and at a point where capital money has to be put into it to maintain it or replace it. For the last three fiscal years the state of good repair needs of the rolling stock has only been partially funded because there has not been enough capital money from the partners.

Chair Elsbernd requested that staff track over the next fiscal year when there are misses and amount of time because of a maintenance issue as opposed to an accident. Mr. Harvey said staff does track this information now.

- Moving forward staff is recommending the Board consider the conceptual operating plan for FY2012 and approve the fare and parking increases.
- Staff will bring back a preliminary balanced budget at the May meeting for adoption at the June meeting as well as a number of important principles that need to be discussed in June in order to balance the FY2013.
- Discussions need to be ongoing with member agencies and funding partners on funding options and continue to work with stakeholders, including the Silicon Valley Leadership Group and MTC's Transit Sustainability Project.

Director Adrienne Tissier said, last week at MTC, Executive Director Steve Heminger laid out what is happening with Caltrain to the MTC Board and she discussed her concerns to make sure a short-term solution for not just this year, but two years was found. She is happy to hear there is going to be some ongoing discussions because a one year solution is not enough. MTC will be having future discussions on what role they can play so there is ample time to come up with a dedicated source of funding.

Public Comment

Larry Patterson, Director of Public Works for the City of San Mateo, complimented the Board and staff on an effective and interesting public process. He thanked Director Tissier and the Board for supporting the delay on a decision two weeks ago so alternatives could be looked at and staff for their effort and work to find solutions to retaining the 86-train schedule. The city supports the Board's adoption of staff's proposal and likes the idea of looking for a two-year solution. The city recognizes this is temporary and looks forward to working with staff to try and find a permanent source of funding.

Bena Chang, Silicon Valley Leadership Group (SVLG), applauded Caltrain staff, the MTC and the various transit agencies for working together to find a short-term solution. The SVLG hears from their members that Caltrain service is a very vital part of the transportation system. The SVLG is very interested in partnering with Caltrain to find a long-term dedicated solution.

Jim Bigelow, Redwood City/San Mateo County/Menlo Park Chamber of Commerce, said keep up the good work and a two-year funding plan is preferable.

Gerald Graham, Burlingame, commended the Board for holding out for an 86-train schedule and staff for coming up with a solution. He said the increase in \$0.25 per day averages out to about \$6.75 per day. The parking increase is a 33 percent increase and is unfair and approximately

5,100 people use the parking because they live too far from the station. He cautioned staff about the breaking point in the parking fees and thinks it has been almost reached.

Vaughn Wolfe, Pleasanton, asked how much utilities are actually electricity in the \$1.6 million. When capital costs are being eaten they could be used to reduce operating costs. If the capital costs were invested in solar panels it would reduce electricity. In the long term electrification could possibly reduce the \$13.9 million needed for fuel.

Andy Chow, Bay Rail Alliance, thanked the Board for pushing staff for a solution that includes no cuts in service. This is a big win for riders.

Marshall Loring, member of MTC's Policy Advisory Council, congratulated Director Tissier and the rest of the Board for the action being taken today.

Rich Hedges, San Mateo, thanked Director Tissier for her motion two weeks ago to bring the service proposal back to 86-trains. He supports the increase in parking and believes it could be more. He suggested marketing the shuttles to neighborhoods from the stations. There should be a citizens committee to start promoting the dedicated funding source and 2012 election. Staff should consider contacting Facebook to send an email to all its residents in the three counties to become a friend.

Adina Levin, Friends of Caltrain, thanked the Board and staff for their hard work and working with the other member agencies and MTC to come up with a solution to keep the 86-train schedule for FY2012. Friends of Caltrain would like to encourage that a two-year solution be found to allow for time for the work that needs to be done to find the long-term source of dedicated funding.

Irvin Dawid, Palo Alto, said he supports the fare and parking increases and understands the need to keep the 86-train schedule. He opposes the use of preventative maintenance funding. He has been on the train many times when it has broken down and that wastes so much time.

Brian Brackney, San Francisco, said he uses Caltrain in and out of San Francisco and is glad service is being kept. He said onboard fare payment needs to be reinstated.

Karen Vanderwoert, Belmont, said she is very happy the Board listened and there were many happy residents at Horizons complex in Belmont. They would like to work with staff in fundraising with disabled people and would be pleased if someone would attend one of their meetings on the second Monday of the month in Belmont.

Jack Matthews, Mayor of San Mateo, thanked everyone for keeping the service going for another two years. San Mateo has made a real commitment to transit oriented developments (TOD) and the Hayward Park area will see a growth of about 1,000 riders per day. The city will be supporting the efforts to find a permanent source of funding.

Pat Giorni, Burlingame, said she sees a lot of luggage getting off and on Caltrain at Millbrae for the San Francisco International Airport. She said it is time that Caltrain tap into the San Francisco Airport Commission because they are getting the economic benefit from Caltrain who is bringing passengers to and from the airport.

Lisa Lewis thanked the Board and staff for listening. She asked what the private sector can do to support the efforts for a permanent funding source as a ballot measure.

Alan Tulansky, Public Policy Chair San Mateo Chamber of Commerce, thanked the Board and staff for listening. He thanked Director Tissier for her work at the MTC and commended the Board for creating the environment to go forward. This is not the long-term answer and everyone needs to work together on a long-term answer. The San Mateo Chamber of Commerce would like to commit to working on a long-term funding solution for Caltrain.

Nevada Merriman, Mid-Pen Housing Corporation, thanked the Board and staff for maintaining the schedule at the train stations most important to the residents. Her company recently opened a 68-unit complex a quarter-mile from the Hillsdale Station. Locating TODs near reliable transit is very important.

Shirley Ingalls, Mountain View, said she is a long-time rider. She commended Director Tissier for insisting on looking for a solution and likes to encourage a two-year plan rather than a one-year plan. She is a bit uncomfortable using preventative maintenance money and asked what happened to the idea of using the Dumbarton Rail money and the rest of the repayment from Santa Clara Valley Transportation Authority for the right of way.

Brian Adams, Bellarmine College Preparatory, thanked the Board and staff for retaining the level of service. He thanked Directors Ash Kalra, Kniss and Ken Yeager for their support in maintaining the service south of Diridon Station to Gilroy. This was a great civics lesson for the students and look forward to working with SVLG to find a dedicated source of funding.

Greg Coladonato, Mountain View, said his family uses Caltrain weekly. He asked if there is a public and detailed cost accounting of the 86 lines at each of the stations so the public can see the revenues and expenses variable costs so they can form a more informed opinion as to which stations and trains may be best cut to fill the gaps.

Barbara Arietta, Chair of the SMCTA Citizen Advisory Committee, said she is a Giants fan and thanked the Board and staff for saving the service. She said on April 8 the last northbound train before the Giants game passed everyone up because it was so crowded, but luckily another train came five minutes later.

Ed DeLanoy, San Carlos, said benefits can result from adversity. Reducing the trains to three cars will reduce fuel consumption and diesel emission to customers.

Director Kniss asked when the new rail operator contractor will be awarded. Executive Director Michael Scanlon said staff is expecting to bring a recommendation to the Board in June or July and become effective in January 2012.

Director Kniss asked what the cost per passenger mile is to drive a car versus taking the train. Since gas has gone up substantially it would be helpful to release this information to the public and not keep it a secret. She said now that gas is hitting \$4.25 per gallon it could be persuasive for people to start taking Caltrain.

Director Art Lloyd said he is delighted that the Board is going to consider the resolution to continue the present level of service. He thanked the public for their support. Director Lloyd

does disagree with Mr. DeLanoy and would not reduce the consists because there are no switch engines in San Francisco and San Jose and the cost to provide them far exceeds the cost of the fuel.

Director Tissier said she appreciates all the work staff did. She said she does want to make clear that as much as she is interested in keeping Caltrain alive for two years to find the dedicated funding, she wants people to realize that there are not going to be pots of money at the end of the rainbow in two years. This is a serious issue that the Board is dealing with, but the reality is everyone needs to be in this together during these next two years to come up with a solution. Director Tissier said this isn't just a Caltrain issue and as we go out to the public what needs to be emphasized is, yes the train needs to be kept alive because there are 40,000 plus passengers, that if not on the train they are on our roadways. It is incumbent among everyone to get that message across to everyone among the three counties.

Director Tissier made a motion to approve what staff has recommended, but because the momentum is with us Director Tissier would like to add a fourth bullet that the Board and staff use best efforts to resolve the FY2012 and FY2013 funding by the beginning of FY2012. She knows there are three or four parties that are talking about how this can possibly be done, but would like to see this get in line so as we move forward we don't have to keep coming back and revisiting this issue and there is a pretty good sense of what that is.

Director Ash Kalra appreciates Director Tissier's comments and agrees we need to get on top of this as early as we possibly can and this has been reflective by the staff. He commends the tremendous work of staff, MTC and partner agencies and this has been a monumental effort and anyone who wonders why, on many occasions the Board tends to agree with each other and staff, the work that has been put into this issue the last two weeks can tell you why. This has not been a trivial effort and everyone on the Board and staff has taken this very seriously and staff has done so much to keep the system going in the way the community wants. He thanked Director Tissier for putting forth the motion a couple of weeks ago to maintain the system as it currently is and for working with MTC to try and get the funding to make this happen and Directors Kniss and Yeager for their continued commitment to keep full service throughout the county, particularly south county, which is critical to Caltrain service as a whole. Director Kalra said all the people showing up from elected officials, members of policy groups, SVLG, riders and bicyclists, has shown this Board how important Caltrain service is to everyone. As much that has been done over the past couple of weeks to put this together is just the beginning and need to continue to all work together if we want to see the system continue in the manner it is and continue to improve in terms of ridership. This means the work needs to be stepped up and means contacting State and Federal representatives on how important it is to find some way of getting a dedicated funding source because without that Caltrain will always be in a position to make short-term decisions with long-term problems. He is pleased to support how staff put together this Operating Budget and looks forward to all continuing to partner with staff and the Board to figure out how to maintain this system going forward.

Director Yeager said he is thrilled to be at this point and thanked staff for their work. This has given the public insight on how this Board works and with all the press attention received more people actually know who is on the Board and how Caltrain is funded. He doesn't know how the vote will turn out today, but if this came before the Board two weeks ago he thinks there would have been a split Board, but the Board sent a message that this is a service that needs to be maintained, if possible, and staff listened, as they often do, and tried to work out something.

Even though the train got up the hill this time there are lots of clouds and Director Yeager understands the hesitancy staff had of bringing forth an 86-train schedule. The financing really isn't there, especially not on a permanent basis and with the help of Director Tissier and the MTC we are able to get over the goal line.

Director Yeager said if this vote to maintain the current schedule is approved the public will say okay that's done, but there really are a couple more steps. The MTC still needs to make an official vote on their contribution and SamTrans needs to take an official vote on accepting the money from the other partners. Mr. Scanlon said this is a tentative agreement. Staff needs to identify specifically the capital funds that will be shifted to operating from MTC. As of right now it looks like it probably may come from vehicle replacement for Caltrain and at the outset there are grossly inadequate funds to replace Caltrain vehicles to begin with. This isn't the budget, but a balancing plan. An operating and capital budget will have to be approved, and as is the case every year, but hasn't been an issue for many years, even when a budget is approved it is subject to the approval of all three of the partner agencies boards. There are a lot of steps to this is one-year patch and it is done by using capital preventative maintenance and is a term that comes out at a Federal level allowing capital money for operating purposes. This is a complicated deal, but close to being done with a good positive spirit of talks between the partners and MTC.

Director Yeager thanked Mr. Scanlon for all his work and everyone's willingness to look at all the possible funding sources.

Director Kniss thanked Legal Counsel David Miller for spending time with her explaining the complexity of the JPB. She has gone through a lot of tough budgets with other jurisdictions before and everyone hangs in there until it is solved and then we don't see the people again and that is what everyone is concerned about. This isn't a short-term problem at all, but a very long-term need. The public needs this train and this Peninsula needs this train to run. The train is used by people every day for getting to their businesses and is an essential part of what we are doing. The 40,000 ridership is really significant and keeps them off the freeway. Director Kniss said a \$0.25 increase balances out against a fuel increase for driving cars in general. This makes a good argument to what it is going to cost going forward to drive a car that mile versus taking Caltrain that mile. She is very impressed by the people that come to every meeting and weighed in on the importance of this service on the Peninsula.

Director Tissier motioned and Director Kniss seconded for approval of the base fare and daily and monthly parking fee increases and approval of a conceptual operating budget balancing plan for FY2012 and also add that every effort to complete negotiations would be by July 1, 2011.

Mr. Miller said that would appear on page four of the resolution in the next to last resolve clause which currently addresses the idea of best efforts and currently says "by the Fall 2011," can be changed by the proposed amendment to July 1, 2011.

Director Omar Ahmad would like to offer an amendment to the resolution to read as follows: "Be it further resolved that absent the development of a balanced budget funding plan for FY2013 as described above in the resolution and the development of a long-term dedicated adequate permanent funding source beyond FY2013, the Board hereby finds and determines that the 48-weekday train schedule constitutes and is hereby established as the baseline sustainable Caltrain service model. A motion (Ahmad/Cisneros) was made on the amended resolution.

Chair Elsbernd asked if there were any objections to Director Tissier's motion.

Director Ahmad said with great respect to all the comments that have been received describing that a solution be found, he respectfully disagrees. This is not a solution, but a one time spending plan. When he reads in various media outlets that Caltrain dodged a bullet, nothing has been dodged. This funding program and by deferring preventative maintenance and pulling from other funds that are considered reserves for state of good repair is not kicking the can down the road its kicking it down a ditch. If there is a pot of gold at the end of the rainbow we still have to climb out of the hole that we are digging today. One of the challenges this Board has had for several months is we have circulated and listened to the public about what would be sustainable. A 48-train schedule is sustainable and an 86-train schedule is being done by pulling every trick in the book. It is not a solution. He is happy to support Director Tissier's intent which is we bridge and come to a point where the public can make a decision about the value of Caltrain because that will be a decision the public will make. Getting a revenue source is going to be a heavy lift and is a tax that needs a two-thirds vote. It is not fair to the riding public and it doesn't tell the story of what we can do today. What we have today and what is sustainable is 48-trains. To that extent he offers the amendment that this is the baseline service and as additional funds come in look at it as one-time or a new permanent model.

Director Kalra said he will not be supporting this amendment and thinks it is premature to make the final determination for a 48-train schedule. He believes the 48-train schedule will be the beginning and end of Caltrain. It would be devastating to the function of Caltrain, devastating to Santa Clara County and the need for Caltrain in the area. He is not in a position to agree to a 48-train schedule should be a baseline and it is not a service to our customers.

Director Tissier believes you can't call a 48 or 76-train schedule sustainable. As soon as the Baby Bullet trains are eliminated, which created the success of Caltrain, there will no longer be a Caltrain. The reason ridership continues to increase is because of the Baby Bullet service. She understands the 48-train schedule is affordable, but ridership will go down and the budget blows up. The reality for the community is there is no pot at the end of the rainbow. Yes, we are trying to sustain this for two years and if we come back two years from now and say we are going to run 48-trains we would have to say Caltrain is on its last legs. She said we all need to do everything in our power to make a long-term sustainable Caltrain and if the public shoots it down then they are saying they don't need Caltrain. Director Tissier said she will not support Director Ahmad's proposal.

Director Kniss said sustainability is totally dependent on a formula, which was derived a fairly long time ago. She talked to Congresswoman Anna Eshoo recently and she recalls very well going through this formula and totally dependent on whether three parties put their fair share in, at that point of time. She thinks this is one of those moving targets which is what was the best that could be done at the time to save a service that was seen as essential for the Peninsula, but also don't want to get into the romance of it, but there is something about trains that catches people and says we need that. There is something about speaks to the efficiency and effectiveness of it for transportation, but also because it still offers some incredible opportunities on weekends. This is a complicated system and simply not just about transportation, but involves a great deal about the culture of this Peninsula. She will not support Director Ahmad's amendment.

Chair Elsbernd said the amendment is critical to the passage of the underlying resolution. He doesn't think the resolution without this amendment is realistic. He thinks the resolution without this amendment is putting forward a false document to the public, putting forth a document that is a dream scenario. This amendment brings realism to the situation. Chair Elsbernd appreciates what Director Ahmad is bringing forward. Every year a fiscal emergency is being declared. He can absolutely guarantee with the budget that is about to be adopted that this Board in January or February will be declaring a fiscal emergency. The underbelly of this system is completely corroded and this language makes that clear. We can't say it is sustainable in any other situation. The only way it is sustainable is a 48-train scenario and this amendment brings realism to it.

A roll call was taken on Director Ahmad's amended resolution and failed by a vote of 5/3.

Director Ahmad said he understands the desire to maintain an 86-train schedule, but this is not a budget or solution it is a one-time scheme. He believes as stewards of the public's trust and trying to keep the trains rolling that part of this Board's job is to put forward a rational budget and at this point what we have is a scheme and can not support it without telling the public short of a permanent funding solution this is what the bones of a system are.

A roll call was taken on Director Tissier's motion and passed by a vote of 5/3.

DATE/TIME/PLACE OF NEXT MEETING

Thursday, May 5, 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 11:22 a.m.