MEMBERS PRESENT: O. Ahmad, J. Cisneros, S. Elsbernd (Chair), D. Gage, A. Kalra, A. Lloyd, K. Yeager

MEMBERS ABSENT: M. Church, N. Ford

MTC LIAISON ABSENT: S. Lempert

STAFF PRESENT: A. Chan, B. Doty, G. Harrington, C. Harvey, R. Haskin, R. Lake, M. Lee, M. Martinez, N. McKenna, D. Miller, S. Murphy, M. Scanlon, M. Simon

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

FISCAL EMERGENCY DECLARATION
Chair Elsbernd said the Board will conduct a public hearing for the purpose of considering a declaration of a fiscal emergency for Fiscal Year (FY) 2011.

Deputy CEO Gigi Harrington said 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 the reduction or elimination of service and for initiating or increasing fees, rates or changes through a declaration of fiscal emergency. Ms. Harrington said the transit agency expects to have negative working capital within one year of the date of the declaration, as required by the CEQA exemption. The amount of unrestricted net assets is estimated at negative $6.6 million at the end of FY2011 and is insufficient to support the current service levels.

Public Comment
Jeff Carter, Burlingame, said he did not see the notice for the public hearing on the trains. Caltrain should immediately begin the process to transfer capital funds to operating funds. The Board owes the public an explanation why they can’t ride Caltrain when the Santa Clara Valley Transportation Authority (VTA) is moving ahead with their BART project to San Jose. Mr. Carter said hard choices need to be made and today’s decision could affect people’s livelihoods.

William Grindley, Atherton, said crises bring opportunities and this Board has a crisis. The Board owns the corridor and a user fee can be leveraged against California High Speed Rail Authority (CHSRA) trains of $5,000 a train. In the first 15 years of operation, $6 billion in fees would be received.
Jack Ringham, Atherton, said Caltrain needs dedicated funding and HSR wants the use of the Caltrain corridor. Charging CHSRA a user fee could provide dedicated funding. There are no formal agreements yet, but a common assumption is that HSR would fund Caltrain projects, like electrification and grade separation, in exchange for free use of the right of way. This arrangement would fund capital projects that provide no operating funds. The latest HSR business plan estimates construction costs of $4.6 billion for the San Francisco to San Jose corridor. Caltrain should require a HSR user fee starting with the date construction begins and indexed for inflation. This could avoid deficits, reduce contributions from the partners and ensure Caltrain’s survival.

Legal Counsel David Miller said staff presented the purpose of the hearing and the Board has afforded the public an opportunity to comment. There has been no e-mail or public testimony this morning. Mr. Miller said, with respect to the comments received this morning, the notice to the public is legally adequate and sufficient. Mr. Miller said, with respect to the substantive suggestions that have been raised, all considerations will be given to ideas that are presented for the purpose of balancing the operating budget in the short and long-term. As Executive Director Michael Scanlon has said on several occasions, ample consideration will be given when deliberations begin with CHSRA to protect the interests of the taxpayers in this region and this entity that owns the corridor. Mr. Miller said the public hearing can be closed.

A motion (Ahmad/Yeager) to declare a fiscal emergency for FY2011 was approved unanimously.

PUBLIC COMMENT
Michael McPherson, Atherton, thanked the Board for the completion of the vehicular pedestrian quad gates at Fair Oaks Avenue in Atherton. Pedestrian quad gates were completed at Watkins Avenue and he asked that staff move ahead and complete the intersection with vehicular quad gates.

Doug DeLong, Mountain View, congratulated staff for the waiver letter received from the Federal Railroad Administration (FRA).

Marc Brandt, San Francisco, said he is concerned about Caltrain. He said the San Francisco Bicycle Coalition (SFBC) can be an ally in finding and securing funding sources for Caltrain. Staff should collaborate with the SFBC for funding for Caltrain.

Shirley Johnson, SFBC, said the SFBC has found a $10 million grant to improve onboard bicycle capacity. The SFBC wants to partner with Caltrain for this grant. The deadline to submit an application is July 16.

Brian Wilfley, Los Altos, said staff should be proud of their accomplishment in receiving the FRA waiver.

Greg Conlon, Atherton, said he is concerned about fatalities along the right of way. He applauds staff for the completion of quad gates at Fair Oaks Avenue in Atherton and encourages the work be completed at Watkins Avenue.
Irvin Dawid, Palo Alto, congratulated staff on the waiver approval from the FRA. He is concerned about the gates on the north side at the Menlo Park Caltrain Station. Mr. Dawid said there are no arms, but a gate and for disabled passengers this is very difficult to maneuver.

James Jonas, Redwood City, said none of the HSR alternatives alignment options create significant improvements to the quality of life on the Peninsula. He said at-grade and above-grade alternatives create a sight/sound impact. Mr. Jonas recommends a dual stack cut and cover trench with Caltrain and freight on top and HSR on the bottom. He said Atherton supports this option and it appeared in Appendix C of the Alternatives Analysis Report.

Jeff Carter, Burlingame, congratulated staff on the FRA waiver.

Pat Giorni, Burlingame, asked when the Bicycle Advisory Committee (BAC) will be formed. She said the City/County Association of Governments of San Mateo County is updating the County Bicycle Plan. This plan takes into consideration connections to public transportation.

CONSENT CALENDAR

a. Approval of Minutes of May 6, 2010  
b. Authorize Filing an Application to Receive $1,250,000 of Fiscal Year 2010 Federal Railroad Administration Railroad Research and Development Earmark Funds for the Caltrain Positive Train Control/Communications Based Overlay Signal System Project  
c. Authorize Entering into a Funding Agreement in the Amount of $4,943,089 with Caltrans for Seismic Retrofit Work on Four Caltrain Bridges in the City of San Mateo  
d. Authorize the Execution of the Memorandum of Understanding with the Metropolitan Transportation Commission for the Operations and Maintenance of the ClipperSM Fare Collection System

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

CHAIRPERSON’S REPORT

No report.

METROPOLITAN TRANSPORTATION COMMISSION (MTC) LIAISON REPORT

No report.

REPORT OF THE CITIZENS ADVISORY COMMITTEE (CAC)

CAC Chair John Hronowski reported on the May meeting:
1. The CAC approved changing the start time of their meeting from 6:00 p.m. to 5:30 p.m. This will be brought to the July JPB meeting for approval.
2. Presentations were given on the preliminary FY2011 Operating and Capital budgets.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Michael Scanlon reported:
- Monthly Performance Statistics – April 2010 compared to April 2009
  a. Total Ridership was 1,011,777, an increase of 0.6 percent.
  b. Average Weekday Ridership was 38,057, a decrease of 2.7 percent.
  c. Total Revenue was $3,657,801, an increase of 0.3 percent.
  d. On-time Performance was 93.2 percent, a decrease of 3.6 percent.
e. Caltrain Shuttle Ridership was 5,516, a decrease of 8.8 percent.

- Year-to-date Performance Statistics ending April 2010 compared to April 2009
  f. Total Ridership was 9,871,908, a decrease of 6.4 percent.
  g. Average Weekday Ridership was 37,308, a decrease of 7 percent.
  h. Total Revenue was $34,968,920, a decrease of 2.8 percent.
  i. On-time Performance was 94.2 percent, a decrease of 8.4 percent.

- Five additional northbound trains were provided for the Bay to Breakers, carrying an additional 7,000 passengers.
- Baseball service carried an additional 4,823 passengers in the month of May. Thirty-one games into the season, total ridership is 141,751, up 2 percent compared to last year.
- Three additional northbound trains will run for the fireworks in San Francisco on Sunday, July 4. A regular Saturday schedule, augmented with some limited stop trains and Gilroy service, will run on Monday, July 5.
- The bicycle service count and dwell time study has been completed and staff expects a final report in July.
- The deadline for applying to the BAC was extended and staff hopes to have the first committee meeting in July.
- On May 26, the JPB hosted a pre-proposal meeting for potential bidders for the operations, maintenance and support services contract for Caltrain. The meeting was attended by nearly 80 people representing potential bidders from around the world.
- The reading file contains special shuttle service information from the Menlo Park Caltrain Station to the Sunset Magazine event; April Safety and Security Report; a letter from Congresswoman Anna Eshoo and the FRA waiver letter.

Peninsula Rail Program (PRP) Update
Peninsula Rail Program Director Bob Doty provided these details:
- Acknowledged Mark Bailey, Dominic DiBrito and Camille Tsao for their work on obtaining the waiver from the FRA.
- The CHSRA has a new chief executive officer who has a lot to accomplish within the next seven months.
- Staff had a meeting with the Ogilvy Group on outreach and marketing plans. Staff is pursuing a more aggressive marketing strategy for the Bay Area.
- The alternatives analysis outreach meetings are almost complete. Staff has met with 12 cities with five remaining.

Public Comment
Pat Giorni, Burlingame, said she is glad the alternatives analysis got to most cities, but the cities need to be reimbursed for the costs incurred for these meetings.

Shirley Johnson, SFBC, said the SFBC is looking forward to working with staff to apply for the Tiger II grant.

James Jonas, Redwood City, said staff should challenge assumptions to cut costs.

ACCEPTANCE OF STATEMENT OF REVENUES AND EXPENSES FOR APRIL 2010
Ms. Harrington said staff is proposing to roll forward the savings shown in the expense side to help balance the FY2011 budget.
A motion (Gage/Lloyd) to accept the March statement was approved unanimously.

**UPDATE ON PROPOSED FISCAL YEAR 2011 OPERATING BUDGET**

Ms. Harrington made the following points:

- Total revenues for FY2011 are $90 million, a decrease of $7.2 million.
- Total expenses for FY2011 are $102.5 million, an increase of $5.3 million.
- Sources of funds identified to help close the budget gap include $5 million in State Transit Assistance funding and $6 million in savings from FY2010.
- The partners continue to work together to identify opportunities for their contributions.
- Staff is proposing the closure of staffed ticket offices in San Francisco and San Jose effective October 2010.
- The projected deficit for FY2012 is $35.6 million.

Deputy CEO Chuck Harvey discussed fare and service changes:

- Staff is proposing a base fare increase of 25 cents, an increase of 25 cents per zone and an increase in the price of the GO Pass, all effective January 2011.
- The primary objective in the service reductions is to retain ridership and revenue.
- Potential service reductions include:
  1. Elimination of Gilroy service
  2. Elimination of weekend service.
  3. Reduction of four midday trains.
  4. Elimination of the first northbound and southbound trains and two late evening trains.
- Next steps include a call for a public hearing at the July Board meeting; conduct public meetings; implement service changes in October and the fare increase in January.

Mr. Scanlon said the MTC is very involved and engaged with this agency to come to grips with this situation.

Director Ken Yeager said VTA continues to be a strong supporter of Caltrain. He asked what the timeline for the public hearing is even if money comes in from MTC, and whether the cuts or increases will still be necessary. Mr. Scanlon said he still believes there is a need for a fare increase and some service cuts.

Director Don Gage asked, if service is reduced, can an additional car be added to the consists to accommodate the passengers. Mr. Harvey said every train is set up as a five-car consist to maintain consistency. A six-car consist could create platform issues at many stations.

**Public Comment**

Ed DeLanoy, San Carlos, said the reduction of the consists has not been accepted by staff, but it would clearly result in costs savings.

Jeff Carter, Burlingame, said service reductions affect people’s livelihoods and the first trains are how people get to work. People need the first trains in the morning. Mr. Carter does not like fare increases, but would rather have a fare increase than service reductions.
Irvin Dawid, Palo Alto, said this seems like the framework for the dismantling of Caltrain all because of SamTrans. All three agencies are being affected by the same cuts. The rumor mill points the finger at SamTrans and their contribution to BART.

**UPDATE ON PROPOSED FISCAL YEAR 2011 CAPITAL BUDGET**
Director of Budgets and Grants April Chan made the following points:

- The goal of the FY2011 budget is to invest in infrastructure and equipment improvements to maintain a state of good repair.
- The total budget is $37.3 million and $24 million is for the State of Good Repair.
- The projected budget shortfall is $4.9 million.
- To close the budget gap, staff is proposing to defer a portion of the Rolling Stock State of Good Repair Program to future years.

Mr. Harvey made the following points:
- A lot of the money in the capital budget cannot be moved because it is designated by MTC for certain projects.
- The fleet needs to be maintained in a state of good repair until the fleet is replaced.
- Staff’s first priority is safety and it can’t be deferred or compromised.
- The second highest priority is locomotive power and primary engines, which can not be deferred.
- Due to lack of funds, the replacement of scratched windows and stained seat cushions will be put on hold.
- Staff will monitor actual fleet performance and adjust rolling stock investments annually on an as-needed basis.
- Next steps include continuing to work with partner agencies to find funding and present a capital budget at the July meeting for Board approval.

Director Gage asked the cost for the cosmetic work on the windows and seats. Mr. Harvey said the window and seat program is $300,000 to $600,000 on an annualized basis.

Director Gage asked when electrification will come to fruition. Mr. Scanlon said staff is working with CHSRA and the FRA and telling them that electrification should proceed. Electrification will halve the financial problem for Caltrain.

Director Omar Ahmad said the State has really affected transit. The Board and staff need to discuss the wind down of Caltrain and the riding public needs to be aware of the situation.

**Public Comment**
Ed DeLanoy, San Carlos, said if the equipment is too long, it uses more fuel and costs more. VTA, San Francisco Municipal Railway and BART understand this scenario, but Caltrain doesn’t.

Jeff Carter, Burlingame, said the State needs to be sued for taking money away from transit. Caltrain needs its own dedicated source of funding.

Irvin Dawid, Palo Alto, said passengers need to be aware of the future of Caltrain now and not later.
Pat Giorni, Burlingame, said staff should look at a wind down plan and let municipalities along the line know Caltrain’s future. She said this might get the municipalities on line that Caltrain doesn’t only affect passengers, but their cities and towns, too.

Jack Ringham, Atherton, said compared to driving, Caltrain is a terrific bargain and riders need to accept a fare increase instead of completely losing the service.

Director Gage said if the transit agencies shut down, the freeways are going to be congested. The staff and Board need to show how public transportation plays a role in people having the flexibility to have a car. The closure of Caltrain will not only impact riders, but those currently driving.

Mr. Scanlon said voters approved three measures and had these funds not been diverted by the State, transit would not be in this situation. MTC is doing a transit sustainability study and following the study there will be a need to get some type of revenue stream. Mr. Scanlon said this railroad has been here since 1863 when Abraham Lincoln was in the White House. He said with all the doom and gloom there is the greatest opportunity through HSR and other investments to make this one of the finest railroads in the world. Mr. Scanlon said this corridor needs to be improved and maintained if it is going to accommodate growth and mobility.

**AUTHORIZE A BUDGET AMENDMENT TO THE FISCAL YEAR 2010 CAPITAL BUDGET IN THE AMOUNT OF $47 MILLION FROM $158,861,042 TO $205,861,042 FOR THE SAN BRUNO GRADE SEPARATION PROJECT**

Ms. Chan said Staff Coordinating Council (SCC) is recommending Board approval of an amendment to the FY2010 Capital Budget for the San Bruno Grade Separation Project. Staff is anticipating bringing an item to the July 1 meeting for award of a construction contract for the project. It is necessary to amend the FY2010 budget, instead of including it in the FY2011, to make sure the financial authority is available for the project prior to contract award. Ms. Chan said this contract was previously estimated to be $165 million, but due to favorable bids staff received the project costs have been adjusted downward to $147 million. This action is subject to approval of an additional $51.4 million by the San Mateo County Transportation Authority at their Board meeting tonight.

A motion (Ahmad/Yeager) to amend the FY2010 Capital Budget was approved unanimously by roll call.

**AUTHORIZE APPROVAL OF BID DOCUMENTS AND EXECUTE A CONTRACT FOR FUEL HEDGING PROGRAM**

Ms. Harrington said SCC is recommending the Board approve the bid documents and execute the fuel hedging transaction. If the Board approves this item, staff will go to bid in the next couple of weeks to have a transaction in place by July 1.

A motion (Gage/Ahmad) to approve bid documents and execute a contract for the fuel hedging program was approved unanimously by roll call.

**STATE AND FEDERAL LEGISLATIVE UPDATE**

Government Affairs Manager Seamus Murphy reported:
• The governor’s May Revise budget was as good as can be expected for transit. He did not propose to impact the gas tax swap negotiation that transit was able to secure earlier this year.
• The Public Transportation Preservation Act would authorize $2 billion in emergency operating assistance for transit agencies to help restore and prevent service cuts or fare increases. If passed, the Bay Area would receive $85.5 million. The MTC would be responsible for allocating the funds throughout the region.

QUARTERLY CAPITAL PROGRESS REPORT
No discussion.

CORRESPONDENCE
None

BOARD MEMBER REQUESTS
Director Ahmad asked if there is any chance to run a train to the Gilroy Garlic Festival. Mr. Scanlon said this special service was run a couple of times but did not get the ridership to continue the service.

GENERAL COUNSEL REPORT
Mr. Miller said the JPB team is actively engaged with people on the Environmental Impact Report and hope to bring back to the Board within the next three months for approval.

DATE/TIME/PLACE OF NEXT MEETING
Thursday, July 1, 2010, 10 a.m. at San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA 94070

ADJOURNED
Adjoined at 12:00 p.m.