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

Minutes
May 3, 2012

MEMBERS PRESENT: J. Cisneros, M. Cohen, J. Deal, A. Kalra, L. Kniss, A. Lloyd,
T. Nolan, A. Tissier, K. Yeager

MEMBERS ABSENT: None

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

Chair Adrienne Tissier called the meeting to order at 10:06 a.m. and led the Pledge of Allegiance.

PUBLIC COMMENT
Doug DeLong, Mountain View, said there is a safety issue with the new configuration at the Santa Clara Station. He has noticed people walking through the south parking lot to go around the fence between the tracks to get to the island platform. He suggested additional signage be installed directing pedestrians to the access at the north end of the Santa Clara Train Depot building. He also recommended outreach to the cab dispatchers to inform their drivers to drop off passengers at the north end of the building.

Vaughn Wolfe, Pleasanton, said back in 2000 when the High Speed Rail (HSR) measure was being pushed in Santa Clara, the cost of the 16 miles to San Jose was $4.7 billion. If this is extrapolated to 800 miles, it would be $234 billion. He said let’s hope the $68 billion is for a real train instead of BART.

Shirley Johnson, San Francisco Bicycle Coalition, said Train 324 departing San Francisco bumps more bikes than any other train. Last month she asked that Train 324 be switched from a Bombardier consist to a Gallery Consist. Ms. Johnson said Caltrain’s Bike and Dwell Time Study showed two important things: bicyclists do not cause dwell time delays and there is no difference in dwell time between Bombardier and Gallery trains.

Adina Levin, Menlo Park, said she boarded a southbound Giants train at Millbrae. The train was very rowdy and a fight broke out on the train. She doesn’t know what can be done on the level of rowdiness on the Giants trains.

CONSENT CALENDAR
a. Approval of Minutes of April 5, 2012
b. Authorize the Executive Director to Undertake Property Exchanges with the City of San Bruno in Furtherance of the San Bruno Grade Separation Project
c. Authorize Award of Three On-Call, No Guarantee Contracts to Provide On-Call Market Research and Survey Services for an Aggregate Not-to-Exceed Amount of $1,1400,000 to:
   • Corey, Canapary & Galanis
   • Dikita Enterprises, Inc.
   • EMC Research, Inc.

The Board approved the Consent Calendar (Nolan/Cisneros).

CHAIRPERSON’S REPORT
None

REPORT OF THE CAC
CAC Chair Paul Bendix said a presentation was given at the April 18 meeting on the annual passenger counts. Questions raised by the CAC included ridership from Gilroy and the possibility of increasing the service from Gilroy. The CAC members said the weekend service is good, but trains seem very slow and maybe staff could consider adding limited service.

REPORT OF THE EXECUTIVE DIRECTOR
Executive Director Michael Scanlon reported:
• Key Caltrain Performance Statistics
  o Monthly Performance Statistics – March 2012 compared to March 2011
    • Total Ridership was 1,176,392, an increase of 12.2 percent.
    • Average Weekday Ridership was 42,907, an increase of 14.4 percent.
    • Total Revenue was $4,904,115, an increase of 18.6 percent.
    • On-time Performance was 92.6 percent, a decrease of 1 percent.
    • Caltrain Shuttle Ridership was 7,130, an increase of 24.2 percent.
  o Year-to-Date Performance Statistics – March 2012 compared to March 2011
    • Total Ridership was 10,274,294, an increase of 10.9 percent.
    • Average Weekday Ridership was 42,801, an increase of 9.7 percent.
    • Total Revenue was $43,242,832, an increase of 23.4 percent.
    • On-time Performance was 93.5, a decrease of 0.4 percent.
    • Caltrain Shuttle Ridership was 7,016, an increase of 31.7 percent.
• The Bicycle Advisory Committee’s next meeting is May 17.
• Bike to Work Day is May 10.
• The rail operator transition continues. A lot of engineers are staying, but some additional engineers are being brought in and being qualified at night on the corridor. The official transition date is May 26.
• Special service:
  o Sharks completed the season with 13,512 additional riders, an average of 307 additional riders per game and a 21 percent increase from last year. Ridership was up 53 percent from last year for the playoff games.
  o The Giants played 11 home games in April and an additional 74,000 riders were carried, an average of 6,725 extra riders per game. This is a 9 percent increase over last year.
Roger Waters, formerly of Pink Floyd, will perform at AT&T Park and extra service will be provided.

*I Love This City* music event is on Friday, May 25 and Saturday, May 26. Baseball type service will be provided for this event.

A Saturday schedule will be operated with extra post-fireworks service on Sunday, May 27, the date of the Golden Gate Bridge 75th anniversary festival.

A Sunday schedule and regular baseball service will operate on Memorial Day, Monday, May 28.

There will be four extra northbound trains and three extra southbound trains for the Bay to Breakers. Passengers can pre-purchase their tickets for Bay to Breakers. A video on pre-purchasing tickets for the Bay Breakers produced in-house by Marketing Specialist James Namba and Information Specialist Robert Casumbal was shown.

- Pile driving has been completed for the San Bruno Grade Separation Project.
- Caltrain has a team participating in the *Out of the Darkness Suicide Prevention Walk* on June 9. The walk starts at dusk and the halfway point will be the 4th and King Caltrain Station.
- Zipcar has three cars at the Redwood City Sequoia Station.
- A Request for Statement of Qualifications was issued in February for a development at the Hayward Park Caltrain Station. On April 9 two proposals were received and staff is currently reviewing the proposals and working with the City of San Mateo.
- Thanked Director Malia Cohen for hosting the Bayview Community Transportation Open House on April 21. Staff reached out and discussed contracting and job opportunities.
- The reading file contains the Safety & Security Report and Take Ones for the transition to TransitAmerica (TASI), Sunset Weekend Celebration and Bay to Breakers advanced ticket sales.

**ACCEPTANCE OF STATEMENT OF REVENUES AND EXPENSES FOR MARCH 2012**

Deputy CEO Gigi Harrington said through March, revenues are $3 million over budget and expenses are $5.8 million better than budget. Year-to-date, fuel is $3.16 per gallon and last week fuel was $3.27 per gallon. Year-to-date, $286,000 has been received from the bank.

A motion (Kniss/Lloyd) to accept the March 2012 statement was approved unanimously.

**AUTHORIZE ACCEPTANCE OF QUARTERLY INVESTMENT REPORT AND FIXED INCOME MARKET REVIEW AND OUTLOOK FOR THE QUARTER ENDED MARCH 31, 2012**

Bill Osher, CSI Group of SunTrust Bank, said all the securities in the portfolio have matured. The best option now for the portfolio is the Local Agency Investment Fund (LAIF) and all the money has been rolled into there. LAIF provides a solid return for a stable net asset value fund or a fund whose price doesn’t change. Mr. Osher said he is very pleased with the portfolio even though it was quite short and didn’t have the opportunity to invest longer, but still able to beat a one-year rate by about three times.
Director Tom Nolan asked about the basis on the total amount of money in the portfolio. Ms. Harrington said there are various funding sources for the capital program where the cash is available ahead of time. In total there is just under $5 million in reserves for operations and the remainder is funds for capital or operating projects.

A motion (Nolan/Lloyd) to accept the Quarterly Investment Report and Fixed Income Market Review and Outlook for the quarter ended March 31, 2012 was approved unanimously.

**AUTHORIZE APPROVAL OF HIGH SPEED RAIL EARLY INVESTMENT STRATEGY FOR A BLENDED SYSTEM MEMORANDUM OF UNDERSTANDING**

Director of Caltrain Modernization Program Marian Lee said this item was presented as an informational item at the April meeting. The Memorandum of Understanding (MOU) reflects regional and local consensus for a blended system in the corridor. The MOU has nine parties to the agreement and each of the parties has a planning, funding, construction or operations role. It is very clear in the MOU we are only considering a blended system meaning a system is primarily a two-track rail system, not a four-track rail system, and this system supports Caltrain, HSR, freight and other commuter tenants, including ACE and Capitol Corridor. In the MOU is a conceptual definition of the interrelated projects that are needed to make the blended system happen. These projects are electrification of the corridor, an advanced signal system, (known as Communications Based Overlay Signal System (CBOSS)/Positive Train Control (PTC)), the Downtown Extension Project, which connects the rail system to downtown San Francisco, HSR stations in downtown San Francisco, Millbrae and San Jose Diridon and core capacity projects to include at-grade crossing upgrades and potential passing tracks, which are key factors that have not yet been defined. Of the interrelated projects, the MOU identifies HSR early investments for two projects totaling $1.5 billion. About half of the funds will come from Proposition 1A and the other half from locally secured funding from various sources which is identified in the MOU Funding Plan. The advanced signal system, which includes PTC, is mandated by the Federal Railroad Administration (FRA) to be installed by 2015. It gives Caltrain the technology to run more safely and efficiently. The electrification of Caltrain will allow us to realize immediate benefits to provide more, quieter and greener service to the region. Both projects have independent utility for local needs and are needed to support HSR service in the corridor.

Ms. Lee said staff is asking the Board to approve the MOU and authorize the Executive Director to enter into the MOU on behalf of the JPB. The reading file contains correspondence staff recently received asking the Board to not approve the MOU. At the April Board meeting there were several letters and public testimony urging the Board to approve the MOU, but with assurances the blended system would be done with the right level of sensitivity to local interest. There was discussion among the Board on how to further address local concerns. Specifically, Directors Ken Yeager and Liz Kniss asked staff to clearly define JPB commitments to our constituents in the JPB resolution. Our resolution commits the JPB to make project investments that are limited to infrastructure necessary to support a blended system only. As the owner to protect the corridor for the benefits of the constituents, Caltrain is committed to be the lead agency in implementing the projects, to advance the projects in a way that respects our community partners and to update and recirculate the Caltrain Electrification Environmental Document. Ms. Lee said over the last few days staff has been hearing stakeholder concern that we are trying to circumvent or short-cut the environmental process. There is absolute
commitment in the MOU, as well as reflected in the staff report and resolution, that staff will be following all National Environmental Policy Act and California Environmental Quality Act regulations, including updating and recirculating the environmental document. Lastly, the request for the JPB to commit to continue seeking funds for all the interrelated projects for the blended system.

Ms. Lee said staff feels very confident the parameters and conditions outlined in the MOU and the JPB resolution protect the interests of our agency and our constituents as we move forward with realizing JPB’s vision to modernize our corridor. It is anticipated the remaining parties will sign on to the MOU by June. Staff will be closely monitoring the State Legislature and the California Transportation Commission (CTC) actions regarding budgeting decisions for Proposition 1A funding.

Director Kniss asked how soon does staff think this project will start, how realistic is it the project will happen and what will it look like. Ms. Lee said a big milestone is the actions taken by the State Legislature and CTC. Both will be making decisions on the budget for HSR and those decisions will influence the reality of the MOU. We would need to get started right away. Staff has reviewed the dates and they are workable as long as we get started this year. When the electrification is in place, there are some things people will see and some things people will hear less. You will see poles, wires and some traction power facilities that will electrically power the system and you will hear less because of the quieter trains.

Chair Tissier said the Metropolitan Transportation Commission (MTC) was the first to approve this MOU followed by the California High Speed Rail Authority (CHRSA).

Public Comment
Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce and Menlo Park Chamber of Commerce, said he appeared at the CHSRA board meeting last month and he was adamant they needed to be very clear that this phase of work under the MOU is the blended system. The CHSRA’s Program Environmental Impact Report (EIR), the MOU for MTC and the Business Plan are clear to what the protections are and we own the corridor. Mr. Bigelow encouraged the Board to take action and enter into the MOU today.

Paul Jones, Atherton, said he urged the Board to use extreme caution before entering into the MOU with CHSRA. They have grossly overstated their passenger counts and have no intention of using a blended system. He cautioned the Board that any agreement made with the CHSRA legally recognizes Caltrain’s sole control of the right of way.

Jeff Carter, Burlingame, said electrification is 25 years overdue and needs to be done as soon as possible. He has read if Caltrain moves ahead with PTC/CBOSS it may have to be torn out to accommodate HSR so we need to make sure everything is compatible.

Jerry Carlson, Atherton, said the approval of the MOU is premature. Even though the revised EIR talks about a blended system it also talks about a blended system as being the first phase on an alternate system. There should be a concrete guarantee in the EIR as to what the blended system will ultimately be and if someday in the future it needs to be expanded, a new EIR should
be developed. There should be a ruling from the attorney general’s office before the MOU is approved.

Richard Hackman, City of Palo Alto, said the city feels the blended system MOU is a step in the right direction, but still have significant concerns with the document. The city has five requests related to the MOU:

1. The ability to give direct input to the MOU since Palo Alto has the second highest ridership on the line. When the blended system MOU was first proposed, Palo Alto was asked by Caltrain to support this proposal with the understanding Peninsula cities would have a voice in the implementation of the blended system.

2. The establishment of a structure where all impacted Peninsula cities can provide input into this MOU.

3. Identification in the body of the MOU that the JPB is the project’s lead agent.

4. The removal of all references to a four-track system in the San Francisco to San Jose segment of the CHSRA program level EIR, other environmental documents and Business Plan.

5. Clarification about the relationship between the 2009 MOU with the CSHRA and the pending blended system MOU. The existing 2009 MOU contains a number of contradictions with the blended system MOU and these contradictions should be resolved before adopting anything else. The city feels Caltrain has an opportunity to rebuild trust in this project on the Peninsula that was lost by the CHSRA. Palo Alto understands the merits of Caltrain electrification, but doing so must not be at the expense of the Peninsula communities and their concerns.

Adina Levin, Friends of Caltrain, said they are in support of the MOU and glad to see the potential with moving ahead with electrification. She said Caltrain has been very active taking feedback from the community in defining what the blended system will look like. She is glad to see that the current Plan doesn’t have answers to all the questions and they will be worked out with technical facts and working with the community.

Andy Chow, BayRail Alliance, said they have been a strong supporter of Caltrain and electrification and strongly support the MOU because it defines the improved relationship between the CHSRA and Caltrain. This is the first step in getting the funding for electrification and PTC on the Peninsula.

Doug DeLong, Mountain View, said he urged the Board to approve the MOU. Caltrain has leverage with the ownership of the real estate of the right of way and is not transferring ownership to CHSRA.

Director Cohen left at 10:59 a.m.
Bruce Jenkins, Rail Passenger Association of California, said they strongly endorse the adoption of the MOU.

Chair Tissier said there was a very bumpy road in the beginning and CHSRA has listened to make sure this train and electrification will go from San Jose to the Transbay Terminal. These are things staff worked very hard to accomplish. This is not everything but is the backbone and foundation for electrification and PTC and without this, we have nothing. This is a beginning of a cleaner train, faster train, more service and more stops.

Director Ash Kalra said we are at a much better place now than in 2009. Electrification is a system Caltrain needs. As part of the MOU the JPB remains the lead agency and maintains local control. He said kudos to Ms. Lee in assuring concerns are heard and that the system through the Caltrain corridor respects the local jurisdictions.

Director Yeager thanked staff for the inclusion of the language requested by the Board in the resolution. He asked what is planned for electrification from Tamien to Gilroy. Mr. Scanlon said currently there are no plans to electrify that portion of the tracks because the right of way is owned by Union Pacific (UP). The intent is to continue service to Gilroy with diesel trains and run them “under the wire.” A diesel train can run on an electrified system, the opposite can’t happen.

Director Yeager said then at this point, is it the responsibility of the Santa Clara Valley Transportation Authority (VTA) or CHSRA as high-speed rail comes up and meets at Tamien. Mr. Scanlon said this area is not in the funding plan, ridership is low and it is UP’s right of way.

Director Yeager said the blended system was discussed at the April VTA board meeting last month and there is 100 percent support from the VTA Board, which will be passing its MOU tonight.

Director Kniss said she is always concerned we are after “perfect” and often willing to forgo “good.” What we have now is something better than good. She said Caltrain is committed to a two-track system but one of the things still puzzling people is the need to have room for passing tracks. She asked if a city that does not wish the passing tracks will not have to have the passing tracks. Mr. Scanlon said nothing in the MOU addresses passing tracks except for the ones we already have.

Director Kniss said the commitment we have currently is within the MOU, within the CHSRA Business Plan, in the JPB resolution that goes with this MOU and in the vote the Board will cast today and VTA tonight. The JPB owns the right of way and that is what is so important for the public to remember. She said the old EIR still talks about the four-track system, but the commitment currently is we focus solely on the blended system, which is a two-track system. It is time we focus ahead on the document that is going to come. There has been a lot of concern about the past, but it is really important to focus on the next document. She said Palo Alto is very concerned that a four-track system will be built and would devastate Alma Street, but the blended system is not going to impact Alma Street. People worry San Francisco and San Jose will dominate or a regional agency will, but that is not the case. Caltrain will be the lead, we
own the right of way, are going to decide what is done in the right of way and who does it. She said this group has done the best they can to hear what the smaller cities have had to say and perhaps there is a time in the future for an advisory committee.

Director Jerry Deal said he will be supporting the MOU and thanked Chair Tissier for her leadership in getting the funding. As mayor of Burlingame, his city has had many problems with HSR and he always regarded staff with a little skepticism. He has had many meetings with Caltrain staff and they have been exceptional. He believes in the staff and was able to turn around the way Burlingame feels.

Director Art Lloyd said electrification is long overdue on the Peninsula and supports the MOU.

Director Nolan said he remembers when the right of way was purchased and is proud to be part of the electrification. He appreciates all the hard work and sensitivity to the various communities.

Legal Counsel David Miller said the acquisition of the right of way involved significant deliberation as to whether to buy the right of way or lease it. It was a fundamental issue and expense and cost was one of the issues. The vision was to stretch to do what it took to get the financing and fight the battle. The reason the Board made that decision was for control. Key ownership versus leasing or other form of interest was the cornerstone for acquisition of the right of way to enable this Board today to be able to do the type of action you are taking and building on the same record of the JPB owning and controlling it. There is nothing in the MOU that cedes control to anyone else.

A motion (Kalra/Kniss) to approve the HSR early investment strategy for a blended system MOU was approved unanimously.

PRELIMINARY FISCAL YEAR (FY) 2013 OPERATING BUDGET
Ms. Harrington reported:

- The preliminary budget reflects the balancing plan the Board approved in October for FY2013.
- There are no service cuts or fare increases.
- The FY2014 budget is not yet balanced and staff doesn’t have a balancing plan for it yet.
- There are a few items that are not required in the FY2013 budget that staff is proposing to move over to FY2014.
  - The operating surplus from FY2013 will be moved to FY2014.
  - In FY2012 the MTC gave Caltrain $5 million for FY2013 and staff is proposing moving that money to FY2014.
- Modernizing Caltrain does help solve the fiscal crisis.
- The FY2013 budget proposes adding six trains to the current 86-train schedule.
- Total projected revenue for FY2013 is $111.4 million.
- Preliminary FY2013 expenses are $111.4 million.

Mr. Miller said an expense in question is a contingency item for $1.1 million which hopefully will go away. The JPB has filed a request with the Department of Industrial Relations for a
Special Wage Determination for the TASI workers who will be performing various maintenance on the right of way. The petition asks the Department of Industrial Relations to recognize those collectively bargained wage rates as the applicable prevailing wages for purposes of this work. They are less than what would be the published rate. Under the laws and regulations that governance special wage determinations there is a technical requirement which the JPB is requesting a waiver of that would normally require these petitions be filed before a new competitive procurement process starts. In this case because of the 13C labor protections it was clear from the outset it would be necessary for the successful proposer, ultimately TASI, to enter into new collective bargaining negotiations and as a result it was not possible to predetermine what the wage rates would be. This is a very significant issue staff is working on at a variety of levels, but for now Ms. Harrington has to cover this contingency of possibly not being successful in the FY2013 Operating Budget.

Ms. Harrington continued:
- Fuel is budgeted at $17.2 million or $3.38 per gallon.
- The San Mateo County Transit District (District) has engaged in discussions with member agencies, funding partners and the MTC on funding options. The District’s contribution of $14 million is made up of $5.2 million from the San Mateo County Transportation Authority, $6.7 million in funds received from repayment of its investment in the Caltrain right of way and $2.1 million through a swap of capital funds for operating funds.
- Member contributions would be $5.8 million for San Francisco, $14 million for San Mateo and $13.7 million for Santa Clara.

Deputy CEO Chuck Harvey reported on service:
- The February passenger count data was used to develop potential service scenarios that positively impact the greatest numbers of customers, balances fiscal constraints with continued growing demand for service, and determines if peak service can be added where demand exists.
- The staff proposal is:
  - Increasing service from 86 to 92 weekday trains.
  - Restoration of four midday/shoulder peak trains.
  - The addition of two afternoon peak limited trains as capacity allows.
  - Potential for strategic additional stops to existing service to expand frequency and alleviate pressure on oversubscribed trains.
  - Addition of service will provide additional onboard bike capacity.
- Increase in train service will impact fuel budget by $720,000 and is estimated to require an additional crew at approximately $365,000.
- The proposed public outreach process includes:
  - Present proposal to CAC at their May 16 meeting.
  - Post the proposal on the Caltrain website around May 17.
  - Present the proposal at a public meeting in San Carlos on May 30.
  - Presentation of staff recommendation for Board approval at the June 7 meeting.
  - Implementation in fall 2012.

Director Kniss said it is a pleasure to hear about adding service and not cutting service.
Public Comment
Adina Levin, Friends of Caltrain, said she is glad to see additional service being added, but also concerned that, without a budget outlined for FY2014, it is a risk to approve a service increase. If we are planning on going to the voters in 2014 to raise money for stable operating funding, Caltrain credibility with the public is really important. People who do not pay close attention will react to a roller coaster of adding and cutting service. She would like to see more commitment from the partners, MTC and any other sources to have a balanced budget and stable service in FY2014 before adding service now.

Vaughn Wolffe, Pleasanton, said the idea of spending money that you don’t have to increase service that may go away doesn’t make a lot of sense. When Caltrain is electrified, it will be able to run the service to accommodate the riders.

Roland LeBrun, San Jose, said the way to balance the budget is to reduce expenses. He is concerned about the administrative costs and overhead. He supports a permanent funding source but only for a short period of time. Mr. LeBrun said north of Tamien there are 92 trains and south there are six trains and because there is no service, there is no ridership.

Shirley Johnson, San Francisco Bicycle Coalition, said she didn’t see a line item for funding the bike parking facility at 4th and King. Currently the facility is operated by Warm Planet Bikes and she thanks Caltrain for providing funding to keep it open in 2012. She asked if there is an operating expense planned in the budget to keep the bike parking facility open in FY2013. Mr. Scanlon said yes.

Andy Chow, Bay Rail Alliance, said ridership is important to transit. Even though Caltrain does have a budget problem there is strong ridership support for the system. He said communities need to recognize Caltrain still has a budget problem that needs to be solved.

Jeff Carter, Millbrae, thanked staff for the report and the important thing is we are not out of the woods yet for the next fiscal year funding. This issue needs to be addressed and hopefully adding more service will not make the public think there is no problem. Some trains are very crowded and one way to correct the problem is to add cars to the consist.

Mr. Scanlon said the discussion from the public was very good and he had the same discussion at the staff level. Six trains are being added for about $360,000 plus fuel costs. Staff was concerned about the optics. How does the public understand you can be broke one day and adding service the next day? Staff wanted to stay on message that Caltrain has a long-term financial problem, but 80 percent of the riders are at 10 stations and 82 percent ride during the peak hours and that is what the recommendation is. Meanwhile instead of having people get either passed up if they are with a bike or sitting in the vestibules, it was decided to add some marginal service at a reasonable cost, but keep the messaging out that this does not solve the structural program. Assemblyman Jerry Hill has agreed to introduce some legislation to try to find some more revenue.

Chair Tissier said last year this Board was faced with the possibility of cutting service in half. The Board decided not to cut service knowing a dedicated source of funding needed to be found.
and we have seen an increase in ridership and revenue. This is a tough one because the bottom line is MTC has had to step-up and others have had to sacrifice things, but people have respected what has been done and are riding the service. The bottom line is our job is to serve the public to make the community mobile and right now it is becoming less mobile on the freeways and the hope is by adding these trains more traffic will be taken off the freeways and increase revenue with new riders. Chair Tissier said there is a group of mayors of the different cities as well as Friends of Caltrain who are discussing and looking for new funding.

Director Nolan asked about the assumptions that go into FY2014 budget and is the best hope for a ballot measure that would raise revenues specifically for the JPB. Executive Officer Public Affairs Mark Simon said we don’t know and staff is doing some research and polling. Through Chair Tissier, a San Mateo County Transportation Task Force has been put together working closely with the Silicon Valley Leadership Group to take the time to find out what might be the most palatable. It would seem the easiest would be some type of sales tax measure, but in the current environment staff is not sure that is the right proposal so all options and ideas are being looked at.

Director Nolan said the range of possibilities to balance the 2014 budget would be asking the three member agencies for an increase contribution based on ridership. Mr. Simon said yes that is one idea. There has been some very preliminary polling done about a year ago on a three county ballot measure. While it showed a sales tax increase getting the necessary two-thirds it was a very narrow margin and that was a good reason for staff to wait and take the time to talk to the public and tell them what we do and the kinds of stewards we are with their money and make sure there is an understanding of what our needs are and why.

Director Nolan asked about Assemblyman Hill’s legislation. Mr. Simon said the legislation was to authorize the JPB to put a sales tax increase on the ballot in all three counties. This legislation is currently on hold.

Director Nolan asked if a vehicle license fee is a possibility. Mr. Simon said there was an increase in vehicle license fees and the JPB is getting some revenue from it. He said the most logical thing is a gas tax, but it doesn’t poll very well. Staff is also looking at public-private partnerships and even non-profit partnerships.

Mr. Scanlon left at 11:50 a.m.

Mr. Harvey said there was discussion with the partners about the Joint Powers Agreement and the methodology of how the member agency contributions are shared. All three general managers recognize a need to have this discussion about how costs are shared for Caltrain and it is part of the agreement to go forward during FY2014.

**PRELIMINARY FISCAL YEAR 2013 CAPITAL BUDGET**

Director Budgets and Grants April Chan said:

- Goals of the Capital Budget are to invest in infrastructure and equipment improvements to maintain the system in a state of good repair, invest in the rehabilitation and replacement components for the rail vehicles to ensure fleet availability, continue system
safety improvements and continue work to coordinate planning efforts with the CHSRA for a blended system in the Caltrain corridor.

- The FY2013 Capital Budget is $40.1 million, of which 75 percent is for State of Good Repair.
- State of Good Repair Right of Way and Signal Program Projects include:
  - Complete necessary track and structures rehabilitation.
  - Replace three JPB-owned roadway bridges at 22nd and 23rd streets and Paul Avenue.
  - Complete design of the replacement of four San Mateo County railroad bridges at Poplar, Santa Inez, Monte Diablo and Tilton avenues.
  - Rehabilitate railroad signals and grade crossing warnings for safe and efficient operations.
  - Replace centralized voice communication system for train dispatchers.
- A total of $7 million has been budgeted for rolling stock to continue to overhaul and rehabilitate the fleet. The total cost for the next 10 years of this program is about $80 million. This is a program that has been deferring funding from prior years in order to balance the budget.
- Operational Improvements/Enhancement Projects include:
  - Install closed-circuit camera equipment at select stations to increase security.
  - Install fencing along the main rail corridor to reduce trespassing.
  - Install a substation at San Jose Diridon to provide power to trains to allow fleet servicing. Wayside power is environmentally preferred since it reduces fuel usage and noise level.
- Other capital projects include funding for ongoing program management and oversight, planning and design support efforts for Caltrain modernization and support for the overall capital program.
- Staff has identified $19.3 million in Federal grants, $6.6 million in State and Regional Grants, $1.2 million of other funding and the $4.3 million from each of the partners.
- Staff has been meeting with each of the partners in regards to their contributions. San Mateo County can come up with their share of $4.3 million from the San Mateo County Sales Tax Measure A. The VTA has indicated they can provide $3.1 million. Staff works with a number of various partners in San Francisco, including the mayor’s office, the San Francisco Municipal Transportation Authority, San Francisco County Transportation Authority (SFCTA) and about $2.5 million to $4 million can come from the Proposition K half-cent sales tax. The SFCTA has indicated they can provide $2.5 million. If the full $4 million is required from the Proposition K sales tax it will reduce the amount of funding available from future funding availability from the sales tax measure.

  Director Kniss left at 12:00 p.m.

- If all the partners are able to contribute the full $4.3 million the Capital Budget can be fully funded. If only $3.1 million per partner agency is contributed the Capital Budget it would be reduced by $4 million and if the total contribution per partner agency is $2.5 million the Capital Budget would be reduced by $6 million.
• If the partner contributions are $3.1 million the following projects would have to be deferred:
  o Painting of Bayshore Station.
  o Public address system upgrade.
  o RailSim software upgrade.
  o Dual mode communications.
  o Terminal departure monitors.
  o Station utilities and asset maps.

• If the partner contributions are $2.5 million the following projects would have to be deferred:
  o All the above projects.
  o South Terminal wayside power.
  o Decrease rolling stock by an additional $700,000.

• The risks associated with decreasing the rolling stock maintenance funding are:
  o Exposure for greater risk of reliability and availability issues with fleet.
  o Some deferred subsystem work may result in in-service failures and added operating expense.
  o Customers will experience cars with more cosmetic issues than they have seen in the past.
  o Deferred State of Good Repair work will accumulate and require greater levels of investment later, particularly if electrification/fleet replacement is delayed.
  o One-third of the fleet will reach the mid-life overhaul cycle at the same time the older fleet should be replaced.

Staff will continue discussions with the partners and bring a recommendation back to the Board for adoption at the June meeting.

Public Comment
Shirley Johnson, San Francisco Bicycle Coalition, said the bicycle parking facility at 4th and King needs to be expanded and this would be a capital expense, but don’t see this item in the Capital Budget. Mr. Harvey said there is nothing in the budget for this.

Adina Levin, Menlo Park, asked if WiFi is included in the budget. Mr. Harvey said no.

**AUTHORIZE REVISION OF THE FISCAL YEAR 2013 FUEL HEDGING POLICY, AWARD OF CONTRACT TO ORRICK, HERRINGTON & SUTCLIFFE, LLP TO SERVE AS SPECIAL COUNSEL FOR NOT-TO-EXCEED FEE OF $125,000, APPROVE THE FISCAL YEAR 2013 FUEL HEDGING PROGRAM AND AUTHORIZE EXECUTION OF DOCUMENTS AND PAYMENT PREMIUM FOR COMMODITY PRICE CAP FOR THE FISCAL YEAR 2013 FUEL HEDGING PROGRAM**

Ms. Harrington said the change in policy would allow staff to go to a single “A” rating if not able to get “AA” rating.

• This program began in FY2010.
• It was designed to reduce volatility and uncertainty in the budget for fuel expenses.
• Staff uses the form of a cap because it gives protection against price increases and allows the JPB to benefit from price decreases.
• JPB and the District together hedge approximately 50 percent of their total projected fuel usage.
• Parties associated with the transaction are Orrick, Herrington & Sutcliffe who are the special counsel and also the financial advisors.
• Next steps are to solicit bids from selected counterparties for FY2013 transaction, review bids and make a go or no-go decision.

Director Deal asked if the cost in cap includes all costs. Ms. Harrington said yes.
Director Deal asked if we lost money on the transaction in FY2010, but made money in FY2011. Ms. Harrington said yes.

Director Deal said it appears we are not doing that well in FY2012. Ms. Harrington said we do not know yet because we have only received payments through the end of April.

Director Deal said on the whole the bank is doing better than we are. Ms. Harrington said this program was brought forward to create budget certainty and not necessarily a tool to make money. She said in FY2010 the budget was lowered by $2.5 million, FY2011 the budget was lowered by $1.7 million and in FY2012 the budget is being lowered by $800,000.

Director Deal said in FY2010 staff was able to decrease the budget because of this program. Ms. Harrington said yes. Staff took half the fuel portfolio and set at the cap price and the other half was left to float with the marketplace.

Mr. Harvey said the way money is saved is the fuel hedging cap contract staff enters so staff can budget a smaller amount in the total fuel budget in the Operating Budget otherwise if we did not have the cap staff would have to assess what the market conditions will be.

Director Deal said he would like to sit down with Mr. Miller and staff to review this program in more detail.

A motion (Cisneros/Nolan) to authorize revision of the FY2013 fuel hedging policy, award of contract to Orrick, Herrington & Sutcliffe, approve the FY2013 fuel hedging program and payment premium for commodity price cap for the FY2013 fuel hedging program was approved unanimously.

Director Cisneros left at 12:19 p.m.

AUTHORIZE AMENDMENT TO EXTEND THE CONTRACT WITH PARKING COMPANY OF AMERICA MANAGEMENT, LLC FOR CONTRACTED SHUTTLE BUS SERVICE FOR AN ADDITIONAL ONE-YEAR TERM IN THE ESTIMATED AMOUNT OF $2,957,027 EFFECTIVE OCTOBER 1, 2012
A motion (Yeager/Lloyd) to authorize amendment to extend the contract with Parking Company of America Management for an additional one-year term effective October 1, 2012 was approved unanimously.
AUTHORIZE AWARD OF FIVE ON-CALL CONTRACTS FOR RAILROAD BUSINESS AND OPERATIONS SUPPORT SERVICES FOR A THREE-YEAR TERM FOR AN AGGREGATE NOT-TO-EXCEED AMOUNT OF $3,800,000 TO: LTK ENGINEERING SERVICES, NANCY WHELAN CONSULTING, PARSONS BRINCKERHOFF, INC. SYSTRA CONSULTING AND TRANSPORTATION RESOURCE ASSOCIATES, INC.

A motion (Yeager/Lloyd) to authorize award of five on-call contracts for railroad business and operations support services for a three-year term for an aggregate not-to-exceed amount of $3,800,000 was approved unanimously.

LEGISLATIVE UPDATE
Director, Government and Community Affairs Seamus Murphy said the staff report includes information on the Legislature’s appropriation of the Proposition 1A funding that would help support the HSR MOU just approved.

Public Comment
Vaughn Wolffe, Pleasanton, said recently there has been legislation to get a State-owned bank. This should be something staff should track.

CORRESPONDENCE
No discussion.

BOARD MEMBER REQUESTS
None

DATE/TIME/PLACE OF NEXT MEETING
The next meeting will be Thursday, June 7, 2012, 10 a.m. at San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA 94070.

GENERAL COUNSEL REPORT
Closed Session: Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(a): San Mateo County Transit District v. City and County of San Francisco and Artichoke Joes, San Mateo County Superior Court Case No. CIV494013 County Transit District

Legal Counsel Miller said for the record the Board is convening in closed session to discuss a matter of pending litigation involving the San Bruno Grade Separation Project.

Adjourned to closed session at 12:23 p.m.

Reconvened to open session at 12:30 p.m.

Mr. Miller said the Board met in closed session to consider final resolution of an imminent domain action presented to the Board in December and approved at that time. This item has to do with real estate required for the JPB’s San Bruno Grade Separation Project. The resolution
before the Board is to authorize the Executive Director to execute transfers of real estate in conjunction with the settlement agreement with the City and County of San Francisco, the District, and Artichoke Joe’s Casino related to that project. What is involved is approximately 2,500 square feet of real estate that will be transferred from the JPB to Artichoke Joe’s to perfect the transaction.

A motion (Nolan/Yeager) to authorize transfer to the property was approved unanimously.

Adjourned at 12:35 p.m.