

**Peninsula Corridor Joint Powers Board  
Finance Committee Meeting  
1250 San Carlos Avenue, San Carlos CA 94070**

**MINUTES OF SEPTEMBER 28, 2020**

**MEMBERS PRESENT:** D. Davis(Chair), R. Collins (1:40 pm), M. Zmuda

**MEMBERS ABSENT:** None

**STAFF PRESENT:** D. Hansel, M. Bouchard, J. Cassman, S. van Hoften, C. Mau, J. Funghi, C. Gayotin, A. Piano, D. Seamans, S. Wong

**1. CALL TO ORDER/PLEDGE OF ALLEGIANCE**

Chair Dev Davis called the meeting to order at 1:35 pm and led the Pledge of Allegiance.

**2. ROLL CALL**

Chair Davis noted that she and Director Zmuda were present (as a quorum of the Committee). Director Collins was delayed due to technical difficulties and joined at 1:40 p.m.

**3. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA**

Roland Lebrun, San Jose, commented on combining the operating and capital budget under a single item.

**4. APPROVE MEETING MINUTES OF AUGUST 24, 2020**

Motion/Second: Zmuda/Davis

Ayes: Zmuda, Davis

Noes: None

Absent: Collins

**5. ACCEPT STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD ENDED JUNE 30, 2020**

Derek Hansel, Chief Financial Officer, stated that there was no formal presentation. He noted they closed the books subject to the final audit for the fiscal year with a surplus of \$300,000 after \$23M of CARES Act credit. Mr. Hansel stated that they will present the comprehensive report to this Committee and Board later this year.

Director Monique Zmuda asked about line below 52 and Positive Train Control (PTC) adjustments. Mr. Hansel replied that they made an adjustment to the financial statements to recognize certain litigation expenses with PTC litigation paid for from operating funds. He said that \$5.3 million is not available to be spent at the moment as it was spent on a litigation case.

Chair Davis inquired about taking \$21.3 million of CARES Act funds and ending up with a surplus and she asked if Caltrain would be able to apply these funds in this current

fiscal year. Mr. Hansel confirmed that it would add to reserves to address the challenges of Fiscal Year 2021.

Chair Davis asked if the percentage calculation in line 52 was correct. Mr. Hansel replied it was a percentage versus the budget.

Chair Davis asked about settlement dollars from PTC litigation. Mr. Hansel replied it would be used to reimburse the operating budget.

Public comment

Roland Lebrun, San Jose, commented on expenses, \$5.3 million, the PTC capital budget, and he suggested appointing special auditors for the budget for the December board meeting.

Chair Davis proposed combining Items 5 and 6 in one motion.

*Director Collins joined the meeting at 1:40 p.m.*

**6. ACCEPT STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD ENDED AUGUST 31, 2020**

Derek Hansel, Chief Financial Officer, stated that there was no formal presentation and was available for questions.

Director Ron Collins inquired about expenses being lower than revenue and whether there was a positive revenue situation. Mr. Hansel stated that Caltrain books a disproportionate amount of member agency contribution in the first month or two to pay out insurance premiums immediately, so member agencies front load their contributions.

Director Zmuda commented on the monthly reports presentation, the comparisons between current spending and prior actual spending as meaningful, but during this fiscal year, that comparison is not as pertinent. She requested looking over the next month of actual revenue and expense to the actual current year budget estimate to know where they stand in terms of budget rather than in terms of the prior fiscal year. Mr. Hansel replied that they would look into what can be done in terms of the monthly budget reports.

Public comment

Roland Lebrun, San Jose, commented on the Board and staff looking at the same issue, having revenues going to reserves, doing monthly reports to track against projections to know exactly where they are, and looking at BART's budget.

Jeff Carter, Millbrae, commented on the monthly budget reports and suggested a breakdown by fare product.

Motion/Second: Collins/Davis moved to approve Items 5 and 6

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

## **7. AWARD OF CONTRACT FOR DELAWARE STREET STORM DRAIN RELOCATION PROJECT CONSTRUCTION**

Concepcion Gayotin, Acting Manager of Contracts and Procurement, stated that contract underwent a formal solicitation, four bids were received and it was awarded to Kingdom Pipelines, Inc. She noted that Kingdom Pipelines, Inc. is Small Business Enterprise (SBE) certified with more than 20 years of experience.

Mr. Hansel thanked Ms. Gayotin for working as the Acting Manager of Contracts & Procurement and for her leadership during these past months.

### Public comment

Roland Lebrun, San Jose, commented on Shimmick/Disney prices.

Motion/Second: Collins/Zmuda moved to approve the contract

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

## **8. ADOPTION OF FISCAL YEAR 2021 SECOND QUARTER OPERATING BUDGET AND AMENDMENT OF THE FISCAL YEAR 2021 CAPITAL BUDGET**

Derek Hansel, Chief Financial Officer, provided background information on how the Board's prior direction on not adopting a budget with a deficit and for staff to present a balanced budget for the rest of the calendar year. He noted that staff is now presenting a balanced budget for the second quarter with identified sources to close the budget gap. He provided the presentation and highlights included the following: previous \$18.5 million shortfall for fiscal year (FY) 2021, reduced service levels, challenges in gap filling, risks to ridership and GoPass, and the scope of FY 2022. Mr. Hansel discussed the budget outlook, application of CARES Act funding, changes from the quarter one adopted budget, and proposed revenues. He outlined the sensitivity of revenue to ridership, the cost to operate Caltrain, immediate and longer term gap measures, FY 2022 challenges, and next steps.

### Public comment

Roland Lebrun, San Jose, commented on the unbalanced budget, changes to bylaws, revenue generation, MOU (memorandum of understanding) with Google, and restoring Caltrain ridership through baby bullets.

Jeff Carter, Millbrae, commented on revenue generated through Clipper START, detrimental effects of possible weekend shutdowns, and additional revenue sources.

Board members had a robust discussion and staff provided further clarification in response to Board comments and questions; topics discussed included:

- Distributing capital budget to operating budget

- How priorities change if Measure RR passes, particularly which projects move forward more quickly
- Maximum train capacity now with new social distancing guidelines
- The number of riders per day currently
- Cost of the election and when it has to be paid
- Optional plans to make reductions to service production and governance responsibilities
- Whether the CARES Act money on slide 5 had to be spent by December
- The adopted \$22.8 million in revenue and whether it was all allocated in the first quarter and whether GoPass revenue was treated differently
- Cost savings from furloughs (\$7.5 million) would be from January through June
- The additional cost of adding another audit firm and legal counsel
- Lease holder rent (slide 6)
- Ridership remaining at five percent through the fiscal year

Mr. Hansel pointed out possible funds from the capital budget in the areas of track rehabilitation and state of good repair (SOGR). He noted two additional sources of revenue: the San Mateo Grade Crossing Design funding from the state and the Broadway-Burlingame Grade Separation project.

#### Public comment

Roland Lebrun, San Jose, expressed concern for the \$11 million for doors, the Broadway Grade Separation mirroring the 25<sup>th</sup> Ave grade separation, and issues with the design of the station needing to be a 4-track station with passing tracks.

Director Zmuda suggested moving money from the capital budget to operating budget if needed later.

Motion/Second: Zmuda/Collins moved to adopt the Fiscal Year 2021 2<sup>nd</sup> quarter budget, amended to include full allocation of CARES Act funding in the second quarter budget and to bring forward a balanced budget for the remainder of the year.

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

Motion/Second: Davis/Collins moved to approve the amended capital budget for Fiscal Year 2021

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

#### **9. COMMITTEE MEMBER REQUESTS**

Director Zmuda requested the estimated legal and audit services costs for the next meeting or meeting after that.

**10. DATE/TIME OF NEXT REGULAR FINANCE COMMITTEE MEETING**

Monday, October 26, 2020 at 1:30 pm, via Zoom.

**11. ADJOURN**

The meeting adjourned at 3:17 pm.

An audio/video recording of this meeting is available online at <https://www.caltrain.com/about/bod/video.html?>. Questions may be referred to the Board Secretary's office by phone at 650.508.6279 or by email to [board@caltrain.com](mailto:board@caltrain.com).