

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

MINUTES OF NOVEMBER 23, 2020

MEMBERS PRESENT: D. Davis(Chair), R. Collins, M. Zmuda

MEMBERS ABSENT: None

STAFF PRESENT: D. Hansel, M. Bouchard, J. Cassman, S. van Hoften, C. Mau, P. Skinner, C. Kwok, K. Yin, A. Gharaibeh, D. Seamans, S. Wong

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Chair Dev Davis called the meeting to order at 1:31 pm and led the Pledge of Allegiance.

2. ROLL CALL

District Secretary Dora Seamans confirmed all Board Committee members were present.

3. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Roland Lebrun, San Jose, commented on ridership, the electrification project-operating budget, and Public Records Act violations.

Aleta Dupree, Oakland, commented on Clipper START, upgrading Clipper vending machines for contact-less payment, and seven-day weekday service.

4. APPROVE MEETING MINUTES OF OCTOBER 26, 2020

Motion/Second: Collins /Zmuda

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

5. ACCEPT STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD ENDING OCTOBER 31, 2020

Derek Hansel, Chief Financial Officer, noted that there was no presentation and he was available to answer any questions.

There were no questions from the Board or public comment.

Motion/Second: Collins/Zmuda

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

**6. ACCEPT COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING
JUNE 30, 2020**

Ahmad Gharaibeh, Lead Auditor from Eide Bailly LLP, provided the presentation, noting that the audit included confirming amounts reported on the financial statements, revenues, assets from cash and they issue an opinion as to whether the financial statements are clearly presented in accordance with accounting standards. He stated that Eide Bailly issued an unmodified "clean" opinion on the financial statements and in compliance with federal grants, and management was very cooperative in providing necessary information.

Director Monique Zmuda asked if there were no findings or reportable conditions to the proposed financial statements. Mr. Gharaibeh confirmed there were none. Director Zmuda asked if there were repeat findings from prior years. Mr. Gharaibeh replied that there were no findings from a year ago, but about three years ago, there were findings in regards to the speed of the billing and the ability to collect on the cash as quickly as possible. Director Zmuda asked if Caltrain was on PeopleSoft Financial. Mr. Hansel affirmed this. Director Zmuda asked if a management letter was issued. Mr. Gharaibeh replied yes, there would be a management (A-UC 260) letter heading out to the governing board. Director Zmuda inquired about the time difference for working with physical versus electronic files with remote work. Mr. Gharaibeh replied that remote work was more efficient as time previously used in commute went toward the audit. Director Zmuda congratulated the finance department for a clean and efficient audit.

Derek Hansel, Chief Financial Officer, spoke about the 2019-2020 Comprehensive Annual Financial Report (CAFR) and noted that operating revenues sharply decreased due to the pandemic, in addition to expenses and capital contribution decreasing. Mr. Hansel pointed out that this would be Eide Bailly's last year auditing as the JPB is in the process of obtaining an independent auditor. He thanked Mr. Gharaibeh and Eide Bailly for their work and professionalism.

Public comment

Roland Lebrun, San Jose, commented on revenues, level of service, and compared Caltrain net deficit to VTA's (Santa Clara County Valley Transit Authority) net deficit. He also commented on audio on Zoom and starting Zoom video before the comment period.

Motion/Second: Zmuda/Collins

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

7. ADOPTION OF THE FY2021 QUARTER 3 AND QUARTER 4 OPERATING BUDGET

Mr. Hansel provided the presentation and noted that while Measure RR provided much-needed breathing room, there is a substantial shortfall for fiscal year 2021. He pointed out areas of uncertainty in regards to federal relief, the pandemic, and challenges for fiscal year 2022. Mr. Hansel stated that options included cost containment,

reprioritization of existing resources, and leveraging Measure RR. Mr. Hansel walked the Board through the changes in the first and second quarter adopted budget, revenue assumptions, proposed revenues, expenses, capital budget, and the next steps including service changes implemented in December.

The Board members had a robust discussion and staff provided further clarification in response to the Board comments and questions regarding the following:

- Work-rule changes
- Cares allocation numbers
- Gopass projections
- Reducing trains from 72 to 68 trains per weekday
- TransitAmerica Services Inc. (TASI) contract negotiations
- Farebox revenue estimates
- Member contributions
- Managing agency overhead costs, new audit and legal fees
- Ballot measure costs
- Borrowing fees
- Measure RR sales tax collection date
- Schedule change media promotion
- Changes with the new presidential administration
- First year revenue estimates
- Replacement of State of Good Repair reserves
- Using reserves versus using line of credit

Public comment

Roland Lebrun, San Jose, commented on ridership recovery, service for ridership demands, shifting from capital to operations, CARES Act reserves, and changes in governance.

Aleta Dupree, Oakland, commented on deallocations, funding ticket vending machine program upgrades, and adding Americans with Disabilities Act (ADA) access to more stations.

Motion/Second: Collins/Zmuda
Ayes: Collins, Zmuda, Davis
Noes: None
Absent: None

8. AMENDMENT OF THE FINANCIAL RESERVE POLICY TO REQUIRE BALANCED BUDGETS

Mr. Hansel reiterated that the amended policy addresses periodic budgets.

Motion/Second: Zmuda/ Collins
Ayes: Collins, Zmuda, Davis
Noes: None
Absent: None

9. AWARD A CONTRACT TO SPOSETO ENGINEERING, INC. FOR THE GRADE CROSSING IMPROVEMENTS PROJECT FOR A TOTAL AMOUNT OF \$336,050

Kevin Yin, Director of Contract & Procurement, stated that they allocated five percent for small business enterprise (SBE) preference, staff conducted outreach to SBEs, and they received six bids. He said Sposeto Engineering has more than 40 years of relevant construction experience, and that this is included in the fiscal year 2021 capital budget and funded by the State Transit Assistance Fund.

The Board members had a discussion and staff provided further clarification in response to the Board comments and questions regarding the bid coming in well under the engineer's estimate of \$700,000 and Sposeto's previous construction experience with the JPB.

Motion/Second: Collins/Zmuda

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

10. AUTHORIZE THE EXECUTION OF FUNDING AGREEMENTS WITH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION TO RECEIVE \$2,000,000 FOR THE SAN MATEO GRADE CROSSING IMPROVEMENTS PROJECT

Peter Skinner, Director of Grants and Fund Programming, stated that this action would provide the Executive Director the authority to sign a funding agreement with Caltrans up to \$2 million for the design of grade crossing improvements at the Fourth and Fifth Avenue crossings in San Mateo. He noted that the project is 100 percent funded through the Section 130 program and initiated by the City of San Mateo. Mr. Skinner explained that the California Public Utilities Commission and Caltrans funds \$8.5 million toward grade crossings in Santa Clara County and about \$4.5 million to grade crossings in San Mateo County.

Motion/Second: Zmuda/ Collins

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

11. RECEIVE CAPITAL PROJECTS QUARTERLY REPORT – 1ST QUARTER FISCAL YEAR 2021

Michelle Bouchard, Chief Operating Officer, stated that this provides the status for the applicable quarter of the capital program.

Public comment

Roland Lebrun, San Jose, commented on this being long overdue and requested a full presentation including status of the project and status of the budget.

The Board members had a discussion and staff provided further clarification in response to the Board comments and questions regarding the Bayshore overpass pedestrian bridge, railroad communications for fiscal years 2017-2019 listed, and projects listed as late.

Chair Davis requested a full presentation for the next quarter's report before the next budget presentation.

12. CLIPPER START QUARTERLY UPDATE

Christiane Kwok, Manager of Fare Program Operation, provided the presentation. She stated that the program launched July 15th and listed the discount eligibility. Ms. Kwok noted that as of September 2020, 1,369 applications were approved and the majority of applicants live in San Francisco. She provided information on how many trips were taken using Clipper START, which transit companies were most popular, where trips were taken on Caltrain, what time of day was most popular, and how this affected Caltrain's revenues. Ms. Kwok stated that there were regional marketing efforts as well as Caltrain staff promotions for this program. She said the next steps included expansion of the program in 2021 to include additional operators and they will provide the results of the second quarter of this program in Winter 2021.

The Board members had a discussion and staff provided further clarification in response to the Board comments and questions regarding October numbers, numbers during the pandemic, and extending the pilot to operate under regular ridership.

Public comment

Aleta Dupree, Oakland, commented on finding new ways to promote the program, the cost of keeping a car versus transit in America, bringing fare revenue back to railroads instead of on the highway, and making the program permanent.

Roland Lebrun, San Jose, commented on the representation of the percentage of low-income riders on the slides, and communicating the program properly.

13. COMMITTEE MEMBER REQUESTS

Chair Davis requested a full presentation for the next Capital Projects Quarterly Report.

14. DATE/TIME OF NEXT REGULAR FINANCE COMMITTEE MEETING

Monday, December 21, 2020 at 1:30 pm via Zoom

15. ADJOURN

The meeting adjourned at 3:15 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.