

**Peninsula Corridor Joint Powers Board  
Board of Directors Meeting  
1250 San Carlos Avenue, San Carlos CA**

**MINUTES OF MAY 7, 2020**

**MEMBERS PRESENT:** D. Pine (Chair), C. Chavez, D. Davis (arrived 9:04am), J. Bruins, R. Collins, S. Heminger, C. Stone (arrived 9:10am), S. Walton, M. Zmuda

**MEMBERS ABSENT:** None

**STAFF PRESENT:** J. Hartnett, C. Mau, J. Cassman, M. Bouchard, A. Chan, J. Funghi, D. Hansel, S. Murphy, M. Jones, S. Petty, D. Seamans, S. Wong

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

Chair Dave Pine called the meeting to order at 9:00 am and led the Pledge of Allegiance.

**2. ROLL CALL**

District Secretary Seamans called the roll and confirmed a quorum.

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

Roland Lebrun, San Jose, commented on dropped ridership and starting hourly baby bullet trains.

Aleta Dupree, Oakland, expressed support for audible public Zoom comments, updating Clipper mobile app, updating vending machines for contact-less payment, Caltrain as a life-line, and keeping the Clipper differential.

Andy Chow, Redwood City, commented on the importance of riders feeling safe on public transit (COVID-wise) as we resume the economy.

**4. CONSENT CALENDAR**

Public Comment

Roland Lebrun, San Jose, commented on (4e) contracts not needing Finance Committee approval before proceeding and expressed disapproval for four of the six firms.

Motion/Second: Collins/Bruins approved the Consent Calendar

Ayes: Bruins, Chavez, Collins, Heminger, Stone, Walton, Zmuda, Davis, Pine

Noes: None

Absent: None

- a. Approve Meeting Minutes of April 2, 2020
- b. Receive Key Caltrain Performance Statistics
- c. Receive State and Federal Legislative Update
- d. Accept Statement of Revenues and Expenditures for March 2020
- e. Award of Contracts for On-Call Transportation Planning & Support Services
- f. Caltrain Business Plan – Update Covering April 2020

## **5. REPORT OF THE CHAIR**

Chair Pine reported that the San Mateo County Board of Supervisors and San Mateo County Transit District passed a resolution this week to empower the Joint Powers Board (JPB) to potentially put the one-eighth three county sales tax on the ballot. He noted that the resolution would still need to clear Boards in Santa Clara and San Francisco.

### **a. Report of the Governance Ad-Hoc Committee**

Chair Pine reported that the third meeting was held on May 1<sup>st</sup>, the Committee has a two part work plan to: [1] Gather facts on JPB's financial relationships, real estate ownership, membership responsibilities and understand base foundational agreements and [2] identify options for direct accountability of the Executive Director and other organizational functions to the JPB and formalizing the evaluation process of the Executive Director within the context of the JPB remaining in place and the San Mateo County Transit District (SMCTD) remaining the managing agency. Remcho Olsen was assigned as the legal counsel to support the Governance Ad-Hoc Committee; they have been reviewing six complicated historical agreements, interviewed those involved in preparing these documents, produced a draft report and walked the Committee through their findings to-date. There has been tremendous headway in ciphering the agreements (on property ownership, right-of-way reimbursement for SMCTD, job training, management, Gilroy service, operating capital costs, and parties' rights to revise or terminate the Joint Powers agreement). Special counsel expects to complete the review of various documents and agreements and interviewing a few more key stakeholders and wrapping up its report and making it available to the Board in June.

Chair Pine provided a brief update on the Organizational Capacity Study, and the extension of the Transit America Services, Inc. (TASI) contract. While both have been slowed down by the pandemic, both will be completed at the later part of the summer and presented to this Board in September.

Chair Pine also noted that the Governance Committee would hold an extra meeting this month for further questions regarding the report and will discuss these accountability measures at the June JPB meeting.

Director Walton asked if the presentation would be shared with colleagues. Chair Pine replied that an updated version of the report and presentation could be done in the future.

Director Cindy Chavez noted that any reports viewed currently could be potentially updated at a later date due to accessibility issues.

Director Charles Stone asked how much of the original budget was still remaining and how much was used up. Michelle Bouchard, Chief Rail Operating Officer, replied that as of April 20, 2020, they have expended about sixty percent of the \$250,000 budget. Director Stone inquired about Special Counsel indicating the need for additional finances. Ms. Bouchard replied that there was no current request to do so. Director Stone inquired about the status of completion for the work for the Governance ad-hoc Committee. Chair Pine said the foundational report is eighty percent complete and the budget would be discussed if subjects went beyond the current work plan.

Public Comment

Roland Lebrun, San Jose, requested that a copy of the Chair report be included in the agenda packet, and commented on the Brown Act in regards to ad-hoc committees, Caltrain and SMCTD management.

**6. REPORT OF THE EXECUTIVE DIRECTOR**

Jim Hartnett, Executive Director, provided an introduction to the updates.

**a. COVID-19 Status Update**

Sebastian Petty, Director of Policy Development, provided an update regarding ongoing work in response to the pandemic. He stated that COVID-19 presents a severe and prolonged crisis for Caltrain; they are currently in a phase where they are surviving the pandemic and the trajectory of operations is uncertain. He explained that changes in the economy and in peoples' behavior would indicate how they would move into the stability phase where they would prepare for the next reality. Mr. Petty noted the 95 percent drop in ticket sales, the service reductions, emergency financial measures, and focus on construction and maintenance.

Derek Hansel, Chief Financial Officer, provided an update on the financial implications of COVID-19. He acknowledged that the pandemic dealt an immediate blow to the budget and forecasted a shortfall of farebox and boxing revenue of \$23 million for the fiscal year. Mr. Hansel stated that cash management has been a major challenge and the first tranche of federal funding (\$49 million) will be used to fill Fiscal Year (FY) 2020 budget gap with the balance for use in FY 2021. He said he expects ridership to be substantially depressed for the foreseeable future which presents a huge financial challenge for at least the next fiscal year. Mr. Hansel discussed financial challenges in FY21i with a crisis projection of a \$71 million annual deficit. He outlined the financial sensitivity to ridership would leave a \$22-\$66 million annual gap depending on whether ridership dropped 25-75 percent. Mr. Hansel pointed out that at peak hours, trains would run at 130 percent capacity (780 riders), which would currently be a problem with current physical distancing needs. He advised that it would not just be a FY21 problem, but a problem that would persist for some time.

Mr. Petty noted that Caltrain finished each fiscal year through tight budgeting and strong ridership. He said staff has begun intensive scenario planning to prepare for long term success and are continuing work on Senate Bill (SB) 797, railroad electrification, and the Business Plan.

Mr. Hartnett noted that there has been the railroad here for 150 years and it is not going away anytime soon, that the current financial status is unacceptable and they will have to go through a serious period of evaluation of how things operate and external funding. Although the first tranche of federal funding will be coming soon, more external funding will be needed. He said they will be active in discussions for second tranche of Federal funds and that he has been appointed to the Blue Ribbon Transit Recovery task force to determine allocations for the second tranche.

Director Steve Heminger asked if the current and upcoming tranche of funds would cover the \$80 million in deficit as indicated in the FY20/FY21 slides. Mr. Hansel said that would be very challenging as GoPass losses would affect those pieces and member agencies need to commit to the same level of funding next year, and the remaining

allocation of funds has not yet been determined. Director Heminger asked if there was anything further to be done on the cost side, in particular, decreasing the amount of current trains running. Ms. Bouchard noted that they have been grappling with this issue for some time, in terms of the need to provide service to essential riders while maintaining all of the employees operating on the right-of-way due to the CARES federal funding. Currently they do not see a way to drastically reduce costs. Mr. Hansel said a large portion of their costs are fixed costs and would exist whether they were running 5 or 90 cars a day.

Director Ron Collins asked about organizing social distancing on trains. Ms. Bouchard responded that conductors and rovers would remind people to social distance. Director Collins asked how seats marked as non-sit seats would affect the revenue forecast. Mr. Hansel replied that this scenario could be made in future forecasts.

Director Dev Davis questioned several data points in the presentation: why there was \$11 million deficit in FY20 and an indicated usage of \$24 million from the CARES Act. Mr. Hansel clarified that the \$11 million was a low deficit estimate that may occur and the CARES Act funding can be used to replace lost revenues. Director Davis asked how this changed our budget process and calendar. Mr. Hansel said they are bringing forward in May & June an interim budget for FY21 for the first three months with "lumpy" expenditures (insurance, unfunded liability for pensions, etc.). In August there will be a balance for the FY21.

Director Monique Zmuda asked about different scenarios based on ridership in the interim budget and when does staff reduction decisions have to be made to adjust to circumstances. Mr. Hansel replied that they will be conservative on ridership as a source of revenue. Ms. Bouchard replied that they reduced overtime, enacted a hiring freeze, and that anything further would require action under the Warren Act; she noted that it would take two weeks to see savings accrue due to furloughs and reduced staff.

Director Charles Stone asked if it was correct that if timely payments were made to managing agencies and that most of the CARES Act funding would be used. Mr. Hansel replied a lot of cash would be used, expenses are recognized on a periodic basis, and Samtrans provides \$6.5 million a quarter to Caltrain, but right now, they are not paying Samtrans \$6.5 million per quarter.

Director Jeannie Bruins commented on the Governance ad-hoc committee and other areas where there may be potential savings.

Director Cindy Chavez requested through the Executive Director that a poll be done of the nine Bay Area transportation agencies by (Metropolitan Transportation Authority) MTC. She expressed hope that MTC would play a leadership role in polling members to how riders would come back.

Director Shamann Walton commended staff for their work during this time.

Chair Pine expressed the hope to have more flexibility to reduce service and the ability to work with companies for GoPass revenues.

**b. Authorize the Executive Director to Apply for Emergency Funds and Exercise Certain Emergency Powers in Response to the Covid-19 Pandemic**

Joan Cassman, General Counsel, introduced the resolutions acknowledging the COVID-19 emergency, the first one would officially designate the Executive Director to seek emergency funds (federal, state, or local), with a life of three years. The second resolution acknowledged the emergency by designating the Executive Director authority to effectively address the pandemic; to waive rules when appropriate in the procurement manual; (e.g. purchasing bulk masks); to take actions to respond to the pandemic in between Board meetings that might otherwise require Board review and approval, though it would be reported back to the Board should any such actions take place. Third, authorize Executive Director to provide mutual aid due to the COVID-19 crises.

Board members had a discussion and staff provided further clarification in response to the Board comments and questions.

Chair Pine announced that public comment would be heard altogether at the end of the consent calendar.

Motion/Second: Bruins/Stone moved approval of Resolutions 2020-18 and 2020-19. Ayes: Bruins, Collins, Heminger, Stone, Walton, Zmuda, Davis, Pine  
Noes: None  
Absent: Chavez

**c. Peninsula Corridor Electrification Project (PCEP) Monthly Progress Report**

Mr. Funghi provided an update on the electrification infrastructure and Electric Multiple Unit (EMU) projects. In April, they began working in expanded shifts to take advantage of the expanded work windows. He noted that Balfour Beatty would run out of specific rebar cages on May 8<sup>th</sup> due to late ordering and late design issue resolution, which would result in Overhead Catenary System (OCS) foundation work being paused until the end of May. He noted that PG&E has retooled their safety plans and re-started work on both substations. The Stadler electric vehicle contract work in Salt Lake City continues to operate a split shift floor schedule to comply with social distancing, and train assemblies are on schedule. He noted that supply chain issues are a concern for the long term.

Chair Davis expressed concern regarding scheduled project completion with 85 percent budget expenditure and 50 percent project completion and questioned how Balfour would increase their production to break even with the projected work completion date. Mr. Funghi replied that past production for the production rate per month does not translate to future foundation completion. He noted that while Balfour is driving the schedule on design and construction elements, the foundation work does not necessarily drive the completion date and the completion of the signal work will be a determining factor too. He noted that Balfour projects that the foundation work will be completed by the end of this year.

Chair Pine support in support of Director Davis' comments regarding Balfour's projected completion date and requested that the PCEP report be pulled from the Executive Director's report as a separate agenda item to be discussed at length at the next Board meeting.

Chair Ron Collins asked if Balfour Beatty's current restocking of rebar cages included enough additional rebar cages to last through the end of the year to prevent additional delays. Mr. Funghi replied that they would order in batches based on available on-site storage.

**d. Monthly Report on Positive Train Control Project**

Michelle Bouchard, Chief Rail Operating Officer, reported that they have been meeting weekly with the FRA (Federal Railroad Administration) for a strong safety plan submission by early June, and they expect the review to take less than the normal six months for certification. She reported that they are in the process of negotiating a maintenance and service agreement with Wabtec, Inc. for technology that only they can provide for this particular system. Simultaneously they are also working on attracting talent to keep the bulk of this maintenance service internal and in a state of good repair.

Public Comment

Roland Lebrun, San Jose, commented on reducing the train seating capacity to 100 seats, transferring all EMU testing to Transportation Technology Center, Inc. (TTCI) and suspending all shell manufacturing from Switzerland until approved by Federal Railroad Association (FRA).

Aleta Dupree, Oakland, commented on foundations logistics and efficient use of time on surveying and potholing.

Adina Levin, Friends of Caltrain, commented on the possibility of a potential shutdown for Caltrain and the hopes that the Bay Area would band together to prevent the gridlock.

Andy Chow, Redwood City, commented on learning from how European and Asian authorities are responding to re-opening their mass transit.

Doug DeLong, Mountain View, commented on how gallery cars are more suited to social distancing than bombardier cars and on transparency for Balfour Beatty foundation subcontractors.

Adrian Brandt commented on reducing operating cost issues and adopting world's best practices for proof of payment. He also voiced electrification concerns.

Jeff Carter, Millbrae, requested the raw data used to create financial charts and encouraged the public to lobby federal legislatures to provide additional stimulus funding to public transit, especially in unprecedented times.

**7. REPORT OF THE CITIZENS ADVISORY COMMITTEE (CAC)**

Brian Shaw, CAC Chair, reported that there was public comment on staff publishing the raw data on the 2019 customer satisfaction survey and the COVID presentation. He said Committee comments included the following: continued social distancing until a vaccine is developed, Caltrain ridership revenues, reducing TASI staff with upcoming contract, looking at fare inequity among different income and distance groups, moving to distance fare matrix for distance equity in fares, and a request for the number of housing built near each station by city. Mr. Shaw said public comment on Caltrain Business Plan included the following: maximizing passing tracks for mixed service (local, limited, express), discarding zone system for point-to-point fare pricing, and expanding Caltrain lots. He reported that CAC members asked about progress on the capital project work and the next CAC meeting will be May 20<sup>th</sup> to hear an update on the Capital Budget, EMU, and grade crossing solutions.

## **8. REPORT OF THE WORK PROGRAM-LEGISLATIVE-PLANNING (WPLP) COMMITTEE**

### **a. Update on Downtown Extension (DTX) and Related San Francisco Planning Efforts**

Sebastian Petty, Director of Policy Development, provided an update on projects and planning efforts related to Caltrain work. He said a Memorandum of Understanding (MOU) was developed between Caltrain and other downtown extension partners (Transbay Joint Powers Board, Metropolitan Transportation Commission, California High Speed Rail Authority, Peninsula Corridor Joint Powers Board, City and County of San Francisco, San Francisco County Transportation Authority). He provided an overview on the following projects: [1] downtown extension underground from Fourth and King to the Salesforce Transit Center, [2] potential for reconstruction and development of Fourth and King railyard, [3] Pennsylvania Ave extension (PAX), and [4] potential changes to 22<sup>nd</sup> Street station.

Director Zmuda asked about the sequence of projects, which ones will move forward at what rate, the approximate costs, and discussions about possible funding sources. Mr. Petty replied that the downtown extension project is advanced, the 22<sup>nd</sup> Street project is distinct and dependent on a study; the DTX and PAX costs are approximately \$4 billion and \$2 billion respectively, costs for Fourth and King are unknown currently. Director Zmuda asked if Caltrain has sufficient leadership capabilities to work with various parties. Mr. Hartnett replied that the MOU was dispersed and coordinated decision making are where they need to be with ensuring that everyone knows what the other is doing. The challenge for Caltrain is on the resource side, and they have worked to line up participation from planning partners in San Francisco.

#### Public Comment

Roland Lebrun, San Jose, commented on the governance structure as a good model for Caltrain and the Transbay Joint Powers Board (TJPB) chair.

Jeff Carter, Millbrae, commented on the necessity of the Pennsylvania Extension project (PAX) as it would be costly and take Caltrain out of the existing right-of-way. He expressed approval of the 22<sup>nd</sup> Street development.

Aleta Dupree, Oakland, commented on 22<sup>nd</sup> Street Station not being disability accessible, expressed support for the DTX, voiced concerns regarding not using the northern most tunnel (duplicating tunnels) and following Grand Central Terminal as an example.

## **9. CORRESPONDENCE**

Correspondence was included in the Board's reading folders and is available on line.

## **10. BOARD MEMBER REQUESTS**

Chair Pine requested the PCEP report pulled as its own item for the next meeting.

## **11. GENERAL COUNSEL REPORT**

None.

## **12. CLOSED SESSION**

Joan Cassman, General Counsel, introduced the closed session where the Board would be updated on the status of the lawsuit between the JPB and Parsons Transportation Group regarding the Communication Based Overlay Signal System (CBOSS) contract termination. She provided clarification on the process where the

current Zoom meeting would adjourn at the end of the closed session and a public report would be provided at the next regular JPB meeting regarding any actions taken, but which she anticipates none.

- a. Government Closed Session: Conference with Legal Counsel—Existing Litigation Code Section 54956.9(d)(1)  
Parsons Transportation Group v. Peninsula Corridor Joint Powers Board et al; San Mateo County Superior  
Court Case No. Case No. 17CIV00786 (lead)

Public Comment

Roland Lebrun, San Jose, commented on not immediately reporting back from closed session.

The Board adjourned the regular meeting and to then reconvene in closed session.

**13. DATE/TIME OF NEXT REGULAR MEETING:** Thursday, June 4, 2020 at 9:00 am, via Zoom or San Mateo County Transit District Administrative Building, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA

**14. ADJOURN**

The meeting adjourned at 11:45 am.

An audio/video recording of this meeting is available online at [www.caltrain.com](http://www.caltrain.com). Questions may be referred to the Board Secretary's office by phone at 650.508.6242 or by email to [board@caltrain.com](mailto:board@caltrain.com).