Welcome to Special Meeting #1
Michelle Bouchard and Chair Davis
• Meeting Objectives

• Background Interviews Summary and Key Themes
  • Discussion

• 2021 Governance Process
  • Roadmap
  • Proposed Objectives
    - Public Comment
    - Discussion and Action

~ Break ~

• Overview of Structural Governance Paths and Options
  - Public Comment
  - Discussion and Action

• Next Steps
Special Meeting #1
Objectives
Special Meeting #1 Objectives

- Identification of issues of most concern.
- Action on 2021 governance roadmap.
- Definition of key objectives for the governance process outcome.
- Action on broad structural governance paths and initial discussion of options within each.
Presentation and Discussion of Interviews and Key Themes

Howard Permut and Katie Miller
Conducted 23 interviews.

Groups Interviewed:
- JPB Board Members
- Caltrain Senior Staff
- Partner Agency General Managers
- Partner Agency Board Chairs
- Board of Supervisor Chairs, Mayor of San Francisco, Mayor of San Jose
Key Themes Overview

• The following slides summarize the key themes that emerged from the interviews conducted by Howard Permut.

• As you read through these slides, consider the following:
  • Which items stand out?
  • Are there any issues missing?
  • Which of these needs to be addressed as part of this 2021 governance process?
Theme #1: Selection of a Governance Model

- Consensus to address and resolve this issue now as it detracts from Caltrain’s core mission and its ability to address future challenges.
- Consensus that Caltrain ED should be responsible for Caltrain only.
- Consensus that there could be a staged solution.
- BUT there are significantly divergent opinions as to the best solution.
- Certain parties expressed an openness to determining the best solution while others felt very strongly about a specific desired outcome.
- Degree of willingness to compromise is not known.
- Recognition that external parties (i.e., elected officials) could play a significant role especially if parties can not reach agreement.
Theme #2: Decision-Making Process to be Followed

- Consensus on the need for a structured path.
- Consensus on the need for objectives and criteria to enable comparison of alternative models.
- Consensus on the need for improved trust between the parties.
- Uncertainty as to how best to involve partner agencies and other external parties.
- Concern over lack of staff bandwidth and competing priorities.
Theme #3: Need to Acknowledge Past Agreements

- Consensus that there could be financial impacts to the member agencies in some or all of the governance options.
- Consensus that SamTrans needs to “be made financially whole” as part of these discussions.
- BUT no agreement on details: amount of money, source of monies, potential use of Measure RR funds and staging of payments.
- No agreement on the extent of control that SamTrans should have going forward.
Theme #4: Need to Position Caltrain for Future Success

• Consensus that a revised structure must enable Caltrain to continue to operate safe, reliable and cost-effective service.

• Consensus that a revised structure must enable Caltrain to achieve the Business Plan Service Vision.

• Consensus to fully participate in regional discussions (see slide below).

• Strong belief by certain members for the need for equity (tied to generation of sales tax revenue) and accountability (tied to the number and distribution of Board seats) in future decision-making.
Theme #5: Strong Interest in Regional Options

- Consensus that Caltrain should be part of a regional system with better intermodal connectivity, coordinated fare policy and customer information.
- No consensus on how best to achieve this.
- Interest in the different regional models with the understanding that the “devil is in the details.”
- Certain members expressed concern over the practicality of regional solutions and questioned the willingness of different agency boards (including Caltrain) to relinquish authority.
- Consensus that Caltrain Board needs to position itself to be a major player in these discussions.
Theme #6: Recognition that the Selection and Implementation of Any Governance Option will be Complex and Costly

- Recognition that the complexity and cost will likely increase with the magnitude of the governance change.
- The simplest self-directed options will have significant financial, governance, and organizational implications (organizational stability, transition planning, pension/OPEB liabilities).
- Consensus there could be financial impacts for the railroad – both one-time costs and ongoing costs – associated with each governance option.
- Certain members are open to modifying the shared services model BUT are concerned about potential one-time and annual costs.
- Formation of a transit district will require State legislation.
- Regional options will involve extensive trade-offs.
Theme #7: Recognition that as Part of this Governance Review Process, Appointment of Board Members Ought to be Discussed

- Consensus that one-year terms are too short and that fixed, appointed 2 to 4 year terms would be preferable.
- Consensus that these terms could be staggered.
- Consensus that having Caltrain Board members who also serve on other boards has both benefits and drawbacks.
- Board members need to see themselves as representing Caltrain and not their member agency.
- Recognition that modifying Board appointments would require action by the member agencies.
Theme #8: Progress Made

• Certain members stated that improvements have been made to setting of Board agenda.
• Certain members stated that staff communication with Board has improved.
• Certain members stated that the new Board committee structure has worked.
• Consensus that staff has done a better job of laying out choices for Board decision-making.
• Consensus that progress has been made in implementing resolution items.
  • Attorney - reports directly to the Board
  • Auditor - awarded contract
• Consensus that passage of Measure RR was critical to the future of Caltrain.
2021 Governance Process
2021 Governance Roadmap

Michelle Bouchard
**JPB Governance 2021 Roadmap**

**Phase 1**

**Goals:**
- Exploration and education about the JPB’s range of structural governance paths.
- Selection of governance options and key issues to focus on in Phase 2.

**Phase 2**

**Goals:**
- Discussion of selected option(s) and financial and legal analysis towards developing the 2021 governance recommendation.
- Adoption of governance recommendation at December 2021 JPB meeting.

**Note:** Additional meetings will be added to this process as needed (including Special Meetings for the full Board and Process Ad Hoc Committee meetings).
JPB Governance Roadmap – Phase 1

Goals:
- Exploration and education about the JPB’s range of structural governance paths.
- Selection of governance options and key issues to focus on in Phase 2.

**Key Outcomes:**
- **Special Meeting #1**
  - In between workshops:
    - 2021 Roadmap
    - Overview of structural governance paths and options
    - Key issues raised by the group
    - Objectives for this process

- **Special Meeting #2**
  - Key Outcomes:
    - Define Concurrence
    - Concurrence on paths + options to focus on for Phase 2
    - Criteria for narrowing recommendations
    - Identification of resources
JPB Governance Roadmap – Phase 2

Goals:
- Discussion of selected option(s) and financial and legal analysis towards developing the 2021 governance recommendation.
- Adoption of governance recommendation at December 2021 JPB meeting.

2021
July
- Process Ad Hoc #6

August
- Process Ad Hoc #7

September
- Process Ad Hoc #8

October
- Process Ad Hoc #9

November
- Process Ad Hoc #10

December
- Board Adoption of 2021 Governance Recommendation

Special Meeting #3
Key Outcomes:
- Key decisions within each option
- Legal and financial analysis of options
- Concurrence on narrowing options further using criteria

In between workshops:
- Develop details and decision points for each option.
- Prepare required analysis.
- Finalize criteria.

Special Meeting #4
Key Outcomes:
- Review of final options and key issues
- Concurrence on a final recommendation

In between workshops:
- Development of detailed final options
Objectives of the Governance Outcome
Michelle Bouchard
Proposed Objectives for the 2021 Governance Outcome

The JPB’s 2021 governance recommendation should:

- Be agreeable to Caltrain Board members.
- Be agreeable to JPA member agencies.
- Support Caltrain as it recovers from the pandemic and begins to implement the JPB’s strategic policy direction for the railroad, including the Equity, Connectivity, Recovery, and Growth Framework and the 2040 Long-Range Service Vision.
- Acknowledge commitments made in previous JPB agreements.
- Be feasible to implement, both financially and legally.
- Enable the JPB to meaningfully participate and lead in regional transit discussions.
- Enable the JPB to consider adapting its governance approach in the future pending the outcomes of regional transit discussions.
Public Comment
Discussion and Action on Roadmap and Objectives

Facilitated by Katie Miller
Break

Please return in 10 minutes to continue our meeting.
Overview of Structural Governance Paths and Options

Howard Permut
What is the current JPB governance structure?
Three Structural Governance Paths

A. Modify Current Structure
Maintain Caltrain’s current governance structure with modifications.

B. Create New Structure
Reorganize Caltrain with new management and employment structure.

C. Pursue Regional Options
Modify Caltrain’s governance to align with regional outcomes.

Note: Governance paths are not mutually exclusive and may be phased over time.
Governance Options

Description of Options

• Within each path, there are numerous options that could be selected and pursued.
• These options will be measured against a set of evaluation criteria, including financial and legal implications, to understand impacts. Sample financial impacts are included below.
• The next slides show an initial list of options, which are organized in an ascending level of complexity, cost, and relative change.

Options within Paths A and B are organized around the following five key questions:
• Who has authority to hire, fire, and oversee the Caltrain ED?
• Who does the Caltrain ED report to?
• Who employs Caltrain staff?
• Who do Caltrain staff report to?
• Who provides central services?
## Path A. Modify Current Structure

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Who hires, fires, and oversees the Caltrain ED?</th>
<th>Who does the Caltrain ED report to?</th>
<th>Who employs staff?</th>
<th>Who do staff report to?</th>
<th>Who provides central services?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Dedicated ED for Caltrain</td>
<td>SMCTD</td>
<td>SMCTD</td>
<td>All staff are SMCTD employees.</td>
<td>All Rail staff report to Caltrain ED.</td>
<td>SMCTD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JPB provides direct input to SMCTD on hiring and firing of ED.</td>
<td>JPB sets goals and evaluates ED.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2</td>
<td>Dedicated ED for Caltrain</td>
<td>Same as A1, except: Multiple options for JPB role in ED selection including veto power or super majority</td>
<td>Same as A1</td>
<td>Same as A1</td>
<td>Same as A1</td>
<td>Same as A1</td>
</tr>
</tbody>
</table>

**Bold** text indicates a change from the previous option.
### Path A. Modify Current Structure

<table>
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<tr>
<th>Option</th>
<th>Description</th>
<th>Who hires, fires, and oversees the Caltrain ED?</th>
<th>Who does the Caltrain ED report to?</th>
<th>Who employs staff?</th>
<th>Who do staff report to?</th>
<th>Who provides central services?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A3</td>
<td>Dedicated ED for Caltrain</td>
<td>JPB</td>
<td>JPB, who sets goals and evaluates ED.</td>
<td>Same as A1</td>
<td>Same as A1</td>
<td>Same as A1</td>
</tr>
<tr>
<td></td>
<td>Multiple options for JPB role in ED selection including veto power or super majority</td>
<td></td>
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</tr>
<tr>
<td>A4</td>
<td>Dedicated ED and other Chief leadership positions (e.g., 5-10) for Caltrain.</td>
<td>Same as A3</td>
<td>Same as A3</td>
<td>Same as A1</td>
<td>All Caltrain leadership report to Caltrain ED.</td>
<td>Same as A1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>All Caltrain staff report to Caltrain leadership positions (no reporting to SMCTD leadership).</td>
<td></td>
</tr>
</tbody>
</table>

**Bold** text indicates a change from the previous option
## Path B. Create New Structure

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Who hires, fires, and oversees the Caltrain ED?</th>
<th>Who does the Caltrain ED report to?</th>
<th>Who employs staff?</th>
<th>Who do staff report to?</th>
<th>Who provides central services?</th>
</tr>
</thead>
</table>
| **B1** | JPA is reorganized to directly hire and manage Caltrain ED and employ top leadership.  
*JPB continues to be governing body.* | JPB | JPB | JPA reorganized to employ ED and other Caltrain leadership staff (e.g., 5-10).  
All other staff are SMCTD employees. | All staff report to Caltrain leadership positions, who report to Caltrain ED. | SMCTD  
Option: agreement to use other agencies for select services for a period of time |
| **B2** | JPA is reorganized to directly hire and manage all Caltrain staff.  
*JPB continues to be governing body.* | Same as B1 | Same as B1 | JPA reorganized to employ all staff (e.g., 125+) | Same as B1 | JPA  
Option: agreement to use SMCTD or other agencies for select services for a period of time |

**Bold** text indicates a change from the previous option
### Path B. Create New Structure

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Who hires, fires, and oversees the Caltrain ED?</th>
<th>Who does the Caltrain ED report to?</th>
<th>Who employs staff?</th>
<th>Who do staff report to?</th>
<th>Who provides central services?</th>
</tr>
</thead>
<tbody>
<tr>
<td>B3</td>
<td>Replacement of JPB with Special District – the Peninsula Rail Transit District – to govern, manage, and administer Caltrain.</td>
<td>Peninsula Rail Transit District</td>
<td>ED reports to Peninsula Rail Transit District.</td>
<td>Peninsula Rail Transit District employs all staff.</td>
<td>Same as B1</td>
<td>Peninsula Rail Transit District</td>
</tr>
</tbody>
</table>

**Bold** text indicates a change from the previous option
Other Possible Considerations
These apply to both Paths A and B.

Board Member Appointments
• Setting of fixed terms (3-4 years)
• Appointment process
• Phasing of terms
• Standard term lengths

JPA Member Agency Resource Sharing
• CCSF & VTA could provide supplemental administrative support to provide specialized rail expertise to augment SMCTD's shared services.
• Any supplemental resources from JPA Member Agencies would report to Caltrain ED.
Path C. Pursue Regional Options

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Caltrain becomes part of a regional rail transit agency</td>
</tr>
<tr>
<td>C2</td>
<td>Caltrain merges with BART</td>
</tr>
</tbody>
</table>
| C3     | Caltrain merges with ACE, San Joaquin and possibly Capital Corridor  
  • Variant: Caltrain provides select services for these operators |
| C4     | Caltrain coordinates with a Regional Network Manager |
| C5     | Caltrain consolidates with High Speed Rail |
| C6     | Caltrain participates with a regional construction authority |
| C7     | Caltrain participates with a grade separation district |
Initial Evaluation Criteria

• Governance options will be evaluated through a number of different lenses.

• Evaluation criteria could include:
  • Financial implications for Caltrain
  • Legal/political requirements
  • Impact on organization’s functionality and people
  • Ability to achieve Long-Range Service Vision
  • Ability to maintain high-quality service
  • Risk and liability
  • Impacts to member agencies

• A complete draft list of evaluation criteria will be presented and discussed at the Board’s Special Meeting #2 later this spring.
• Resources need to be identified to evaluate options.
Public Comment
Discussion and Action on Structural Paths

Facilitated by Katie Miller
Next Steps

Michelle Bouchard
Special Meeting #1 Next Steps

• Define concurrence
• Define initial evaluation criteria
• Follow-up on meeting comments as needed