

**Peninsula Corridor Joint Powers Board
Board of Directors Meeting
1250 San Carlos Avenue, San Carlos CA 94070**

**Minutes
September 4, 2008**

MEMBERS PRESENT: J. Cisneros, S. Elsbernd, N. Ford, J. Hartnett (Chair), J. Hill, D. Gage, A. Lloyd, F. Williams, K. Yeager

MEMBERS ABSENT: None

MTC LIAISON: S. Lempert

STAFF PRESENT: M. Bouchard, G. Cameron, J. Cassman, C. Cavitt, B. Doty, V. Harrington, C. Harvey, R. Haskin, R. Lake, M. Martinez, I. McAvoy, N. McKenna, D. Miller, M. Scanlon, M. Simon

Chair Jim Hartnett called the meeting to order at 9:32 a.m. and Vice-Chair Don Gage led the Pledge of Allegiance.

PUBLIC COMMENT

Pat Giorni, Burlingame, said in reference to the Fiscal Year 2009 Caltrain Capital Budget, under the right-of-way and signals communications program, it is noted “complete the design efforts and begin construction for the San Mateo bridge replacement program”. Ms. Giorni asked at the JPB CAC meeting if the price tag of \$46 million included the roadway work needed underneath these bridge replacements so the height clearances would no longer be sub-standard if that is not part of the replacement project then it is only half a project and the City of San Mateo is being short-changed especially if that roadbed, despite the existing grade separation with those bridges is indeed part of the Caltrain right-of-way. Staff was supposed to respond back to Ms. Giorni and she is still awaiting a response.

Jerry Hill arrived at 9:34 a.m.

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce, said the California High Speed Rail Authority (CHSRA) met yesterday in San Diego and awarded a contract to HNTB for the project level, engineering, and Environmental Impact Report (EIR) work from San Francisco to San Jose on the Caltrain Corridor.

Shirley Johnson, representing the Bikes on Board project of the San Francisco Bicycle Coalition (SFBC), said that at last month’s JPB meeting a draft plan was provided for bicycle carriage on Caltrain. Ms. Johnson submitted a petition signed by 1,000 bicyclists for increased bike capacity on Caltrain. The SFBC is recommending adoption of Caltrain’s draft Bicycle Access and Parking Plan by the JPB, but only on the condition that no public funds, grants or other monies

are sought or allocated for implementation before and until bicycle capacity on Caltrain has been increased to meet current demand.

CONSENT CALENDAR

The Board approved the items under the Consent Calendar as follows:

- a) Approval of Minutes of August 7, 2008
- b) Acceptance of the Statement of Revenue and Expenses, July 2008

CHAIRPERSON'S REPORT

No report.

MTC LIAISON REPORT

Sue Lempert was not in attendance at this point in the meeting.

REPORT OF THE CITIZENS ADVISORY COMMITTEE (CAC)

Bruce Jenkins, CAC Chair, reported at the August 20 meeting:

- Don Esse, Operations Financial Analyst, gave a presentation on the proposed Caltrain fare increase and codified tariff.
- Todd McIntyre, Manager of Special Projects, gave a presentation on the Measure A Strategic Plan and the CAC provided some input on Caltrain, shuttles and accessibility.
- April Chan, Director of Capital Programs, gave a presentation on the updated FY09 JPB Capital Budget.
- Michelle Bouchard, Deputy Director Rail Transportation, gave an update on the record July ridership and revenue; bolster repair, and the delivery of the new Bombardier cars.
- Director Art Lloyd and Mr. Jenkins attended the San Joaquin Valley Rail Committee meeting where there was a discussion of adding a quiet car. The CAC discussed this idea with Ms. Bouchard because they have received several complaints about cell phone chatter.
- Next meeting is September 17 at the Santa Clara Police station.

Public Comment

Pat Giorni, Burlingame, said she attended the JPB CAC meeting and the Measure A Strategic Plan identifies \$75 million for bicycle programs. She asked the funding for the Bicycle and Access Parking Plan not be drawn from this amount of money.

CALTRAIN ELECTRIFICATION/2015

Michael Scanlon, Executive Director, said Ian McAvoy, Chief Development Officer, will give an update on electrification. The genesis of this was Director Ken Yeager's request to get a continuous update on the electrification. Mr. Scanlon commended Director Yeager for his article on electrification in his recent constituent newsletter. Bob Doty, Rail Transformation Chief, will focus on the 2015 Program. These presentations address critical strategic capital investments necessary to sustain service and ensure the future of the railroad.

Mr. McAvoy gave an updated status report with emphasis on scope, schedule and budget.

- Scope includes the traction power supply, overhead contact system and the systems and infrastructure modifications.

- To date, the draft environmental document has been completed, the design of the project has reached the 35 percent benchmark, there has been a comprehensive analysis of issues and an updated cost estimate and schedule have been completed.
- Current activities include coordination with power suppliers, pending California Public Utilities Commission (CPUC) regulatory approval, ongoing technical studies, coordination with other planned Caltrain infrastructure projects and coordinating with Union Pacific Railroad.
- In the last report to the Board on electrification, the cost estimate was \$471 million; escalate that number to April 2008, which was the 35 percent design timeframe, the amount is \$530 million; with 35 percent design complete the number is \$608 million.
- Project the \$608 million to year-of-expenditure, which is a year midway between 2010 and 2014 and the cost estimate is \$785 million.
- Governmental issues are: reaffirming the partner commitment; completion of the environmental clearance; funding commitments from member agencies and identification of state and federal funds; cash flow availability; potential opposition to construction and real estate requirements.
- Technical issues include financial market conditions; commodity pricing (steel, copper, cement, fuel); utility relocations; system integration; availability of railroad access; lay down and storage areas; availability of skilled labor; and potential integration between high speed rail and electrification.

Director Nat Ford arrived at 9:52 a.m.

- Procurement issues include market conditions, i.e. responsive bidders; currency exchange since this is a global marketplace; project implementation and methodology, i.e. traditional design-bid-build, design-build, public/private partnership or other options.
- Project schedule includes the submittal of the revised administrative document to the Federal Transit Administration (FTA) this month and anticipated approval from the FTA in January 2009; programmatic funding commitment issues resolved by the end of the year; cash flow commitment for design by end of the year.

MTC Liaison Sue Lempert arrived at 9:55 a.m.

- If staff decides to go with design-bid-build, the goal is completed final design by the middle of 2010, awarding the construction contracts by early 2011 and integrated testing and commissioning by the beginning of 2014, with an operational ready system by early 2015.
- Next steps in the program include the award a management contract in December; finalize policy direction, which includes developing an expenditure plan strategy, funding strategies, procurement/delivery strategies, and finally the timing strategies.
- Staff intends to meet every single key milestone between now and the handover to operations. The cost of delay is significant in year-of-expenditure dollars, however, as high as \$6 million a month.

Bob Doty, Rail Transformation Chief, reported on Caltrain 2015:

- Phase One included the four track overtaking and grade crossings. This allowed growth in the service schedule.
- From Phase One, a number of lessons were learned:
 - There is a direct correlation between the average run time and passenger ridership. The only way to improve the runtime on this railroad is to reduce the number of stops. Passengers like the Baby Bullet service.
 - People who could drive a car are being pulled to the train.
- The system soon will reach the limit of its capacity.
- Passengers want more stops and reduced runtime.
- There is a definite rider preference for the new Bombardier rail cars.
- The decision being made today is being driven by a fleet replacement program that will have to be done.
- Passengers want greater ease of access at stations, which includes more information that tells where trains are, which helps access but also helps management of parking lots, how people board, fare equipment, messaging, public address system.
- The growth in service also provides opportunities for economic development.
- Today's priorities include improving system performance with certain requirements – we must maintain express service and look for a solution that allows trains to stop more frequently, no less than 30 minutes at every station, with a maximum end-to-end travel time of 70 minutes. Today people wait for express trains train because of the shorter run time, which crowds those trains and leaves the other trains with a less evenly distributed load. A maximum end-to-end run of 70 minutes means the system is transparent to the passenger.
- The kind of new transit technology being discussed here is in use throughout the world, except for the United States. There are two choices when looking at the electrified system. The first is the U.S.-compliant locomotive which is standard equipment, but the problem is performance decreases as its length increases. The least expensive way to add capacity is to add train length.
- International equipment was explored and the preferable option is Electric Multiple Units (EMU), which have power to each axle and can decelerate and accelerate faster. The train can stop more often because it takes less time to do so. Its ease of use includes the fact that it is modular -- if something fails the module is pulled out, replaced and the train goes back into service. Today, if a train fails, the train is lost.
- With a 21-station stop schedule: a diesel locomotive will take one hour and 21 minutes to go end-to-end; with an electric locomotive, one hour and 14 minutes; with an EMU one hour and 10 minutes.
- The European equipment deploys crash energy management and we have been discussing with the Federal Railroad Administration (FRA) that this presents a safer option than the U.S. model. In extensive discussions with the FRA, we have been developing a model that might allow the use of this equipment, including: precluding freight from revenue daytime, providing grade crossing protection at an enhanced level and providing a system of train-to-train separation and train-to-train protection, and railway worker safety protection. Staff is going back to the FRA for their fifth trip on October 1. Staff will be taking back a complete body of work on grade crossings. Caltrain has some of the safest

grade crossings in the United States already. Designing a signal system overlay that sits above the primary safety system that is out there now.

- Closing in on a 90 percent chance that the FRA will allow this to be done on the Caltrain railway. Now is the time to change an industry. Caltrain is getting recognition across the United States on what we are doing.
- Year of expenditures for the 2015 program of new signal systems and other improvements cost is \$231 million; rolling stock replacement is \$422 million, but looking at the matching number of 80 percent.
- By 2015 we could have an electrified railroad signaled to 12 trains per hour; grade crossings are three times safer or better; able to run mixed traffic on the railroad; and have the highest achievable safety rating.
- Caltrain is setting the technology requirements for HSR by what is being done today.
- This can boost the economy as there are no cars built in the United States.
- Phase 3 requirements include additional rolling stock, a maintenance facility because the new Centralized Equipment Maintenance and Operations Facility (CEMOF) will be too small, improve the terminals to get above eight trains an hour, some form of improved level boarding and improve station access.
- Program benefits are the system is grown as demand requires; best return on investment; the ease of implementation does not take the system apart to put the new system in; HSR compatible, which is a requirement; this is a pilot program for the entire United States; and get rapid transit performance on a commuter rail infrastructure.
- The next steps include going back to the FRA, broadening outreach so everyone understands what is being done and develop the funding strategies.

Mr. Scanlon said the elephant in the room is how to pay for electrification and the 2015 program. Many potential funding sources are in play besides the local shares -- regional funding, very realistic choices in new state and federal money that should be coming available in the next year or two related to a growing national understanding of the need to reduce greenhouse gases and American dependence on foreign oil and the growth in alternative fuels and alternatives to the automobile. Staff is working on a Program Manager and Construction Manager Request for Proposal (RFP) document that is being written to keep in play the possibility of some kind of public/private partnership. Mr. Scanlon said HSR has a real promise to be a major contributor in trying to help rebuild the corridor. Waiting is not an option. There are many possibilities and a strong case can be made for the regional 80 percent share on the rolling stock. There is strong support in Washington right now and people well positioned that represent this region.

Vice-Chair Gage thanked Mr. McAvoy and Mr. Doty for the enthusiasm for this project. He is concerned about costs and glad that issue was brought forward.

Director Art Lloyd asked if there will be cab control in the EMUs and what the buffer strength is. Mr. Doty said there will be cab signal overlay.

Director Ken Yeager thanked staff for the excellent report and would like the Board to continue to receive regular updates on this subject. Director Yeager said the Board is the first decision-maker, but not the final decision-maker. Each partner agency must make this decision. What is the timeline for getting a commitment from the partners?

Mr. Scanlon said the problem is on the regional level with the partners. The next update will be on a set of numbers showing what it will cost to operate the railroad out through 2030. Through that document it will show that this becomes a sustainability enterprise in the model that currently exists.

Mr. McAvoy said the first critical milestone is the environmental document. Staff has been working diligently behind the scenes to not only work with the partners to make sure there is an understanding of the availability of funds over the short-, the mid-, and the long-term, but also working with the Metropolitan Transportation Commission (MTC), which plays a major role in this region when it comes to federal fund programming and state fund programming.

Director Yeager is worried that if staff went before the Valley Transportation Authority (VTA) Board today there would be so many questions regarding funding capacity and this would be compared to other projects that need funding. How can staff go to the member agencies if the commitment number isn't available?

Mr. Scanlon said staff could answer a lot of VTA's questions today. There has to be some faith going forward that we will be able to attract some serious money into this equation. Mr. Scanlon said we need to get up to a level where this is not being looked for the impact of development patterns, of sustainability, of the whole way of life on the Peninsula and this part of the region. This is a program of national prominence.

Director Forrest Williams asked about the funding and the EIR only includes \$700 million. What about the additional costs for purchasing the EMUs?

Mr. McAvoy said the financial planning is absolutely critical to go into the EIR. Staff will be developing a Capital Improvement Plan that shows all the expenses and all the potential funding sources that will be available over the time period. Mr. McAvoy said today is the first step to let the Board know what the program and process is. The next step will be a combination of governmental outreach and the public outreach so everybody understands what the costs and benefits are of the program going forward.

Director Williams said that electrification is good, but we have to invest more to get there.

Mr. Scanlon said the biggest single investment beyond the electrification component itself is the fleet replacement.

Chair Harnett said in the next presentation maybe the financials need to be discussed further.

Ms. Lempert said it was a fantastic presentation and this project deserves a high priority from all the partners. She hopes this same presentation is made to MTC staff. Dumbarton Rail project is in a very vulnerable position now and there is consideration at MTC next Tuesday to take the funding from Dumbarton Rail and give to another project with no real assurance of when the money would come back.

Public Comment

Pat Giorni, Burlingame, said she is glad to see the HSR and electrification project and hopes the new Bombardier cars arriving this year and the new ones that will be ordered for electrification will be bicycle cars.

Jeff Carter, Burlingame, complimented staff on a great presentation. Electrification needs to be accelerated. VTA is proposing a one-eighth of a cent sales tax increase for a competing project which may not serve much usefulness as this project. Mr. Carter would like to know why it takes so long to get this project done.

Chair Harnett said that due to the time certain noticed public hearing a discussion of electrification and the 2015 program will resume after the hearing.

PUBLIC HEARING FOR CONSIDERATION OF A FARE INCREASE TO HELP OFFSET HIGHER FUEL COSTS

Chair Harnett said the public hearing is being held for the purpose of obtaining comments on a proposed Caltrain fare adjustments within JPB's codified tariff.

Deputy Director of Rail Transportation Michelle Bouchard gave a brief overview.

- The fare increase would be effective January 1, 2009, and is recommended to respond to inflated fuel costs
- The last fare increase was April 2007 and since that time fuel costs have increased drastically. FY09 fuel budget is \$3.00 per gallon, but recent fuel purchases have spiked well above this mark.
- Staff has two proposals for the Board's consideration. The first would raise the base fare by 25 cents, is a 5.3 percent fare increase and could result in \$1 million in revenue.
- The second proposal continues also incorporates a 25-cent increase on the zone increments. This constitutes a 12.8 percent total fare increase and would bring in roughly \$2 million in fare revenue.
- This proposal also would provide for the replacement of the existing 10-ride ticket with an 8-ride ticket. This is in response to issues that have arisen because of validator functionality and the ticket design. The validators would no longer have the cutting function and would only date-stamp the tickets. The 8-ride ticket would be incorporated in the tariff and implemented through a 60-day transitional period at the Executive Director's discretion.
- Staff recommends the tariff be altered to contain language that allows the TransLink card be accepted as fare media once the program is launched. The launch date will be at the Executive Director's discretion.
- Next steps would be October 4 board action with January 2009 implementation.

JPB Secretary Martha Martinez said the public hearing was called for at the August 7 board meeting. The public hearing notice announced the date, time, location and subject of the public hearing. The public hearing notices were published in the San Francisco Chronicle, San Jose Mercury and El Mensajero. The public hearing has also been publicized through the JPB's printed agendas, Take Ones placed on trains, station flyers and information placed on the Caltrain Web site. In addition, a news release has been circulated to the local media and nearly a

dozen print, radio and television media carried stories of the proposed increase and today's public hearing. Staff conducted three community meetings in San Carlos, Santa Clara and San Francisco.

Chair Harnett asked if any correspondence has been received from the public to be incorporated into the record. Ms. Martinez said 27 e-mails were received regarding the proposed changes.

Public Comment

Ed DeLanoy, San Carlos, said shorter trains during the off-peak would use less fuel.

Jeff Carter, Burlingame, said he is not a fan of fare increases and hopes it doesn't have to be done. Caltrain needs dedicated funding so we don't have to face this crisis every year with the budget. Mr. Carter hopes the fare increase will only be the 25-cent base fare and he recommends producing the 10-ride ticket in two pieces so there wouldn't be a validator issue. If a new fare instrument is created he would recommend a weekly pass. Caltrain should start addressing the inequities within the system because a passenger can go from Millbrae to San Bruno for the same fare as Redwood City to San Francisco.

Pat Giorni, Burlingame, said there are Take Ones for public comment on the fare increase, but none for comments on the bike access plan. Ms. Giorni has no problem with the fare increase because of fuel prices, but the bike plan does address demand management and hope there is no charge for bringing bikes on board.

Andy Chow, San Jose State University transportation official, said that at the university there are many people who ride Caltrain to the campus. The good thing that was implemented at the university over the last year was commuter checks for employees. Unfortunately students are not able to participate in this benefit. Mr. Chow would recommend a step phase on the increase. He also agrees with Mr. Carter that the zone system is not equitable and staff should use this opportunity to evaluate the zone system.

Jim Fink, Monterey, said he is disabled. Mr. Fink would like to see a break in the disabled fares as the disabled don't have the funds like a working class person.

Bill Boiko, Sunnyvale, said he is a monthly pass rider from Sunnyvale to San Carlos with a bike. Mr. Boiko is not a big fan of increases, but understands the fuel issue. He feels more bike cars and better bike car information is needed. There needs better organization of bike cars and not for an extra fare.

Doug DeLong, Mountain View, said he would like to see the senior category replaced with low income.

Legal Counsel David Miller said the only action required at this time would be to close the public hearing. From a legal standpoint the Board has met all of its legal requirements, the agency has provided ample notice to the public, has received comments in writing and orally. As reported the matter will be back to the Board on October 2 for consideration and action.

A motion (Gage/Ford) to close the public hearing was approved by all.

Chair Hartnett thanked all the members of the public for attending the public hearing today.

CALTRAIN ELECTRIFICATION UPDATE (CONT'D)

Director Jerry Hill thanked staff for a great presentation. In terms of funding, he asked if staff is planning to look at total costs and then look at sources of that funding and then come back to Board with this information.

Mr. Scanlon said staff will calculate the total funds needed for the project and start shaving off funding from the region, MTC and other sources and get this number as low as possible and then divide by three for partner share. Staff is very optimistic a big amount of the costs can be shaved off before the partner share.

Director Ford said in regards to American rolling stock versus European rolling stock he would like to add the private/public partnership needs to be looked at in terms of how road projects, major rail infrastructure projects are funded in Europe and other parts of the world.

Mr. Ford said the development opportunities in and around the Caltrain stations as well as the investment in the right-of-way is a great opportunity for private partnerships.

Chair Harnett requested more on-going updates, maybe as part of the Executive Director's report, on what is new or significant on electrification and this gives the Board members a chance to address and questions. He felt the report was excellent and showed extreme professionalism by the staff.

Chair Hartnett said the Board has dealt with this on a number of occasions, but this is a new platform because we see where we are going and what has to be done to get there. We can't continue on the way we are going and dramatic changes need to be made. None of the three partners can contribute on their own sufficient funds to keep this system going the way it is now and there needs to be a dedicated funding source. The Caltrain system is based on three uniquely different areas and he is impressed with the backgrounds and wisdom that comes from each of the different partner agencies. This is the kind of Board poised to take advantage of this type of opportunity to reinvent rail transit in the United States, but it will take extraordinary commitment to accomplish this.

Chair Harnett doesn't think there will be financial risks to the individual partners, but there are political risks. If we don't move ahead we will not survive as a transit system. Chair Harnett has great confidence in this Board, the staff and the three member agencies to keep moving and make these tough decisions.

Vice-Chair Gage said that the Board hears a lot, but people need to speak to elected officials at federal and local levels of how important this funding is for this project. The Board cannot do this alone.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Scanlon reported the following:

- Performance Statistics for July 2008 compared to July 2007:
 - a. Total Ridership was 1,245,443, an increase of 20.4 percent.
 - b. Average Weekday Ridership was 46,169, an increase of 17.5 percent.
 - c. Total Revenue was \$4,196,612, an increase of 18.4 percent.
 - d. On-time Performance was 92.1 percent, a decrease of 1.5 percent.
 - e. Caltrain Shuttle Ridership was 6,118, an increase of 21.8 percent.
- Received delivery of the first two of the eight new cars.

AWARD OF CONTRACT FOR SECURITY GUARD SERVICES AT THE CENTRALIZED EQUIPMENT MAINTENANCE AND OPERATIONS FACILITY (CEMOF) FOR A THREE-YEAR TERM TO CYPRESS SECURITY, LLC FOR A TOTAL COST OF \$517,716

The motion (Ford/Lloyd) to approve the award of contract to Cypress Security, LLC was approved unanimously by roll call.

SUPPORT FOR HIGH SPEED RAIL – ENDORSEMENT OF PROPOSITION 1A

Public Comment

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce, said they worked very hard on AB3034 which is the clean up ballot measure which is now Proposition 1A. He strongly urges the Board to support this proposition.

The motion (Lloyd/Hill) to endorse Proposition 1A was approved unanimously by roll call.

QUARTERLY CAPITAL PROJECT REPORT

No discussion on this item.

CORRESPONDENCE

Provided in the reading file.

Public Comment

Pat Giorni, Burlingame, said Congresswoman Jackie Speier will be in Foster City tomorrow between 2:30-4:30 p.m. at city hall.

BOARD MEMBER REQUESTS

None

DATE/TIME/PLACE OF NEXT MEETING

Thursday, October 2, 2008, 10 a.m. at San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos CA 94070.

REPORT OF LEGAL COUNSEL

Anticipated Litigation Significant Exposure to Litigation Pursuant to Subdivision (c) of Section 54956.9.

Mr. Miller said this is a matter of potential litigation that will be discussed with the Board in closed session.

Meeting adjourned to closed session at 11:46 a.m.

Meeting reopened at 11:57 a.m.

Mr. Miller reported that for the record the Board of Directors has convened in closed session as permitted by the Brown Act to consider a matter of potential litigation. A report by Chief Operating Officer Chuck Harvey and legal counsel with regard to rail cars manufactured by Sumitomo was presented. There is no action to be taken at this time. Mr. Miller said considerable progress has been made and he is quite optimistic about having a resolution of this particular matter and will be able to report details at a future date.

ADJOURNED

The meeting adjourned at 11:58 a.m.