

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

**Minutes
June 4, 2009**

MEMBERS PRESENT: M. Church, J. Cisneros, D. Gage (Chair), J. Hartnett, A. Kalra, A. Lloyd, K. Yeager

MEMBERS ABSENT: S. Elsbernd, N. Ford

MTC LIAISON: S. Lempert

STAFF PRESENT: A. Chan, G. Cameron, G. Harrington, C. Harvey, R. Haskin, R. Lake, M. Martinez, N. McKenna, D. Miller, S. Murphy, M. Scanlon, M. Simon

PUBLIC HEARING TO DECLARE A FISCAL EMERGENCY FOR THE PENINSULA CORRIDOR JOINT POWERS BOARD FOR FISCAL YEAR 2010

JPB Secretary Martha Martinez said advertisements for the public hearing appeared in El Observador Newspaper on May 15 and 22, the San Francisco Chronicle and San Mateo County Times on May 19 and 26 and the San Jose Metro Newspaper on May 20 and 27. She said the public hearing was 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 announcing the proposed declaration of a fiscal emergency was circulated to local news media.

Chief Financial Officer Gigi Harrington said Staff Coordinating Council (SCC) recommends the Board of Directors declare a fiscal emergency under the California Public Resources Code and the California Environmental Quality Act (CEQA) Code. She said in the previous seven fiscal years the JPB has utilized one-time sources of funds to balance its budget. Staff has reviewed various options to balance the FY2010 budget, including scenarios to reduce service levels and increase fares. When transit agencies revenues are insufficient to fund continued operations of its facilities, CEQA provides a statutory exemption from environmental review to any public service, program, project or activity relating or eliminating services and for initiating or increasing fees, rates or changes to the declaration of the fiscal emergency. Ms. Harrington said at the May 7 meeting the JPB called for the public hearing. Following the hearing staff will respond to any questions and the Board may declare a fiscal emergency.

Public Comment

Jeffrey Oldham, San Jose, said there are proposals to reduce costs and increase fares, but there is no proposal to increase ridership and therefore revenue. Mr. Oldham said one obvious way to increase ridership and revenue is to increase bicycle capacity onboard trains to meet current demands.

Jeff Carter, Burlingame, said Caltrain needs to immediately address the issue of getting a dedicated funding source so this crisis doesn't have to be faced in future years. Mr. Carter said staff should talk to the San Francisco Giants to underwrite some of the service since Caltrain does bring a lot of people to the ballpark.

Pat Giorni, Burlingame, said the San Mateo Grand Jury conducted a study a few years ago and concluded that Santa Clara and San Francisco counties did not pitch in with their full and complete share of the purchase price of the railroad from Southern Pacific. Ms. Giorni said Santa Clara and San Francisco counties should each pay their share of the costs.

Steve Schmidt, Menlo Park, said he read Director Jim Hartnett's comments that the Board should consider eliminating bikes on Caltrain. Mr. Schmidt said the recent drop in ridership is not due to bikes on Caltrain. He said there are other ways to save money and the bicyclists are doing their part by taking public transportation. Mr. Schmidt said the bike service should be expanded and Caltrain should allow non-cycling customers to stand.

Brian Brackney said he relies on public transportation and cutting weekend service is a bad thing; passengers should be able to pay for fares on board the train; and increasing the disabled fare at this time is not a good thing.

George Kranen, Belmont, asked what other things a declaration of fiscal emergency entitles or permits the Board to do besides avoid CEQA reporting. He asked if capital improvement funds can be moved to operating funds.

Legal Counsel David Miller responded by saying the fiscal emergency determination is not a wide-open exemption that would allow the Board to do anything, but has a very limited purpose. As reported by Ms. Harrington, CEQA contains an exemption for modifications of service levels that obviates the need to go through what would ordinarily be required under CEQA when the financial circumstances of an agency constitute a fiscal emergency..

Jim Fink, Monterey, said the whole problem is happening because the Board is not keeping up with inflation. He said in this emergency crisis the fares need to be increased.

At the request of Chair Gage, Mr. Miller was asked whether the Board had met the necessary public hearing requirements for a decision concerning a fiscal emergency.

Mr. Miller said the staff has presented the purpose of the hearing and conducted the hearing in accordance with the notice that was provided and the public has had an opportunity to comment on the issue of whether or not the Board is in position to determine a fiscal emergency exists because of the financial condition that presently exists. Mr. Miller said he has reviewed the four e-mails the Board has received on whether there is a fiscal emergency and finds nothing in the written comments that would take issue with the proposed declaration of a fiscal emergency nor have any of the oral comments received this morning questioned the propriety from a legal standpoint or from a policy perspective of making that declaration. Accordingly, the Board is positioned legally to close the public hearing and adopt the resolution in the packet.

Mr. Miller said concerning Ms. Giorni's comment in regards to the participation financially of member agency partners of the Board, although not germane to the fiscal emergency issue itself, it should be corrected. The report referenced from the Grand Jury was speaking to the other two members of this Joint Powers Authority taking steps to reimburse the San Mateo County Transit District (SamTrans), not the Joint Powers Board, for the advance that was made by SamTrans. Mr. Miller said more significantly the member agencies have stepped up to the plate and there have been recent developments whereby an agreement has been reached among the member agencies for reimbursement of the advanced funds.

A motion (Church/Cisneros) to close the public hearing was approved unanimously.

DECLARATION OF FISCAL YEAR EMERGENCY FOR FISCAL YEAR 2010

The motion (Lloyd/Yeager) to declare a fiscal emergency for Fiscal Year 2010 was approved.

PUBLIC HEARING FOR CONSIDERATION OF SERVICE SUSPENSIONS AND/OR FARE CHANGES

Ms. Martinez said at the May 7, 2009, JPB meeting the Board set today's public hearing to receive testimony on the proposed codified tariff changes. Advertisements for the public hearing appeared in the San Francisco Chronicle and San Mateo County Times on May 19 and 26, El Observador Newspaper on May 15 and 22 and the San Jose Mercury News on May 20 and 27. Ms. Martinez said the public hearing was 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 announcing the proposed fare changes and/or service suspensions was circulated to local news media. Ms. Martinez said the public hearing notice also alternate methods for the public to submit their comments via e-mail or phone and noted there would be public meetings held prior to the hearing. Staff conducted three community meetings on May 27 at 6 p.m. in San Carlos with 27 attendees; VTA administrative offices in San Jose with 32 attendees; and in San Francisco at 25 Van Ness Avenue with 7 attendees.

Ms. Martinez said to date the JPB has received 690 e-mails and/or letters from individuals regarding the proposed changes and/or service suspensions -- 19 were against the fare increase and 74 favored all or some of the increase; 180 were against eliminating weekend service and 8 favored eliminating weekend service; 289 were against eliminating Gilroy service and 3 favored eliminating Gilroy service.

Ms. Harrington provided an overview of the budget:

- There are \$3.65 million in savings from FY2009, including \$2.9 million in fuel.
- Changes since May include the reduction in farebox revenue by \$1 million based on economic conditions; an increase of \$2 million in preventative maintenance funds available, based on preliminary indications; the proposed fuel hedging program will save the budget \$2.5 million; and administrative costs have been reduced by \$410,000.
- The budget deficit has been reduced by \$7.4 million, with a \$2.7 million deficit remaining.
- Amtrak contract changes were non-safety related cost reductions including janitorial, landscaping and staffing the San Francisco ticket office.

Chief Operating Officer Chuck Harvey provided an overview of the proposed service and fare changes:

- The fare changes and service suspension options were chosen to maximize revenue, achieve best net cost savings, minimize impact to the riding public and maintain a successful service model.
- Several revenue and expense options were looked at and at this time a fare increase, suspending all weekend service and the suspension of Gilroy service are not being recommended.
- Recommended options are reducing midday service to hourly headways, which will result in a \$1.9 million savings; increase the GO Pass pricing to the equivalent of a full fare three-zone monthly pass and increase the participation to a minimum of 100 passes, which will increase revenue by approximately \$400,000; and increase daily parking to \$3.00 per day or \$30 per month.

Director Jim Hartnett arrived at 10:43 a.m.

- The combination of service and fare changes results in a \$2.7 million savings.
- Staff recommends a mid-year evaluation to determine if additional measures are required to mitigate budget issues.
- Service changes would be implemented in September and GO Pass pricing changes would be effective in July.

Public Comment

Brian Wilfey, Los Altos, thanked staff for all the outreach. He is in support of staff's recommendation of not cutting weekend service.

Martin Summer, Palo Alto, said he strongly supports elimination of weekend service. Caltrain is a commuter service and the money should be saved for electrification. People should utilize the bus service.

Brodie Hamilton, director of Parking and Transportation at Stanford University, said 72 percent of employees who use the GO Pass only travel one or two zones. As purchaser of over half of the GO Passes, Stanford's cost should reflect more accurately its usage rates. Mr. Brodie said the proposed increase of going to a three-zone pricing would increase their costs by over \$470,000. He said some participants will be priced out of the GO Pass program and it should be priced at a level to avoid the loss of participating GO Pass companies and not put a burden on those remaining in the program.

Lisa Rheinheimer, Council of San Benito County Governments, said Caltrain service to Gilroy service is very important to the area and urged Board support for continuing the service.

Doug DeLong, Mountain View, said differential parking fees should be increased at the higher usage stations. He said the discount percentage on the monthly pass versus a cash fare should be looked at and maybe this number should be adjusted.

Jeff Carter, Burlingame, thanked staff for all the hard work on reducing the deficit and not recommending the elimination of weekend service. Caltrain is not a commuter line and weekend

service is needed. Mr. Carter said this may be the time to explore point-to-point fares and this may encourage ridership, especially for those traveling shorter distances.

Vaughn Wolfe, RailPac, said weekend service is essential and can't be cut. Mr. Wolfe said in regards to dedicated funding, other transit agencies with dedicated funding are in just as much a financial crisis as the JPB and he doesn't see this as a solution.

Norman Rolfe, San Francisco, said Caltrain is a very important regional link and must run seven days a week, 365 days a year. He said weekend service must be maintained and the increase in parking should definitely be considered.

Pat Giorni, Burlingame, said Manager of Government Affairs Seamus Murphy presented the positive train control presentation to Senator Jackie Speier's Citizens Oversight Panel. She asked if there will be proprietary rights for this new technology and revenue.

C.J. Windisch, Palo Alto, said the Board should consider the economic impact if weekend service is cut.

George Kranen, Burlingame, said he supports staff's recommendation, but he would keep the 25-cent fare zone increase and it would not price short trips out of the market. He said reducing service starts a spiraling death trap. Mr. Kranen said staff should approach the San Francisco Giants for game day subsidies. He said another source of revenue would be the sale of newspapers, food and coffee on the trains.

Debbie Hale, Transportation Agency for Monterey County, said her agency supports the retention of Gilroy service. Monterey County looks forward to working together to obtain transit's fair share of funding statewide.

Ron Collins, San Carlos, said he is glad to hear that weekend service is not being cut. He said there are not enough ticket machines at the San Carlos station, the validators do not work most of the time and many times he can not find a conductor on the train to stamp his ticket. Mr. Collins feels a lot of people are getting on the train without purchasing a ticket and by doing this Caltrain is losing revenue. On Giants game days there needs to be more cars and staff should work with the Giants to have a season Caltrain pass.

Justin Shnee, Burlingame, said in 2005 local service was cut drastically. Caltrain should provide local service now if mid-day service is cut.

Ross Bruce, Broadway Burlingame Merchants, said he supports staff recommendations of keeping weekend service and there needs to dedicated financing for Caltrain.

Heyward Robinson, mayor of Menlo Park, said the Board has a tough challenge and applauds staff for all their efforts. He said as a society automobile travel is subsidized heavily, but there should be a subsidy to support transit. Mr. Robinson agrees there needs to be a dedicated funding source. He thinks bikes on the train is great and supports expansion. Mr. Robinson said Caltrain needs a long-term sustainable plan.

Tom Gorndt, Morgan Hill, thanked staff for keeping the Gilroy service. South County service is very important to the Bellarmine community.

Father Paul Sheridan, president, Bellarmine College Preparatory in San Jose, thanked the Board for continuing the Gilroy service. This is a great example of how the Board, staff and public work together.

Ed DeLanoy, San Carlos, said Caltrain service should run from 5 a.m. to 1 a.m.

Paul Wendt, BayRail Alliance, said fuel costs are a major problem and electrification would go a long way in alleviating this problem. BayRail Alliance fully supports retaining the weekend service, higher parking charges and bikes on board.

Jim Fink, Monterey, said bicycle capacity is an issue, but there is no need to increase bicycle capacity. Bicyclists can get along with what is in place. Mr. Fink said do not eliminate weekend or Gilroy service. Caltrain needs to run seven days a week.

Brian Brackney, San Francisco, said since he can not drive a car a weekend service needs to be kept. He said there needs to be a single ticket good on both BART and Caltrain.

Michael Kincaid, Palo Alto, thanked staff for keeping weekend service. He said there needs to be a long-term permanent funding source for Caltrain. Caltrain is an exceptionally well run railroad. Mr. Kincaid said there is no transit agency in the country that is self-supporting. He said a plan needs to be developed to take to the state legislators for a dedicated funding source.

Jocelyn Squires, Mountain View, said she depends on Caltrain to get to her job. She only works on evenings and weekends and appreciates staff not cutting weekend service and late night trains.

Jerry Grace, San Lorenzo, does not like the idea of fares of going up. Translink is starting next year and people don't know anything about it.

A motion (Church/Hartnett) to close the public hearing was approved unanimously.

Executive Director Michael Scanlon said 25 people spoke and over 800 comments have been received. Staff will go back, review everything and consult with the Board before coming back at the July 2 meeting with a recommendation.

PUBLIC COMMENT

Greg Greenway, Seaport Industrial Association in Redwood City, urged the Board to take into account the needs of freight rail service on the Caltrain line as passenger rail service is modernized through electrification. He said the movement of cargo is absolutely essential to the regional economy and the most fuel efficient and environmentally friendly way to move cargo is by rail. Mr. Greenway said 26 other organizations, including the Ports of Redwood City and San Francisco have formed the Peninsula Freight Rail Users Groups.

Pat Giorni, Burlingame, asked about Lehman Brothers losses and if any funds will be recouped. She thanked Special Assistant to the CEO Mark Simon for his latest Bikes on Board update and reinstating bike destination tags. Ms. Giorni thanked staff for living up to the public's expectations by meeting the two car bike cars about 93 percent.

Jerry Grace, San Lorenzo, said he is stunned about the latest fatalities. He said people need to be alert around train tracks.

George Kranen, Belmont, said he is a casual rider, but likes to use transportation when he can. He urged the Board to get tickets like Bay Area Rapid Transit (BART) that have no expiration. MTC Commissioner Sue Lempert said the TransLink card will be available for Caltrain and BART soon. This card can be used on any transit system in the nine Bay Area counties.

Jim Fink, Monterey, said these meetings should be in the evening. He said deaths on tracks is a serious mental problem and there needs to be more policing along the tracks. Mr. Fink said the expiration of monthly passes should be 30 days from the date it is purchased.

Michael Kincaid, Palo Alto, asked about the implementation of the service cuts and how does the cuts of midday service affect Amtrak crews. Mr. Scanlon said nothing will be done until the Board approves the recommendations. Amtrak does have some vacancies now and they will not be filled.

CONSENT CALENDAR

The Board approved the following items:

- a) Approval of Minutes of May 7, 2009
- b) Acceptance of the Statement of Revenues and Expenses, April 2009
- c) Authorize Acceptance of Fiscal Year 2007 Transit Security Grant Program Base Funding of up to \$1,461,578 and Execution of Required Documentation to Receive the Funds
- d) Authorize Acceptance of Fiscal Year 2007 Transit Security Grant Program Supplemental Funding of up to \$959,556 and Execution of Required Documentation to Receive the Funds
- e) Authorize Amendment of Resolution 2009-10 Authorizing the Filing of Fiscal Year 2009 Federal Transit Administration (FTA) Applications in the Amount of \$10,656,375
- f) Authorize an Allocation Request of \$20,600,000 in State Transportation Improvement Program (STIP) Funds for the South Terminal Station Project
- g) Authorize Amendment to the Rules of Procedure for the Peninsula Corridor Joint Powers Board to Extend the Public Comment Period on Non-Agendized Items From One Minute to Two Minutes
- h) Authorize Award of Contract to Kadesh & Associates to Provide Federal Legislative Advocacy Services for a Total Not-to-Exceed Cost of \$300,000
- i) Authorize Award of Contract to Ventek Transit, Inc. to Provide Repair Service for MEI/Sodeco (BNA52) Bill Note Acceptors and MEI/Sodeco (BNA52S) Upgrade for a Total Estimated Cost of \$363,996

CHAIRPERSON'S REPORT

No report.

MTC LIAISON REPORT

Ms. Lempert reported that the TransLink card will be operational on BART and Caltrain by the end of the year and other transit agencies within two years.

Public Comment

Jerry Grace, San Lorenzo, said people can get a disabled TransLink card.

REPORT OF THE CITIZENS ADVISORY COMMITTEE (CAC)

CAC Chair Jerry Graham reported at the May meeting:

- Received a presentation on the FY2010 budget and a sub-committee was formed to go over the budget.
- The CAC unanimously passed a motion to support the retention of weekend service.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Scanlon reported the following:

- In the month of May there were fatalities on two consecutive days and one involved a student from Gunn High School.
- Monthly Performance Statistics – April 2009
 - a. Total Ridership was 1,006,241, a decrease of 4.9 percent.
 - b. Average Weekday Ridership was 39,115, a decrease of 2.1 percent.
 - c. Total Revenue was \$3,646,903, an increase of 2.3 percent.
 - d. On-time Performance was 97 percent, an increase of 1.7 percent.
 - e. Caltrain Shuttle Ridership was 6,045, a decrease of 2.5 percent.
- Year-to-date Performance Statistics ending April 2009
 - f. Total Ridership was 10,544,835, an increase of 8.7 percent.
 - g. Average Weekday Ridership was 40,125, an increase of 9 percent.
 - h. Total Revenue was \$35,961,884, an increase of 10.7 percent.
 - i. On-time Performance was 95.4 percent, an increase of 2.2 percent.
 - j. Caltrain Shuttle Ridership was 6,178, an increase of 16.5 percent.
- Staff is making excellent progress on the bike program and updating the Bombardier cars.
- There will be lots of special service over the next few months including KFOG KaBoom, baseball service, 4th of July service and the National Senior Games. Staff is working with the Metropolitan Transportation Commission (MTC), as the funding agency, and Santa Clara Valley Transportation Authority (VTA) to allow credentialed Senior Games participants ride on the train. The games will be held at Stanford University and are dedicated to promoting healthy lifestyles for adults 50 years and older through education, fitness and sports.

UPDATE ON THE FISCAL YEAR 2010 OPERATING BUDGET

Ms. Harrington said there was a \$10.1 million deficit in May, which has been reduced to \$2.7 million deficit.

Ms. Lempert said she is important to work things out with Stanford University.

Mr. Scanlon said since the GO Pass was initiated, Stanford's mode split of employees arriving on train rose from four percent to 20 percent. He said staff will continue to work on this issue.

Public Comment

Paul Wendt, Bay Rail Alliance, said Caltrain needs to obtain a dedicated funding source. No transit agency in the United States is able to obtain a 100 percent farebox recovery.

QUARTERLY CAPITAL PROGRESS REPORT

Director of Capital Support Programs April Chan said the major change in the report is the format. She said each project is looked at and the potential impact High Speed Rail (HSR) has on it.

STATE AND FEDERAL LEGISLATIVE UPDATE

Government Affairs Manager Seamus Murphy made the following points:

- The governor is recommending diverting \$745 million in local gasoline excise tax funds away from local government. These funds are used to fund streets and roads.
- There is \$336 million in spillover funds, which was unexpected and the result of increased in gas prices. The governor is proposing to divert these funds to the General Fund and staff is working through the California Transit Association (CTA) to encourage them to reimburse the STA program for the next fiscal year using those funds.

Director Ken Yeager left at 12:00 Noon

Public Comment

Jerry Grace, San Lorenzo, said 16 and 17 year olds now can vote.

MTC Commissioner Sue Lempert left at 12:01 p.m.

CORRESPONDENCE

Provided in the reading file.

BOARD MEMBER REQUESTS

None.

GENERAL COUNSEL REPORT

No report.

DATE/TIME/PLACE OF NEXT MEETING

Thursday, July 2, 2009, 10 a.m. at San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA 94070

ADJOURNED

Adjourned at 12:04 p.m.