

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

**Minutes
September 2, 2010**

MEMBERS PRESENT: O. Ahmad, M. Church, J. Cisneros, S. Elsbernd (Chair), D. Gage, A. Kalra, A. Lloyd, K. Yeager

MEMBERS ABSENT: N. Ford

MTC LIAISON: S. Lempert

STAFF PRESENT: M. Bouchard, B. Doty, G. Harrington, C. Harvey, R. Haskin, R. Lake, M. Lee, M. Martinez, N. McKenna, D. Miller, S. Murphy, M. Scanlon, M. Simon

Chair Sean Elsbernd called the meeting to order at 10:03 a.m. Director Mark Church led the Pledge of Allegiance.

PUBLIC HEARING FOR CONSIDERATION OF SERVICE SUSPENSIONS AND FARE CHANGES

JPB Secretary Martha Martinez said the public hearing was advertised in the *San Francisco Chronicle* and *San Mateo County Times* on August 11 and 19, the *San Jose Metro News* on August 8 and 18 and *Gilroy Dispatch* and *El Observador* on August 13. She said the public hearing was also publicized through the JPB's printed agendas, Take Ones placed on trains, station flyers and information placed on the Caltrain website. In addition, a news release announcing the proposed service suspensions and fare changes was circulated to local news media. Four community meetings were held on August 19 at the San Francisco 4th & King, San Jose Diridon, Gilroy Caltrain stations and at Caltrain headquarters. To date, more than 1,500 comments have been received.

Director Ken Yeager arrived at 10:05 a.m.

Director Rail Transportation Michelle Bouchard provided the following information:

- Tariff changes to support the Clipper transition are expected to be revenue neutral with implementation as early as October.
- Staff is proceeding with the closure of the San Francisco and San Jose Caltrain ticket offices in October and the elimination of station agent positions. The estimated net savings will be \$700,000.
- The fare and service change options were chosen to retain ridership and revenue, reduce costs and retain the highest net benefit.
- Service suspension options include:
 - Suspension of Gilroy service -- six-month net savings of \$385,000
 - Suspension of all weekend service -- a six-month net savings of \$209,000
 - Suspension of midday/early morning/late evening weekday service -- six-month net savings of \$590,000

- Fare increase options include:
 - Increase the GO Pass from \$140 to \$155 – six month revenue increase of \$150,000
 - Increase the base, one-way fare by 25 cents – six month revenue increase of \$900,000
 - Increase the fare 25 cents per zone – six month revenue increase of \$1.4 million

Chair Elsbernd asked what the expected ridership loss would be for zone increases.

Ms. Bouchard said staff assumes an elasticity rate of .1

- More than 1,500 comments were received and most people prefer a fare increase to service cuts.
- There was strong input to retrain weekend and Gilroy service.
- Based on feedback, staff is recommending against further consideration of suspension of weekend and Gilroy service.
- Options under consideration are:
 - Increase GO Pass pricing.
 - One of the two fare increases levels.
 - Elimination of eight midday and early morning/late evening weekday trains.
- Next steps include:
 - Receive and consider public testimony.
 - Develop a final recommendation for Board consideration at the October 7 meeting.
 - Implement fare and service changes in January 2011.
- The projected deficit for Fiscal Year (FY) 2012 is \$30 million and it is unknown if there is a service model that can operate at FY2012 projected revenue levels.

MTC Commissioner Sue Lempert asked what the ridership is on existing late night and early morning trains that are under consideration. Ms. Bouchard said on an annual basis 80,000 riders would be impacted by the midday suspensions and 84,000 riders in the evening.

Public Comment

Forrest Williams, San Jose, said he is in favor of staff's recommendations to not eliminate Gilroy service. He said expanded marketing and commercial advertising could generate revenue.

Mr. Williams said staff should involve the community to help Caltrain and offer incentives to those who bring riders to the system.

Brian Adams, Bellarmine College Preparatory, thanked staff for continuing the Gilroy service.

Shirley Johnson, San Francisco Bicycle Coalition (SFBC), said there is a positive option to increasing ridership and revenue by increasing onboard bicycle capacity. She said unreliable service forces bicyclists into their cars and Caltrain loses \$1 million in ticket revenue.

Ms. Johnson said with reliable bike capacity service, cuts would not have to occur.

Doug DeLong, Mountain View, asked if the 10-ride ticket could be brought back since the validators will no longer be used. He said the ticket agent in San Jose helps the mobility impaired and hopes this service stays. Mr. DeLong said Amtrak has a volunteer program called "Station Hosts" that helps to provide a certain amount of human contact at stations where it isn't

economically feasible to have a station agent. Staff may consider this for implementation on Caltrain.

Jean McCown, Stanford University, said the GO Pass is a very good value for employers and Caltrain. If this increase is implemented, Stanford University will have experienced a 130 percent increase in the GO Pass price over the last eight years. Ms. McCown said over the last eight years Stanford University has increased its Marguerite Shuttle fleet from 20 buses to 42 to accommodate ridership increases generated mostly by Caltrain ridership. She said continued increase to the GO Pass will make employers look for other options to fund their employees' transit options.

John Hronowski, JPB Citizens Advisory Committee (CAC), said the CAC created an ad hoc committee to discuss the fare and service changes. The ad-hoc committee supports the 25-cent per zone increase, the GO Pass increase and the discontinuation of the staff ticket offices. Mr. Hronowski said the ad hoc committee is glad the weekend service cuts and elimination of Gilroy service are off the table for now and discourages the elimination of any morning, midday or event trains.

Pat Giorni, Burlingame, said what is missing are all the bike comments asking for increased capacity. She said the spare cab cars should be used to turn the one-bike-car consists into two bike car consists.

John Murphy, San Francisco, said he no longer takes the trains on the weekends because of the time it takes to travel. He suggests express and limited stop service on weekends that will improve service for riders.

Jeff Carter, Burlingame, said he is glad the elimination of weekend and Gilroy service is off the table, but the service, as a whole, must be considered. The early morning trains may have low ridership, but provide a vital service to those who must be at work before 6:30 a.m. Mr. Carter said trains should be consolidated in the midday, not early morning. He asked what the JPB is doing to get funding for Caltrain.

Jeffrey Oldham, San Jose, said every month Caltrain refuses service to paying customers with bicycles. During the months of June and July more than 300 bicyclists were bumped. He said this is revenue Caltrain is losing.

Brian Brackney, San Francisco, said he is against a fare increase for the disabled ticket and the closure of the San Francisco ticket office. He said, if the ticket office is closed, tickets should be sold at the Safeway across from the 4th and King Caltrain Station and at other locations.

Andrew Ness, San Francisco, said he has been denied boarding with his bike at 4th and King because of insufficient bike capacity when there are empty seats. Caltrain should replace empty seats with bike racks.

Marby Lee, Morgan Hill City Council, said she is very appreciative Gilroy service is being kept this year, but is concerned about future service. She said staff needs to look at the schedules to Gilroy and adjust accordingly to help people get on the trains and get to work.

Steve Tate, Mayor of Morgan Hill, said he appreciates staff's recommendation to keep service to South County. He said Morgan Hill wants to partner with Caltrain and staff to save the service.

Brian Sullivan, Morgan Hill Chamber of Commerce, thanked staff for keeping the Gilroy service. He said the Chamber and the cities of Gilroy and Morgan Hill are willing to work with staff and Caltrain to see if long-term solutions can be found.

Shirley Ingalls, Mountain View, said she purchases a monthly pass and her ticket only gets checked once or twice during the month. She said there is a possibility people are not purchasing tickets and are riding free because conductors are not checking tickets. Ms. Ingalls said the closure of staff offices is great. She said the grace period for monthly passes should be discontinued because from the 20th of each month passes can be purchased for the next month. Ms. Ingalls asked that weekend service not be suspended.

H.J. Jost, Mountain View, said he is a Caltrain commuter, but has been using the train less because there is no up-to-date information when there are accidents and breakdowns. He said there needs to be out of the box thinking for cost cutting. Mr. Jost asked if there is a need for two to four conductors per train. He said the train is not competitive to driving.

Yoriko Kishimoto, Palo Alto, said there is a definite theme of partnerships. There are a number of people who are creating a "Friends of Caltrain" group to work with Caltrain on long-term dedicated funding.

Arcady Goldmints, Sunnyvale, said it is disappointing that service wasn't considered with fewer resources. There is no need for two conductors on a train. Mr. Goldmints said MetroLink is a proof-of-payment system, with only one conductor, and it works just fine. He said Gilroy service takes too long because there is too much dwell time at some locations.

Kathleen McLoughlin, Redwood City, said by having express weekend service, revenue would increase. She proposed an express train surcharge.

Natasha Flaherty, Belmont, said she depends on Caltrain as her designated driver. Ms. Flaherty said there needs to be more than hourly service in the late evening. She said she was overcharged by a ticket vending machine by \$1.75 and wants her money back.

Matthew Rosso, Gilroy, asked what Caltrain is doing to increase awareness. He said billboards along highways should be used to advertise Caltrain. Mr. Rosso said the ticket offices should be more of an outreach for customers. He said service takes too long from Gilroy and maybe some stations should be skipped in South County.

Betty Leon, San Benito County Local Transportation Authority, said the Authority has made a commitment to riders to coordinate bus service with Caltrain.

Julio Magalhães, Palo Alto, said he is a regular Caltrain rider. He asked that weekend service not be suspended and to also consider Baby Bullet service on weekends. Mr. Magalhães said people have very flexible schedules so midday and late evening service should not be cut. He said by raising fares it would close the budget deficit and service would not have to be cut. He urged staff to look for other funding sources.

Yeh Ching Chi, San Francisco, said she needs Caltrain. Ms. Chi said the public needs to know why Caltrain has no money. She said there is a need for more bike racks. Ms. Chi said staff should work with local transit agencies to coordinate better time transfers. She said there should be a tax for public transportation only.

Jack Dinsdale, Transportation Communications Union representing the ticket clerks, said the ticket clerks are needed at San Francisco and San Jose to assist passengers and solve problems.

Jody Lyle, Mountain View, said she rides midday and late night and if these trains are cut she will have to find other means of transportation.

Paul Gordenev, Burlingame, said he was on the JPB CAC from 1980-1990 and at that time the CAC made the recommendation that Caltrain have three goals for the future of the system: find dedicated funding, electrify the system and have four tracks between San Francisco and San Jose.

Keith Reicher, Morgan Hill, said he would rather take Caltrain than drive. He said ridership could be increased by offering WiFi service on Caltrain. Mr. Reicher said by wrapping trains it would increase revenue. He also suggested having promotions for faithful riders.

Ed DeLanoy, San Carlos, said Caltrain is a great pioneer, but staff needs to keep moving forward with High Speed Rail (HSR).

Legal Counsel David Miller said the agency has broadly advertised this hearing and has met all the legal requirements. Staff will now consider all the comments received today and present a recommendation to the Board for action at the October 7 meeting. Mr. Miller said the Board can now close the public hearing.

A motion (Lloyd/Ahmad) to close the public hearing was approved.

Ms. Bouchard said, on daily basis, about 160 riders would be affected with the midday cuts and about 168 riders for the early morning or late evening trains.

Director Don Gage said it would be helpful for the Board to look at scenarios like the cost of retrofitting bike cars. He said during the dot.com era, South County had robust ridership and now people need to talk up Caltrain to get people back on the train. Director Gage said there isn't an agency that doesn't want a permanent source of funding, but a permanent source of funding isn't sales tax.

Executive Director Michael Scanlon said Caltrain doesn't have a financial problem; it is the San Mateo County Transit District (SamTrans) with the financial problem. Caltrain gets about 43 percent from the farebox and SamTrans gets about 18 percent. Mr. Scanlon said Caltrain can't pull enough riders to the system to correct the financial problem. He said the peak hour trains are already jammed.

Mr. Scanlon said in 2005 this agency reinvented itself and increased ridership by 50 percent and revenue by 100 percent. He said staff is opposed to most of the recommendations, too, but this has to be done to keep the doors open. Mr. Scanlon said there is a \$30 million deficit next year. Under that funding scenario, there will be service only during the weekday peak, between

6 a.m. - 9 a.m. and 3 p.m. - 7 p.m. Mr. Scanlon said there will be no Gilroy, weekend, evening, or special event service and complete closures of stations. He said this is more than a one dimensional problem. Mr. Scanlon said passengers need to spread the word about Caltrain. He said staff will try and make the recommendation as painless as possible but it is only putting off, for a matter of months, the day of reckoning.

Director Omar Ahmad said staff is trying to fill a \$2.3 million gap for FY2011, but the problem is closer to \$30 million. He said the Board should not declare victory by doing the \$2.3 million spreadsheet shuffle. Director Ahmad said the Board needs to get to the reality that there is a significant hole and there needs to be a complete restructure of how service is provided and what is going to happen. He said advertising is not likely to be a savior in this case. Director Ahmad looks forward to what the service model is for \$30 million. He said this is going to be a reboot of the service and prefers taking stronger action today.

PUBLIC COMMENT

Pat Giorni, Burlingame, said the Bike Dwell and Onboard Study was presented to the Bicycle Advisory Committee (BAC) last week. She thanked staff for producing this report. Ms. Giorni said she did her own dwell stop study at Palo Alto and her findings were consistent with the report.

John Murphy, San Francisco, said Caltrain's outreach was put in a few newspapers. He said he did an online petition for keeping weekend and Gilroy service. Mr. Murphy said Caltrain has a very loyal, smart, politically active ridership base that will go to bat for Caltrain, but they want to feel that the little things will be addressed.

Jeff Carter, Burlingame, said a few months ago Caltrain declared a fiscal emergency and he urged Caltrain to do whatever it takes to change the laws and requirements that force capital funding to not be used for operating funds. He said the Santa Clara Valley Transportation Authority (VTA) is moving ahead with the BART to San Jose extension and they should take a lesson from SamTrans on the BART to San Francisco International Airport service. Mr. Carter said SamTrans gave more than \$200 million to buy into the system, but is has almost bankrupted them. He said the number one project for SamTrans, VTA and San Francisco Municipal Transportation Authority is to take care of Caltrain.

Brian Brackney, San Francisco, said onboard payment should be reinstated on Caltrain; there should be a surcharge for the bullet trains; and service to San Jose on weekends is needed.

Ed DeLanoy, San Carlos, said policy questions lie with the Board and not staff.

Shirley Johnson, SFBC, thanked staff for creating the BAC. The bike count showed the dwell problem is not caused by bicyclists, but total ridership.

CONSENT CALENDAR

- a. Approval of Minutes of July 1, 2010
- b. Authorize Ratification of the Award of an Emergency Contract to Technology Engineering and Construction, Inc. in the Amount of \$94,292 for the Repair of the Centralized Equipment Maintenance and Operations Facility (CEMOF) Industrial Waste Pipeline and Approve an Amendment to Increase the Fiscal Year 2011 Caltrain Capital Budget by \$96,000

- c. Call for a Public Hearing on October 7, 2010 to Address Adoption of an Updated Property Conveyance Policy and Fee Schedule
- d. Information of Statement of Revenues and Expenses for June 2010

The Board approved the consent calendar (Gage/Lloyd).

CHAIRPERSON'S REPORT

Appointment of Citizens Advisory Committee (CAC) Member John Hronowski, Representing San Francisco County.

Chair Elsbernd said eight applications were received and the San Francisco County Selection Committee is recommending the reappointment of John Hronowski to a three-year term.

The Board approved the CAC appointment of John Hronowski (Cisneros/Ahmad).

Appointment of CAC Member Sepi Richardson, Representing San Mateo County

Director Mark Church said the San Mateo County Selection Committee recommends the reappointment of Sepi Richardson.

The Board approved the CAC appointment of Sepi Richardson (Church/Ahmad).

METROPOLITAN TRANSPORTATION COMMISSION (MTC) LIAISON REPORT

No report

REPORT OF THE CITIZENS ADVISORY COMMITTEE (CAC)

- CAC Chair Mr. Hronowski thanked the Board for his and Ms. Richardson's reappointments.
- He said the CAC did not meet in August.

REPORT OF THE EXECUTIVE DIRECTOR

No report

Peninsula Rail Program (PRP) Update

PRP Director Bob Doty said the California HSR Board voted unanimously to recertify the environmental document.

Steve Emslie, City of Palo Alto, thanked staff for their great efforts to bring everyone in the Technical Working Group and Policy Working Group together. As HSR becomes more definite and alternatives are being refined, the Board should consider exploring ways of communicating with the various stakeholders to help the groups understand the implications for both implementation of HSR, as well as for the continued operations and upgrade at Caltrain.

Greg Conlon, Atherton, said there is no consensus that the alternatives being considered are valid. He said the rejection by HSR of both the tunnel and covered trench is very brash. Mr. Conlon thinks this Board is a culprit and needs to stop and listen to what is going on because there will be a very unhappy constituent of riders.

Nadia Naik, Californians Advocating Responsible Rail Design (CARRD), said the Palo Alto City Council is working on a draft and has not taken a formal position yet of a vote of no confidence. She supports the Board considering a more formal relationship in talking to the cities. Ms. Naik said communicating through the media is not helping.

Pat Giorni, Burlingame, said it is time to dissolve the PRP. The public has great respect for Mr. Doty, but now he is being split between two authorities.

Mr. Scanlon said the potential funding through the high speed rail grants has great promise for Caltrain to modernize and electrify this railroad and in essence to cut in half any financial problem we have. Mr. Scanlon said from the outset this agency has diligently protected, not only the interests of this rail service and this right of way, but also the communities through which it passes. He said there have been no negotiations about right of way as of yet -- it is way too early and way premature. Mr. Scanlon said because we have not chosen to engage in a highly visible arguments in the press does not mean we haven't been steadfast in our responsibility.

He said Mr. Doty is serving two masters, but unfortunately the public and the stakeholders do not see Mr. Doty as Caltrain anymore. He has become identified with HSR. Mr. Scanlon said it is incumbent upon all of us to work towards a better future for this community. That seems to be getting lost in arguments over things that are not facts, they are fiction, premature, they are rumors, and there are a whole lot of people that have well meaning concerns about this project and we owe it to them to respond to that. Mr. Scanlon said there are a significant number of people who just want to kill the train and kill HSR. He said that should not be tolerated because we owe it to ourselves and to future generations to make sure that we do everything possible to make this community more livable for the years ahead.

Mr. Scanlon said he remains personally convinced that you can build a HSR, commuter rail, electrified modern system through these communities in a much less intrusive way then the existing system that was put in in 1864 and is pushing all this pollution into the air.

Mr. Scanlon thanked Bruce Shelton, a fine conductor and resident historian, for providing valuable historical perspective by noting on August 18 that it was exactly 150 years ago on that date that the San Francisco and San Jose railroad was founded. It would take until January 16, 1864 before the line was completed, three years and five months. Mr. Scanlon said those who built the railroad were visionary and that he wants to make sure is a legacy recorded so the future generations know who had vision, who had courage and who was running to stay the course. He said he is signed up to do this right and to protect these communities, but to those who are arguing HSR would divide these communities, he said it will do just the opposite and joint communities that are currently divided by a rail system built 150 years ago.

Mr. Scanlon said there is a lot of work to be done, but that he is not ready to join the naysayers. The Memorandum of Understanding between Caltrain and HSR has a clause indicating either party can opt out of the agreement in 30 days. Read that and reflect upon it. It is an excellent document that is an excellent relationship and we need to go forward. This is going to be difficult work, but it is not the time to throw in the towel and future generations would be ashamed of us if we threw in the towel.

Director Yeager left at 11:55 a.m.

Jeff Carter, Burlingame, said there is too much misinformation on HSR. He said the railroad was here first; is fenced in a lot of places; and off limits to the public so it already divides the communities. Mr. Carter said he doesn't understand how the HSR program is going to divide

and destroy communities. He said there is no way thousands of homes are going to be taken away. Mr. Carter said the truth needs to get out, but the silent majority supports HSR.

DESIGNATION OF SEPTEMBER AS “RAILROAD SAFETY MONTH”

Chair Elsbernd presented the proclamation to Michael Garb, Chief Executive Officer, Youth and Family Enrichment Services.

Ms. Lempert left at 12:05 p.m.

Mr. Garb said this is the only organization in San Mateo County that answers suicide prevention calls. The agency is part of the national suicide prevention hotline. Mr. Garb said his agency is funded by San Mateo County, along with some funding from private organizations.

Director Art Lloyd said, as a member of Operation Lifesaver, he is glad to support this motion.

A motion (Lloyd/Church) to designate September as “Railroad Safety Month” was approved unanimously.

ACCEPTANCE OF STATEMENT OF REVENUES AND EXPENSES FOR JULY 2010

A motion (Church/Ahmad) to accept the July statement was approved unanimously.

ACCEPTANCE OF THE QUARTERLY INVESTMENT REPORT AND FIXED INCOME MARKET REVIEW AND OUTLOOK FOR THE QUARTER ENDED JUNE 30, 2010

A motion (Gage/Ahmad) to accept the report was approved unanimously.

UPDATE ON THE EXECUTION OF THE FUEL HEDGING PROGRAM

No discussion on item.

STATE AND FEDERAL LEGISLATIVE UPDATE

Government Affairs Manager Seamus Murphy said a couple of items passed through the State Assembly that staff is supporting and will be asking the governor to sign.

- SB1371 allows Proposition 1A connectivity funding recipients to advance their programmed share of Proposition 1A funding and be reimbursed through a Letter of No Prejudice process. Mr. Murphy said Caltrain has \$41 million for electrification as part of the Proposition 1A connectivity pot.
- AB987 is a bill that has been approved for a second time; the governor didn't sign it last session. The bill recasts the area in a transit village development district to include all land within a half-mile instead of a quarter-mile of the transit station.

Director Ash Kalra asked if staff is taking a position on Proposition 23. Mr. Murphy said staff hasn't talked about bringing it to the Board. The only measure the Board has endorsed on the November ballot is Proposition 22, but if the Board would like, staff could bring something back to the October meeting. The Board requested this item be brought back for discussion next month.

QUARTERLY CAPITAL PROGRESS REPORT

No discussion

Public Comment

Doug DeLong, Mountain View, said many of the capital projects are moving along well, but noticed the Signal Optimization Project is having serious issues and asked why it hasn't been brought to the Board's attention. Deputy CEO Chuck Harvey said the Signal Optimization Project is a project that added intermediate signals at four locations along the right of way with the intent of improving the service reliability of the trains. He said two of the four control points are up and operational and the other two were engineered with a wireless solution because of the expense required in trenching and hardwiring at those control points. Mr. Harvey said staff is having a technical problem with the solution. He said the control points are not operational at this time and the engineering and project delivery team are working with both the designers and contractor to find a solution. Mr. Harvey said he will update the Board as the project moves along.

CORRESPONDENCE

None

BOARD MEMBER REQUESTS

None

DATE/TIME/PLACE OF NEXT MEETING

Thursday, October 7, 2010, 10 a.m. at San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA 94070

GENERAL COUNSEL REPORT

Closed Session: Pending Litigation Pursuant to Government Code Section 54956.9 (a) Celia Rea, Individually, as Successor in Interest of Decendent Anthony Rea and Personal Representative of the Estate of Anthony Rea, and Dean Rea v Peninsula Corridor Joint Powers Board

Mr. Miller said the Board of Directors will convene in closed session as permitted by the Brown Act to consider a litigation matter listed on the agenda.

Adjourned to close session at 12:15 p.m.

Reconvened to open session at 12:57 p.m.

Mr. Miller said the Board met in closed session to hear a report from counsel on a matter of litigation as listed on the agenda, Rea v Joint Powers Board. After due consideration a motion will be considered at this time to authorize settlement of this case and to delegate appropriate authority to the Chair and Executive Director to effect settlement on terms outlined by General Counsel and contingent upon the settlement being arrived at to in turn authorize amendment to the operating budget in the amount of \$990,000 from reserves.

The motion carried and was approved unanimously by roll call.

ADJOURNED

Adjourned at 12:59 p.m.