

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

**Minutes
February 3, 2011**

MEMBERS PRESENT: O. Ahmad, S. Elsbernd (Chair), N. Ford, L. Kniss, A. Kalra,
A. Lloyd, A. Tissier, K. Yeager

MEMBERS ABSENT: J. Cisneros

MTC LIAISON: S. Lempert

STAFF PRESENT: M. Bouchard, J. Cassman, 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 10:02 a.m. Director Adrienne Tissier led the Pledge of Allegiance.

Director Tissier, representing the San Mateo County Board of Supervisors, was sworn in.

REPORT OF THE NOMINATING COMMITTEE – ELECTION OF 2011 OFFICERS

Director Art Lloyd said the nominating committee (Directors Liz Kniss, Nat Ford and himself) recommends Chair Elsbernd for chair and Director Omar Ahmad for vice chair for 2011.

Chair Elsbernd was re-elected and Director Ahmad was elected vice chair (Lloyd/Kniss).

PUBLIC COMMENT

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce, said he participated in both Caltrain summits. He wrote a letter to the Friends of Caltrain suggesting they approach the Metropolitan Transportation Commission (MTC) to possibly use the \$5.5 million per year in operating money allocated for Dumbarton Rail to help Caltrain's budget problem.

Director Ash Kalra arrived at 10:07 a.m.

Shirley Johnson, San Francisco Bicycle Coalition, said the Bikes Onboard team has signed on as a supporter of Friends of Caltrain. She said Caltrain can earn more than \$1 million in revenue every year by replacing empty seats with bike racks. Ms. Johnson said Caltrain has too many seats and not enough bike space. She said Caltrain needs consistent 80 bike spaces per train.

David Cade, Bicycle Advisory Committee (BAC), said on behalf of the BAC, he wants to register their support for increased bike capacity on Caltrain. The BAC will be submitting a resolution to the Board in the next few months in support of increasing bike capacity.

Jeff Carter, Burlingame, said bike capacity needs to be increased, especially on the Bombardier cars. He attended the Friends of Caltrain summit this past Saturday and staff should look to MTC to obtain Dumbarton funding.

Pat Giorni, Burlingame, welcomed Directors Tissier and Liz Kniss to the Board and thanked MTC Commissioner Sue Lempert for her service. She requested that if a speaker wants to speak on more than one item under the Executive Director's report they be allowed two minutes for each item.

Christine Wozniak, Belmont councilmember, said the city is completing a bike bridge connecting Belmont to Redwood Shores. She said there is a big problem with the east to west connection throughout San Mateo County and this is one effort to bring both sides together. Ms. Wozniak said the city is working at the grass roots level to make these connections and hopes Caltrain will support these projects.

Yoriko Kishimoto, Friends of Caltrain, said there was more than 200 people at the summit this past Saturday to help save Caltrain. On behalf of the steering committee, she thanked Congresswoman Jackie Speier, Michael Groom of the Sierra Club, Chair Elsbernd and Ms. Lempert for their participation at the summit. Ms. Kishimoto said the first follow-up action item from the summit was for people to send emails to the decision makers of all three counties and the MTC to work together to save Caltrain.

Director Kniss said the e-mails are great, but what helps the most is to hear ideas or thoughts.

CONSENT CALENDAR

- a. Approval of Minutes of January 6, 2011
- b. Authorize Execution of the Proposition 1B Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) Certifications and Assurances

The Board approved the consent calendar (Ford/Tissier).

CHAIRPERSON'S REPORT

Chair Elsbernd thanked the Silicon Valley Leadership Group and Friends of Caltrain for putting on the recent summits and staff for their work.

Resolution of Appreciation to Outgoing MTC Liaison, Sue Lempert

Chair Elsbernd thanked Ms. Lempert for all she has done for the region and Caltrain and presented her with a resolution of appreciation and train plaque.

A motion (Kniss/Lloyd) to approve a Resolution of Appreciation to MTC Liaison Sue Lempert was approved unanimously by roll call.

MTC LIAISON REPORT

Ms. Lempert said she has seen many changes in the years she has been the MTC liaison for Caltrain. She said Caltrain has been revamped under the leadership of Executive Director Michael Scanlon. Ms. Lempert said she is fairly confident a short-term fix can be found so drastic cuts won't occur, but the long-term fix will require a reliable source of funding and that will be a challenge. She said she will be working with the Friends of Caltrain and the Silicon Valley Leadership Group to help save Caltrain. Ms. Lempert said it has been a privilege to serve on this Board.

REPORT OF THE CITIZENS ADVISORY COMMITTEE (CAC)

CAC Chair Bruce Jenkins:

- Welcomed Director Tissier and thanked Ms. Lempert on behalf of the CAC.
- Reported that a resolution of appreciation to outgoing Peninsula Rail Program Director Bob Doty was presented at their January 19 meeting.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Scanlon reported:

- Welcomed Director Tissier to the Board and thanked Ms. Lempert for her service.
- Thanked Chair Elsbernd for agreeing to serve another year as chair and congratulated Director Ahmad on being elected vice chair.
- Monthly Performance Statistics – December 2010 compared to December 2009
 - a. Total Ridership was 929,107, an increase of 4.5 percent.
 - b. Average Weekday Ridership was 34,856, an increase of 6.9 percent.
 - c. Total Revenue was \$3,387,026, an increase of 9.1 percent.
 - d. On-time Performance was 95.8 percent, an increase of 2.4 percent.
 - e. Caltrain Shuttle Ridership was 4,188, a decrease of 1.6 percent.
- Year-to-Date Performance Statistics –December 2010 compared to December 2009
 - f. Total Ridership was 6,318,810, an increase of 4 percent.
 - g. Average Weekday Ridership was 39,879, an increase of 4.5 percent.
 - h. Total Revenue was \$23,344,216, an increase of 9.1 percent.
 - i. On-time Performance was 93.8 percent, an increase of 0.2 percent.
 - j. Caltrain Shuttle Ridership was 5,269, a decrease of 1.6 percent.
- Caltrain has a very serious financial crisis looming for Fiscal Year 2012. Staff will be asking the Board today to call for two public hearings at the March 3 meeting concerning declaration of a fiscal emergency and the possible Draconian service cuts for FY2012.
- He is pleased and encouraged with the outpouring of interest from those who attended the Silicon Valley Leadership Group and Friends of Caltrain summits. There is genuine interest, concern and willingness among the politicians to help. Sessions have focused on problem solving. Congresswoman Jackie Speier said we owe it to our children to save Caltrain.
- In the short-term staff must take the required steps by law in the event a worst-case scenario is needed. Some of the Draconian cuts include 48 daily trains during peak hours only, no service south of San Jose and no weekend or special service. With these cuts there would still be a deficit.
- Roll-out of Clipper service continues. As of January 31, the last 8-ride ticket was sold and effective March 1, paper tickets will no longer be available.
- The BAC met on January 19 and received a presentation on the Brown Act by legal counsel. All committees within the agency follow the Brown Act. The BAC also adopted its charter. The chair of the committee was troubled that an item, bike capacity resolution, did not get on the agenda and staff apologized. A presentation was given on the Regional Bike Share Program and time ran out before the committee could receive a presentation on the San Mateo County Transportation Authority (TA) and City/County Association of Governments Bike and Pedestrian Call for Projects. Staff is attempting to schedule a special meeting on February 9 to discuss the bike capacity resolution and the bike and pedestrian call for projects item. The resolution being submitted by the BAC is not necessary since staff and the Board have made the commitment to expand bicycle capacity to two bicycle cars on the Gallery trains. Capital funding has been identified to start the procurement for the additional bike racks.
- Special service:

- Sharks ridership was up 6 percent for the seven home games in January.
- Ridership was disappointing for the Kraft Hunger Bowl, down 63 percent.
- Two trains were chartered for the annual Dr. Martin Luther King Jr. Freedom Train on January 17. Approximately 1,000 people participated, an increase of 19 percent over last year.
- February 5 is the Giants annual Fan Fest. Amtrak will monitor arriving loads and deploy any extra trains as necessary.
- A modified Saturday schedule will run on Presidents Day, February 21.
- Weekend Baby Bullet continues with four express trains. Passenger on and off counts, in just San Francisco, was about 5,900.

Peninsula Rail Program (PRP) Update

Mr. Scanlon said the California High Speed Rail Authority (CHSRA) is meeting today in Sacramento. He said CEO Roelof van Ark will be reporting that the bulk of work will be done in the Central Valley. This gives staff more time to work with the cities and stakeholders along the alignment. Staff has been advocating for a phased approach to the construction of the system, perhaps even being able to operate initial High Speed Rail (HSR) on the two tracks that are already out there for at least a little while, provided a beefed-up signal system is in place.

Executive Officer Planning and Development Marian Lee said while the new schedule for the corridor is to be determined, staff needs to focus on final completion of the Environmental Impact Report (EIR). Staff is focused on three key environmental planning topics: 1) understanding how the recent decision to start in the Central Valley impacts Caltrain service and modernization programs; 2) working with CHSRA to ensure the full range of HSR impacts are examined for all viable design alternatives and that there is the development of a comprehensive, unbiased database to inform the decision making; and 3) ensuring there is sufficient station area and access planning for both HSR and Caltrain stations that best works for local plans and policies. In addition to these major topics, staff has been spending more time with local partners to engage the HSR team in a three-way dialogue. Staff has been working with the 11 San Mateo County city managers to improve communication and address concerns with HSR.

Ms. Lempert said MTC will provide the mobile Clipper stations for the Giants game and at Stanford for the football games.

Director Kniss asked if there has been a study of what happens to the surrounding corridors if the service is diminished to 48 trains per day and, if so, is there anything in writing. Mr. Scanlon said there is a professor at the University of California Berkeley that said if Caltrain is discontinued it would require the equivalent of about two one-half lanes. He said there is widespread belief that highways are free, but the fact of the matter is that highways, through the gas tax, only pay about half of what it costs. When you take people out of public transit and put them on the highways more people will die. Statistically it is much wiser to invest in transit.

Director Kniss said this is a terrific case that needs to be made by staff and this Board and not by an outside agency.

Public Comment

Andy Chow, Bay Rail Alliance, said he has been driving Highway 101 recently and no matter what time of day it is people can't drive at the speed limit. There will be a total loss of mobility for many people with the service cuts.

Shirley Johnson, BAC, thanked Mr. Scanlon for making a report on the BAC and is pleased that all trains will have two bike cars. She said even with two bike cars, the Bombardier cars only hold 48 bikes and the Gallery cars hold 80 bikes. Consistency is needed and the Bombardier cars need to have three bike cars. Ms. Johnson said legal counsel said the BAC isn't legally required to be under the Brown Act and it is a Caltrain policy. Ms. Johnson said BAC members and the public have requested the BAC make a report to this Board. She said right now the CAC makes a report to the Board and they request the same.

Mr. Scanlon said staff has gone as far as they can go in terms of recommendations. Staff will not recommend a third bike car on the Bombardier trains. Mr. Scanlon said in terms of reporting relationships, it would be his recommendation that the BAC report to the CAC. The bicycle community is a very important subsection of riders; the CAC represents all riders. Mr. Scanlon said this is the most robust and bike-friendly transit agency in the nation and staff has done all they can and the line needs to be drawn. He said staff has been abused and disabused and if this Board wants to go away from the Brown Act, it will send a very bad message throughout this organization and throughout the culture that we can't do the public's work in the public eye.

Pat Giorni, Burlingame, said she was glad to hear that money was being found for the bike cars. At the TA CAC meeting, she asked about the Measure A funding that Caltrain could apply for.

Ed DeLanoy, San Carlos, said diesel fuel will not be stuck at \$100 a barrel.

Jim Kelly, San Bruno, said Caltrain is a vital link toward the regional rail network, and is needed to keep commuters out of cars. Caltrain has not grown much over the last 150 years and still links communities together. Now is not the time to chop Caltrain, but save Caltrain for what it should be, part of a regional rail.

CALL FOR A PUBLIC HEARING AT THE MARCH 3, 2011 MEETING TO DECLARE A FISCAL EMERGENCY FOR THE PENINSULA CORRIDOR JOINT POWERS BOARD FOR FISCAL YEAR 2012

Deputy CEO Gigi Harrington said staff is requesting the Board call for a public hearing next month to take testimony on the declaratoin of a fiscal emergency. Ms. Harrington said the fiscal emergency enables the Board to reduce service under California State law without requiring extensive California Environmental Quality Act process.

Chair Elsbernd reminded the public that all that is in front of the Board is the action to the call a public hearing so comments should be confined to calling the hearing.

Public Comment

Jeff Carter, Burlingame, asked that all options are addressed before the public hearing such as borrowing capital funding to get through the crisis.

Margaret Okuzumi, Sunnyvale, said it is time to change the conversation about cutting the service so drastically. She said at the Friends of Caltrain summit a number of creative ideas were suggested both short and long term, including the Giants and Sharks holding a benefit game for Caltrain and selling the scrap along the right of way. Ms. Okuzumi said she would like to see San Francisco and Santa Clara counties pitch in and help save Caltrain. She said years ago SamTrans pitched in and helped pay for the Caltrain right of way.

Jessica Zenk, SiliconValley Leadership Group, thanked everyone for their support with the recent summit. She said more than 80 ideas were generated at the summit for both short and long-term solutions.

Kathleen McLaughlin, Redwood City, encouraged representatives of San Mateo and Santa Clara counties to work with San Francisco County on congestion pricing. A lot of drivers are selfish in their thinking and people don't realize how it affects everyone in the region.

John Carpenter, Mountain View, said if people are serious there should be a 10 percent cut in labor costs.

Yoriko Kishimoto, Friends of Caltrain, welcomed Director Tissier and wished Ms. Lempert good luck. She said ideas to address the short-term shortfall that came out of the summit were the use of Regional Measure 2 money. There is \$5.5 million operating money allocated for Dumbarton Rail and there is very little money coming to benefit the Peninsula residences that pay into that fund. Ms. Kishimoto said the three counties need to speak as one voice and ask MTC to redirect these funds to Caltrain. She said San Francisco and Santa Clara counties should find ways to help SamTrans with its severe financial crisis, especially since SamTrans came through when the corridor was purchased.

Sepi Richardson, Brisbane councilmember, said she is fed up that Caltrain is faced with a fiscal emergency crisis every year. There needs to be a dedicated funding source for Caltrain.

Pat Giorni, Burlingame, said she attended the Friends of Caltrain summit. She said there needs to be more outreach to change people's behaviors to get out of their cars and onto public transportation. Ms. Giorni said staff should consider putting an ad in the California Automobile Association magazine, *Via*, to reach out to people about the savings of transit over driving.

Chris Lepe, TransForm, said it is important to look at why Caltrain arrived at this situation. The public would benefit from transparency and why one agency is not able to make its contribution this year.

Director Tissier said MTC is working closely with SamTrans and Caltrain and knows they need to be part of the solution.

Director Ken Yeager appreciated the comments of the last speaker and said there are many reasons why Caltrain is in this domino effect situation. He said it would help him to understand what other resources SamTrans can bring to their contribution. Director Yeager said many speakers spoke of the right of way and Santa Clara County is willing and ready to pay their share, but the money will go to capital and not operating.

Mr. Scanlon said SamTrans is in trouble. He said within the next three years the bus system could be cut in half. A good portion of SamTrans' problems stems from long-term debt and more than half of the long-term debt is for the BART extension into San Mateo County. He said this is not a cash flow problem, but a structural deficit. Mr. Scanlon said more service is being provided and the San Mateo County Transit District is in more business units than it can afford. He said at the beginning of last year staff stated the SamTrans contribution would be cut to Caltrain by a certain amount and cut again this fiscal year. Mr. Scanlon said this has been well

known for a number of years. Mr. Scanlon said if we are going to run a regional railroad it can't be with contributions that are leveraged the way they currently are. He said if there is interest, staff can bring the SamTrans financial model to the Board.

Director Yeager asked if there are funds earmarked for the ferry service that could be shifted over.

Mr. Scanlon said there are funds through the San Mateo County Transportation Authority, but they are already maxed out. The tax measure, Measure A, provides for 16 percent, in total, to go for Caltrain and of that 16 percent up to 8 percent can be used for operations and that level is maxed out. Mr. Scanlon said every rock has been looked under.

Legal Counsel David Miller said the only way the allocations can be changed is by a vote by the counties and residents.

Director Nat Ford asked how much SamTrans State Transit Assistance (STA) funding was lost over the past few years. Mr. Scanlon said enough that if the agency had received the STA funding it was supposed to receive, there wouldn't be this problem.

Director Lloyd said he has consistently heard SamTrans put the money up to purchase the right of way and SamTrans should ask for the money from Santa Clara and San Francisco counties. If the money was received would it go to capital or operating?

Mr. Scanlon said SamTrans was in a good financial position to advance the local shares to purchase the right of way. The counties and MTC came up with an agreement to pay back principle with very little interest, but the funds were predicated on spillover funds and that are gone now. The problem is if MTC could give the right of way money, it is already accounted for within the SamTrans financial model. Mr. Scanlon said there needs to be a vision for a regional railroad and how it is funded.

Director Omar Ahmad said the final speaker made a comment about transparency and that is critical, but what is missing is history. There is a lot of history of how Caltrain got here. This is a complex situation of three counties coming together to run a railroad. Staff needs to recognize the history of how this system came about, and while it won't be simple, the public needs to understand how this was all put together and it is going to be critical for everybody to move forward.

A motion (Tissier/Ahmad) to call for a public hearing on March 3 to declare a fiscal emergency was approved unanimously.

CALL FOR A PUBLIC HEARING AT THE MARCH 3, 2011 MEETING FOR CONSIDERATION OF SERVICE SUSPENSIONS AND STATION CLOSURES FOR FISCAL YEAR 2012

Director of Rail Transportation Michelle Bouchard said staff is requesting the Board hold a public hearing at the March 3 meeting to receive comments on proposed service changes, station closures and fare increases. The details of these proposals will be available February 9. The objective of the changes is to address the projected \$30 million funding gap in the operating budget for FY2012. Ms. Bouchard said in preparation for the hearing, staff will conduct public meetings in four cities in the Caltrain service area during the week of February 14. She said the

proposals will be presented to the public and input will be sought at the meetings. Ms. Bouchard said the proposal also will be online and comments can be received through the website, regular mail or by phone.

JPB Secretary Martha Martinez said the notices will be publicized through published newspapers that have a large circulation.

Public Comment

Jeff Carter, Burlingame, said this is not good and people can lose their jobs because of no service in their cities or because of the reduced hours. He appreciates Mr. Scanlon's comments about SamTrans, but the BART debt is a significant part of the problem.

Cindy May, San Carlos, said she rides Caltrain on weekends and evenings and it is very popular among passengers. She asked that no stone be unturned and have a vision to keep the service running in the future.

Christine Wozniak, Belmont councilmember, said cutting off any city from Caltrain service is a bad thing and turns people off.

Jim Kelly, San Bruno, said he would like the Board to look at funding possibilities that might open up as lawmakers at the Federal level are very interested in expanding regional rail.

Margaret Okuzumi, Sunnyvale, said there is no mystery how we got to this point. Federal government is spending millions on war, the State is broke and it is time we invest in public transit. Ms. Okuzumi said all elected officials need to make the case to the public that we need to invest in transit.

Andy Chow, Bay Rail Alliance, said we need to not give people excuses why public transit doesn't work because it does.

John Carpenter, Mountain View, said it is important to look at labor costs. There have been no increases in cost of living and salaries should be cut before service is cut.

A motion (Ford/Ahmad) to call for a public hearing on March 3 to consider service suspensions, station closures and fare increases was approved unanimously.

ACCEPTANCE OF STATEMENT OF REVENUES AND EXPENSES FOR NOVEMBER 2010

Ms. Harrington said fare revenue is over budget and there is about \$5.2 million in savings in expenses. She said fuel prices have gone up and last week fuel was \$2.37 per gallon.

Ms. Harrington said the fuel hedge was tripped and a check in the amount of \$16,000 will be received.

Director Kniss left at 11:56 a.m.

A motion (Lloyd/Ahmad) to accept the December 2010 statement was approved unanimously.

ACCEPTANCE OF QUARTERLY INVESTMENT REVIEW AND FIXED INCOME MARKET REVIEW AND OUTLOOK FOR THE QUARTER ENDED DECEMBER 31, 2010

A motion (Ahmad/Lloyd) to accept the Quarterly Investment Review and Fixed Income Market Review was approved unanimously.

FISCAL YEAR 2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Ms. Harrington said this is the transmission of the annual financial report. There were no findings by the auditors.

CALTRAIN CUSTOMER SURVEY KEY FINDINGS

Executive Officer Customer Service and Marketing Rita Haskin made the following points:

- The objective of survey was to determine who our customers are and whether their needs are being met.
- This was an onboard survey conducted in October 2010 on every train; surveys were available in English and Spanish and there was an 83 percent response rate.
- The average Caltrain customer rides four or more days per week, takes a round trip and has been riding for more than two years.
- Most customers commute on Caltrain to work.
- The monthly pass is the most popular fare media.
- The main reasons for customers riding Caltrain are to avoid traffic and save money.
- A large number of commuters were introduced to Caltrain by taking it to a special event.
- Nearly as many customers walked to the station as drove.
- Overall, customers are satisfied.
- Nearly two-thirds of customers get their information from the Caltrain website.
- The typical customer is male, mid-30s, employed full-time, well-educated with a mean income of \$104,000.
- Staff will use this information for future planning, communicating with current customers and potential customers.

Public Comment

Jeff Carter, Burlingame, said the demographics of salary don't reflect reality. He said 52 percent of the people who ride Caltrain make under \$100,000. Mr. Carter said people like to use the high-income to justify higher fares. He said weekend riders make less and pay a higher fare.

Gladwyn d'Souza, Belmont, thanked staff for the survey. He said the data shows people are driving to the train and not taking the bus to the station and that is why Caltrain is in a fiscal situation. He said there needs to be a system that works for everyone.

LEGISLATIVE UPDATE

Government Affairs Manager Seamus Murphy said the legislative update was available to Board members in the reading file and that he would be happy to answer any questions.

CORRESPONDENCE

In the reading file

BOARD MEMBER REQUESTS

None

DATE/TIME/PLACE OF NEXT MEETING

Thursday, March 3, 2011, 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: Conference with Legal Counsel – Anticipated Litigation Pursuant to Government Code Section 54956.9(b)(1) (One Potential Case)

Mr. Miller said this is a matter of potential litigation that qualifies for closed session under the Brown Act.

Adjourned to closed session at 12:07 p.m.

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

Mr. Miller said the Board met in closed session to hear a report from counsel and chief financial officer regarding a matter of potential litigation and there is no action to be taken at this time.

ADJOURNED

Adjourned at 12:15 p.m.