

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

**Minutes
May 5, 2011**

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

MEMBERS ABSENT: None

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

Chair Sean Elsbernd called the meeting to order at 10:04 a.m. Director Art Lloyd led the Pledge of Allegiance.

PUBLIC COMMENT

None

CONSENT CALENDAR

- a. Approval of Minutes of April 7, 2011
- b. Authorize Assignment of Contract from CSI Capital Management, Inc. to SunTrust Bank to Provide Investment Management Services
- c. Authorize the Executive Director to Execute an Easement Agreement with the Santa Clara Valley Water District for the Maintenance of Adobe Creek

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

CHAIRPERSON'S REPORT

No report.

REPORT OF THE CITIZENS ADVISORY COMMITTEE (CAC)

Chair Bruce Jenkins reported that they received a presentation on the annual passenger counts at their last meeting.

Director Adrienne Tissier arrived at 10:05 a.m.

REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Michael Scanlon reported:

- Monthly Performance Statistics – March 2011 compared to March 2010
 - a. Total Ridership was 1,048,134, an increase of 4.9 percent.
 - b. Average Weekday Ridership was 37,503, an increase of 4 percent.
 - c. Total Revenue was \$4,135,784, an increase of 18.1 percent.
 - d. On-time Performance was 93.6 percent, a decrease of 3.1 percent.
 - e. Caltrain Shuttle Ridership was 5,791, an increase of 6 percent.

- Year-to-Date Performance Statistics – March 2011 compared to March 2010
 - f. Total Ridership was 9,255,793, an increase of 4.5 percent.
 - g. Average Weekday Ridership was 38,982, an increase of 4.5 percent.
 - h. Total Revenue was \$35,150,769, an increase of 12.3 percent.
 - i. On-time Performance was 93.9 percent, a decrease of 0.4 percent.
 - j. Caltrain Shuttle Ridership was 5,366, a decrease of 1.7 percent.

Director Liz Kniss arrived at 10:07 a.m.

- The Bicycle Advisory Committee did not meet in April. The next meeting is May 19.
- An additional 10 Gallery cars will be converted to bike cars. The project is scheduled to be completed by the end of June and then all train sets will have two bike cars. The first converted car entered service April 29; two more will be in service by May 6.
- Sharks ridership had an additional 388 riders per game for the first four playoff games, up 69 percent over last year. For the regular season, ridership averaged an additional 264 riders per game, up 19.5 percent from last year.
- Giants had nine home games in April averaging 6,284 additional riders per game. Through the first 11 games of the season, including the exhibition, ridership is up 16 percent over last year.
- Caltrain will run four early morning trains for the Bay to Breakers Sunday, May 15. Extra southbound trains will be provided in the afternoon.

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

- Staff is working on implementing the July 1 fare and parking increases the Board approved at the special April 21 meeting.
- The Weekend Baby Bullet pilot service will continue under the conceptual operating plan approved by the Board.
- The California High Speed Rail Authority (CHSRA) is meeting today and will be discussing phased implementation of the project on the Peninsula. Under the leadership of Director, Rail Transportation Michelle Bouchard, staff is conducting an independent capacity analysis to determine if implementation of electrification and a new signal system can meet Caltrain service needs and accommodate some level of high-speed rail service. In a few months, staff should have some an update for the Board.

Director Nat Ford arrived at 10:13 a.m.

- On April 18, Congresswoman Anna Eshoo, Senator Joe Smitian and Assemblyman Rich Gordon recommended the CHSRA look at doing a phased approach to enable the service to proceed within budget.
- The reading file contains the latest Safety and Security Report.

Chair Elsbernd asked if the staff analysis includes extending high-speed rail to the Transbay Terminal. Mr. Scanlon said the extension over to the Transbay Terminal would be a separate issue.

ACCEPTANCE OF STATEMENT OF REVENUES AND EXPENSES FOR MARCH 2011

Deputy CEO Gigi Harrington said operating revenue is \$2.8 million over budget and is reflective of the ridership numbers. There are \$5.2 million in savings on the expense side. Last week, fuel was \$3.40 per gallon and year-to-date it is \$2.61 per gallon. The agency has received more in revenue than the expenses for the program.

A motion (Kniss/Tissier) to accept the March 2011 statement was approved unanimously.

QUARTERLY INVESTMENT REPORT AND FIXED INCOME MARKET REVIEW AND OUTLOOK FOR THE QUARTER ENDED MARCH 31, 2011

Investment Advisor Bill Osher from CSI Capital Management, Inc. said the economy is trying to get better. The price of oil exceeded \$100 a barrel. The price of oil will determine if people remain confident. There is improvement in employment and interest rates are starting to move up slowly.

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

PRELIMINARY FISCAL YEAR 2012 OPERATING BUDGET

Deputy CEO Gigi Harrington delivered the following report:

- Total revenue for the 86-train schedule is \$99.3 million and total expenses are \$102.8 million.
- Staff will request \$3.5 million from the Metropolitan Transportation Commission (MTC) to close the gap.
- Staff will bring a final budget back in June for approval.

Chair Elsbernd asked if staff is close to filling the \$3.5 million gap. Ms. Harrington said staff will be going to the SamTrans Board next week to get direction on the approach for the second year.

Director Ken Yeager said people read about not having their tickets checked. Mr. Scanlon said Caltrain is a proof-of-payment system and fare revenues are being optimized and the cost of fare collection is being minimized, leaving the onboard personnel to more important work.

Director Yeager asked if the farebox recovery has always been around 50 percent. Mr. Scanlon said it has increased rapidly and on a continuing rise. The customers have been sharing a proportionately higher percentage of the cost for these trips. Director Yeager asked if this is because of the increase in fares. Mr. Scanlon said it is the combination of fare increases and employee productivity. Director Yeager asked if 50 percent is high as the farebox recovery will go or can it get better. Mr. Scanlon said Caltrain has defied all elasticity models over the years. If the modernization program is completed where the system is electrified and improves the operating characteristics with quicker stops, faster acceleration, more stops, and more revenues, this could drive the farebox ratio up significantly.

Director Liz Kniss asked why the Board didn't get this information sooner. Ms. Harrington said the key slides of the presentation were included in the board agenda packet.

Director Kniss asked what operator contract transition costs are. Ms. Harrington said it is part of the six-month rail operator transition. Director Kniss asked if there isn't a new contractor is there still the same transition costs. Ms. Harrington said there may not be, but staff will have to do certain activities to ensure due diligence as part of moving from the old contract to a new contract, including inventory, security issues and key control.

Mr. Scanlon said if Amtrak is awarded the contract the number will be significantly less. It is a joint venture bid and there will be some transition costs with a new contractor.

Director Kniss would like to know where there is certainty and non-certainty in the budget. She asked if the administrative number is about average in the industry. Mr. Scanlon said the administrative costs are way below what is normal. Ms. Harrington said the \$9.9 million administrative cost includes \$6.1 million in wages and benefits for employees; \$2.1 million for professional services which includes legal, audit and operating consultants used to maintain specialized equipment; \$1.5 million for bank fees for the credit card and Clipper transactions, software maintenance and pool cars; \$157,000 for communications and marketing.

Director Kniss said it was referenced that SamTrans will make a decision next week. Ms. Harrington said there is an item to go to the SamTrans Board reflective of the discussion this Board had concerning options for Fiscal Year (FY) 2013. This Board asked staff to make best efforts forward to bring a balancing plan by June 30, and the SamTrans Board needs to have a discussion about certain options that are available. After SamTrans Board discussion, staff will be ready to go to MTC to try to firm up the \$3.5 million for this year.

Director Tissier said staff is going to MTC for the \$3.5 million. If for some reason the SamTrans Board says no, then staff has to go to MTC for more than \$3.5 million.

Director Art Lloyd said as a frequent rider he defends the proof-of-payment system and he rarely sees passengers without a payment.

Director Omar Ahmad said an assumption was made for \$3 per gallon for diesel, so how sensitive is the fuel number if it goes up 25 percent. Mr. Scanlon said the highest paid for diesel was \$3.4912 per gallon on April 28 and 34 out of 44 weeks, fuel was in the \$2 range.

Director Ahmad asked if the fuel hedge would be \$3 per gallon this year. Ms. Harrington said staff won't know until it goes to market, but looks like it will be around \$3.35 per gallon.

Public Comment

Jeff Carter, Burlingame, thanked the Board and staff for doing everything possible to retain the 86-train schedule. He said hopefully SamTrans will approve the funding for staff to go to MTC. If service is sustained at a lower level of service, it will be hard to convince the public to retain Caltrain. The proof-of-payment works and very few fares are being missed.

Greg Conlon, Atherton, said his primary concern is safety. He said there is a direct relationship with the increase in oil and the value of the dollar. He suggested staff look at hedging fuel for the next year or two.

PRELIMINARY FISCAL YEAR 2012 CAPITAL BUDGET

Director of Budgets and Grants April Chan made the following points:

- The goals of the Capital Budget are:
 - Invest in infrastructure and equipment improvements to maintain system in a state of good repair.
 - Invest in the rehabilitation and replacement of components for the rail vehicles to ensure fleet availability.
 - Complete Caltrain Positive Train Control (PTC) Development Plan for the PTC system project to meet a Federal mandate by December 31, 2015.
 - Continue system safety improvements.
 - Continue work to coordinate planning and design efforts for the HSR system in the Caltrain corridor with the CHSRA.
- The total FY2012 Capital Budget is \$64.6 million.
- The state of good repair portion is 64 percent of the capital budget which includes stations, right of way maintenance, the signal program and rolling stock.
- The enhancements portion of the Capital Budget is for the installation of cameras on cab cars and locomotives to provide a deterrent against terrorism, identify problem locations and serve as a post-incident investigative tool.
- The Peninsula Rail Program portion is for funding of ongoing program management and oversight and to provide for planning and design support.
- FY2012 funding sources include \$40 million from Federal grants, \$9.5 million from State and regional grants, \$2.8 million from other funding and \$12.7 million total from the partners.
- Staff is going to continue to work with staff from member agencies and will bring a recommendation back at the next meeting.

Chair Elsbernd asked how this year's capital number compares to previous years. Ms. Chan said the Capital Budget has ranged from \$50-\$70 million.

Director Nat Ford asked Mr. Scanlon to share more information on the Federal PTC mandate since it is such a large hit to the budget between now and 2015. Mr. Scanlon said PTC became a Federal mandate after the MetroLink accident in Los Angeles. There is a mandate that PTC be installed on all the systems by 2015. The American Public Transportation Association recently met with commuter rail partners to approach Congress to extend the date to 2018, which was the original date by the Federal Railroad Administration (FRA). The recent cutbacks in Congress cut the nominal funding available for PTC. Caltrain is in a unique situation because prior to any of this happening, Caltrain was proceeding to develop the Communications Based Overlay Signal System (CBOSS), which includes PTC as a feature of that more robust signal system. The big issue with this signaling system is the interoperability with HSR. This is a huge national problem that is not adequately funded or developed. As of yesterday, the FRA asked for another clarification and staff will be meeting with officials from FRA within the next two weeks.

Chair Elsbernd asked how the PTC capital project benefits the Operating Budget. Mr. Scanlon said if CBOSS could be developed and able to use Federal or HSR funds, it can reduce operating costs and improve service, which could bring in more revenue.

Director Lloyd said PTC has an extremely tremendous capital outlay. He asked if the railroad will be going to complete concrete railroad ties. Deputy CEO Chuck Harvey said probably not.

Director Lloyd asked if work is going to be done on the F40s. Mr. Harvey said there are 20 of them in the fleet and they were mid-life overhauled and are currently in a state of good repair.

Director Ahmad said the public would like to have WiFi. He said he would like staff to determine what would it mean in terms of capital and determine if there are businesses Caltrain could partner with on this, and whether there is a potential to make money.

Public Comment

Jim Bigelow, Redwood City/San Mateo County of Chamber of Commerce, said the San Mateo County Transportation Authority CAC received a preliminary budget and it reflects \$4 million for Caltrain. Over a year ago there was an agenda item to certify the Environmental Impact Report (EIR) for electrification to obtain funds. There was a problem and it was not certified because a group threatened to sue. This document needs to get certified so Caltrain can get funds that come available.

Jeff Carter, Burlingame, said that the United States is in the third world with railroad. Is CBOSS reinventing the wheel or is there a product in Europe that could be used for mixed travel?

Ed DeLanoy, San Carlos, said his first job was keeping track of the speeds of the trains over the Bay Bridge back in the 1930s. He said trains should be shortened to save fuel.

Vaughn Wolfe, Pleasanton, said staff and the Board should look at using capital funds to install solar panels.

Director Tissier asked if staff could speak to the issue of the EIR and electrification. Legal Counsel David Miller said there is a Federal certification process under the National Environmental Policy Act (NEPA). The environmental report is completed and is awaiting California Environmental Quality Act (CEQA) certification. There has been threatened litigation brought to this Board and the matter has been held to enable consideration be given as to when funding would be available and how this might integrate with HSR. The allegations were made that the EIR was inadequate because of its age and it goes back many years. Mr. Miller said over the past year, Executive Officer, Planning and Development Marian Lee and he have had several meetings with those individuals who brought threatened litigation forward and have developed a potential plan to certify the EIR on a tiered basis if and when it becomes timely to do so. The objective is to not get into unwanted litigation, but at such time as there is a compelling need to certify because funding is available staff believes they have a game plan that would work.

AUTHORIZE AMENDING AND INCREASING THE FISCAL YEAR 2011 CALTRAIN CAPITAL BUDGET IN THE AMOUNT OF \$2,750,000 FOR BIKE RACKS, SIGNAL OPTIMIZATION AND NARROWBANDING RADIO IMPROVEMENTS FOR A TOTAL BUDGET OF \$39,375,669

Ms. Chan said Staff Coordinating Council (SCC) is asking the Board to increase the FY2011 Capital Budget in the amount of \$2,750,000 for three projects. The bike rack installation project for \$300,000. The Signal Optimization Project, \$2 million, was previously approved for \$6.5 million. This project is complete, but during construction some of the wireless components of the signal system have degraded and in order to make sure this project operates at the correct level, the wireless components need to be replaced. The third project is \$450,000 for narrowbanding radio improvements to comply with a Federal Communications Commission

legal mandate. This project was previously approved for \$2.2 million. Staff is proposing to fund these items from savings realized from other projects that came from State Proposition 1B and Federal Transit Administration funding.

Director Yeager thanked staff for their work on the conversion of the 10 gallery cars to allow for two bike cars on all consists.

A motion (Lloyd/Yeager) to authorize amending and increasing the FY2011 Capital Budget in the amount of \$2,750,000 was approved unanimously by roll call.

**AUTHORIZE AWARD OF CONTACT FOR PUBLIC LIABILITY CLAIMS
ADMINISTRATION, INVESTIGATION AND ADJUSTMENT SERVICES TO
CARL WARREN & COMPANY FOR AN ESTIMATED COST OF \$183,000 FOR A
FIVE-YEAR TERM**

Director of Contracts and Procurement Cheryl Cavitt said staff is in receipt of an untimely protest of the recommendation for award from John Glenn Adjustors and Administrators (JGAA). Mr. Miller said the protesting party is allowed to address the Board and the Board is the final administrative determinant of the protest. The protest arrived Tuesday evening, May 3. Staff must advise the Board that the protesting parties protest was tardy and untimely under the ground rules that are set forth in the procurement. Mr. Miller said he recommends the Board allow the protesting party to address them and then make a recommendation based on the testimony on how to dispose of the protest.

Grace Hess, JGAA, said they have been the JPB claims administrator since 1992. It was the understanding of JGAA that the protest was timely if it was received by May 3. She said JGAA believes the contract should be awarded to them because their contract price for five years was \$181,453, which is less than the competitors bid in the amount of \$183,000. JGAA has extensive experience handling heavy railroad claims and the competitor has no experience in any rail. The JPB has not taken into consideration any transition costs to award the contract to the new provider which will cause downtime.

Mr. Miller said there is nothing in the staff recommendation that speaks to the issue of the adequacy of the performance of JGAA over a period of time. The ground rules in this procurement call for periodic resubmittal of proposals and consideration of the marketplace. Ground rules set forth, as indicated in the staff report, show this as a professional services contract and is not predicated upon a low pricing or low bid basis. Under the ground rules established, the cost proposal consists of 25 points, the approach to scope of services is 25 points and qualifications and experience of the firm is 50 points. In regards to the cost issue, with due respect to the testimony as the response indicated, there is not a record that suggests that the cost is lower. Even under the best of circumstances it is quite close, but the response sent yesterday by staff indicates the point of fact there are other considerations that went into the calculation that the protesting party did not take into account in their calculation. Mr. Miller said from a strictly legal standpoint it would be his recommendation that the Board reject the protest as untimely.

A motion (Cisneros/Yeager) to reject the protest by John Glenn Adjustors and Administrators was approved unanimously.

Ms. Cavitt said SCC recommends the Board award a contract for public liability claims administration, investigation and adjustment services to Carl Warren and Company.

Chair Elsbernd asked if Carl Warren and Company has experience with other rail operators. Ms. Cavitt said yes they do.

A motion (Yeager/Ahmad) to award a contract to Carl Warren & Company for an estimated cost of \$183,000 was approved unanimously by roll call.

Director Kniss left at 11:23 a.m.

AUTHORIZE AMENDMENT TO CONTRACT WITH CARTER & BURGESS, INC. FOR A NOT-TO-EXCEED AMOUNT OF \$3,441,000 TO PROVIDE ON-CALL PROGRAM MANAGEMENT OVERSIGHT SERVICES FOR A TOTAL FIVE-YEAR NOT-TO-EXCEED AMOUNT OF \$13,441,000

Ms. Cavitt said SCC is requesting the Board authorize the Executive Director or his designee to increase the not-to-exceed contract ceiling amount for the three-year base term with Carter & Burgess for \$1.2 million and to authorize the Executive Director or his designee to increase the not-to-exceed ceiling for each of the remaining one-year option terms. She said Carter & Burgess, under this contract, performs program and project management, project controls, capital project delivery management, document control systems and other tasks. There was an increase in the complexity and number of programs to be managed, including the Peninsula Rail Program.

A motion (Tissier/Lloyd) to amend the contract with Carter & Burgess for \$3,441,000 was approved unanimously by roll call.

LEGISLATIVE UPDATE

Executive Officer, Public Affairs Mark Simon said at the State level there are reports of an additional \$2 billion in tax receipts that were not anticipated. This should ease some of the pressure on a \$15 billion deficit but will complicate the governor's efforts to put a tax increase on the ballot or get voters to approve it. The Legislature has not approved the final budget. Action is being taken on a number of transportation-related bills. Assembly Bill 147, which would allow cities and counties to impose developer impact fees for transit, bike and pedestrian improvements, did move out of committee yesterday. The JPB joined a number of other transit agencies in calling for the State to conduct a bond sale as soon as possible in order to keep transportation projects moving.

On the Federal level there has not been much movement on transportation issues since Congress approved the final spending bill for FY2011 last month. There have been some statements in recent days in the wake of the assassination of Osama Bin Laden about whether there is a need for additional Federal funding to enhance security at transit agencies. In keeping with the expectation that there will be increased security and a concern by transit agencies that those funds, if stepped up security is necessary, would have to come out of already constrained budgets.

The Silicon Valley Leadership Group has completed a series of eight town hall meetings to gather public input and commentary on long-term funding for Caltrain. Chair Elsbernd was thanked for attending the San Francisco meeting Wednesday night.

CORRESPONDENCE

In the reading file

BOARD MEMBER REQUESTS

None

GENERAL COUNSEL REPORT

Mr. Miller said he and Mr. Harvey have been engaged in a mediation proceeding involving Union Pacific Railroad in a collaborative way. This proceeding has to do with certain claims the JPB has asserted for recovery of hazardous materials rights under agreements.

DATE/TIME/PLACE OF NEXT MEETING

Thursday, June 2, 2011, 10 a.m. at San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA 94070.

ADJOURNED

Chair Elsbernd passed on condolences in the passing of Mr. Scanlon's sister and adjourned the meeting in her memory.

Adjourned at 11:33 a.m.