

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

MINUTES OF SEPTEMBER 1, 2016

MEMBERS PRESENT: J. Cisneros, J. Gee, R. Guilbault, R. Peralez, J. Ramos,
P. Woodward (Chair)

MEMBERS ABSENT: M. Cohen, A. Tissier, K. Yeager

STAFF PRESENT: J. Averill, T. Bartholomew, M. Bouchard, J. Cassman, D. Couch,
C. Fromson, J. Hartnett, E. Kay, L. Larano, M. Martinez,
N. McKenna, S. Murphy, M. Simon, S. van Hoften, N. Vigil

Chair Perry Woodward called the meeting to order at 10:02 a.m. and led the Pledge of Allegiance.

PUBLIC COMMENT

Jeff Carter, Millbrae, said audio recordings are available for Board meetings but not Citizens Advisory Committee (CAC) meetings and he asked they be posted. There were two months where PowerPoint presentations were available online before the meetings, but they were not available before the meeting this month. He said he hasn't seen how the Go Pass ridership and revenues are calculated, which is needed for the fare study.

Director José Cisneros arrived at 10:04 a.m.

Roland Lebrun, San Jose, said he has traced collusion between LTK Engineering and Stadler back to October 2014, and that was followed by a presentation of a Stadler Electric Multiple Unit (EMU) with four doors. He also discovered that the Request for Proposals (RFP) was never issued to the SamTrans procurement site, so it is unclear how manufacturers were contacted and what their responses were. It looks like the Federal Railroad Administration (FRA) is about to finalize the specification for high-speed trains, and they will specifically exclude EMUs for safety reasons. The end result will be very similar to Caltrain's version of existing low-floor trains because all the underfloor equipment has been relocated to two locomotives, and higher platforms are no longer needed. If everything works out as expected from the Railway Safety Advisory Committee Engineering Taskforce, Caltrain should be able to issue a new RFP that focuses on maximizing seat, bike, and toilet capacity that will not require another set of doors, which will save hundreds of millions of dollars.

CONSENT CALENDAR

- a) Approval of Minutes of August 4, 2016
- b) Information on Statement of Revenues and Expenses for July 2016

Public Comment

Roland Lebrun, San Jose, said fuel is coming out close to 50 percent of the budget, and it was over budgeted by 100 percent, so there should be an \$8 million surplus. The Total

Administrative Expenses is 27 percent below budget, so there should be another \$7 million a year from that item. This gives the JPB an opportunity to buy one more Bombardier car in order to make up another six-car set. Reserves are getting low.

Motion/Second: Cisneros/Guilbault

Ayes: Cisneros, Gee, Guilbault, Peralez, Ramos, Woodward

Absent: Cohen, Tissier, Yeager

CHAIRPERSON'S REPORT

None

REPORT OF THE CAC

Brian Shaw, Vice Chair, CAC, said:

- Several CAC members' terms have expired and there is a need to make appointments.
- At the August 17 meeting, the CAC:
 - Met Joe Navarro, the new Director, Rail Operations.
 - Received a presentation on the Caltrain Fare Policy scope. CAC members expressed concerns with higher peak-hour fares, but some members recognized that these fares could reduce the overcrowded conditions on the peak-hour trains.
 - Received an update on the Peninsula Corridor Electrification Project (PCEP). Staff indicated the project will avoid line shutdowns during construction.
 - Learned that a lease for eight locomotives seems promising and a down payment has been made, which will allow the current locomotives to be brought to a good state of repair and give the system the five-year fix it needs to get to electrification.
 - Learned about a proposed position to maintain the current operating contract with Transit America Services, Inc.
 - Thanked Michelle Bouchard, Chief Operating Officer, Rail, and remarked how much the system has improved since Ms. Bouchard has returned to Caltrain.

REPORT OF THE EXECUTIVE DIRECTOR

Proclamation Declaring September as Railroad Safety Month

Tasha Bartholomew, Communications Officer, said this proclamation reaffirms the JPB's commitment to provide safe and efficient train service between San Francisco and Gilroy, and provide an opportunity to highlight the promotion and advancement of safety on the right of way through enhanced safety measures and increased public awareness. Caltrain plans to launch a rail safety public safety announcement that will focus on motorists and will run on cable television during the month. A new grade crossing awareness public safety program will also be launched that will focus on enforcement and education and highlight the JPB's grade crossing improvement plans over the next year.

Motion/Second: Cisneros/Gee

Ayes: Cisneros, Gee, Guilbault, Peralez, Ramos, Woodward

Absent: Cohen, Tissier, Yeager

Nancy Sheehan, State Coordinator, California Operation Lifesaver, thanked the Board and staff for their proactive support of Rail Safety Month. She said it has been an honor to work with Caltrain. The JPB has been a leader in the State and she values the partnership.

Caltrain Modernization (CalMod) Update: PCEP Oversight

Liria Larano, Deputy Chief, CalMod/Caltrain Program Delivery, presented:

- PCEP organization
 - Management
 - Owner's team
 - Contractors
- JPB oversight
 - Monthly progress reports
 - Quarterly progress reports
 - Ad hoc committee
- Project oversight
 - Executive team
 - Contractor progress meetings
 - Meetings
- Change order authority
 - Executive Director's change order authority is 5 percent of Design-Build (DB) and EMU contract amounts
 - JPB notified by e-mail about change orders greater than \$2.5 million
 - Monthly progress reports and quarterly Board briefings and reports will include change order summary
- Oversight protocol
 - Part of supplemental funding agreement
 - Seven-party funding partners
 - City and county of San Francisco
 - San Francisco County Transportation Authority
 - San Mateo County Transportation Authority (SMCTA)
 - Santa Clara Valley Transportation Authority (VTA)
 - Metropolitan Transportation Commission
 - California High-Speed Rail Authority (CHSRA)
 - JPB
 - 1. Open door policy with partners
 - 2. Partners may attend any progress meetings
 - 3. Partners may attend meetings with FTA and Program Management Oversight
 - 4. Project deliverables, reports, plans and procedures available for partners review
 - 5. Partners may review progress and cost reports
 - 6. Partners provided with quarterly progress report
 - 7. Partners may participate in consultant selection panels and proposal/bid reviews
 - 8. Partners may monitor quality through discussions with quality assurance manager
 - 9. Partners will be members of the risk management team

10. Configuration Management Board will include representatives from San Francisco, CHSRA and VTA
 11. Partners will provide support on funding and financing issues
 12. Appropriate documentation provided to partners to assure invoices processed in a timely manner
 13. Partners will assist with the development of grant amendments and funding requests
 14. Caltrain Executive Director will present the project status twice a year at the San Francisco Board of Supervisors
 15. Partners can request a meeting to receive additional information
 16. Partners can request an audit and review of project information
- FTA oversight
 - Quarterly meeting
 - Washington D.C. and Region 9 staff
 - Caltrain executives and project team, partner agencies
 - Program management oversight consultant
 - Started August 2015
 - Monthly visits since October 2015
 - Program management plan
 - Framework for management of program in accordance with FTA requirements
 - Specifies PCEP organizational structure and roles/responsibilities
 - Outlines procedures for effective management and administration
 - Risk assessment in August 2016

Director Jeff Gee asked what the roles are of regular financial audits and if there is a place for industry peer reviews. Director Gee said given the high profile of this program there will be critics. He encouraged the Board and the management team to be proactive and have audits to show the money is being spent correctly and to take advantage of peer reviews. Ms. Larano said peer reviews and audits will be done.

Jim Hartnett, Executive Director, said there is an internal audit function, and in the agreement with contractors there is a partnering process to put into place to surface issues before they become issues. Part of the reason for having the partners involved in oversight is to take advantage of their experience on other projects.

Director Joël Ramos said the budget is reliant on the Core Capacity grant and the Proposition 1A grant. He asked if there is anything that the JPB can do now if that funding doesn't come through for any reason. Mr. Hartnett said it is a risk factor for the project and is why the project is structured to start out with a Limited Notice to Proceed so the initial effort can be controlled with the funds that are available. He said if the full funding grant agreement does not come through, the project will not proceed. It is unlikely the project will get less than the full amount requested because the project budget includes the full amount, and the FTA is aware of this and know that if they granted less than the full amount, the JPB would not have the full budget. Advisors have indicated that projects get what they qualify for, and this project has qualified for the full amount on the budget side and just has to qualify for the grant agreement itself. Staff tried to control it up front and has been very careful in how they have approached it.

Director Ramos said he would like the JPB to articulate the possibility that the funding may not come through and what the JPB plans to do in case something falls through. It would be great to see this as the project moves forward with the other bodies and to get this information out front. Those bodies would be able to proceed more comfortably with this information. He would like to know what the Board can do to ensure everything is happening as planned.

Mr. Hartnett said:

- At their August 25 meeting, the Local Policy Maker Group (LPMG):
 - Elected Burlingame City Councilmember Emily Beach as their vice chair.
 - Received the PCEP Quarterly Update.
 - Received presentations on the status of grade separations projects along the Caltrain corridor. Additional discussions about grade separations will take place at the next LPMG meeting on September 22.
- Special event train service:
 - San Francisco 49ers service at Levi's Stadium carried several thousand additional riders.
 - Kenny Chesney concert at Levi's Stadium carried fewer than 600 additional riders.
 - Guns N' Roses concert at AT&T Park carried 10,000 additional riders.
 - Extra service will be provided for the Coldplay concert, the San Francisco 2016 on the Green Fest, the Beyoncé concert, the San Jose Sharks hockey, Stanford football, and Giants baseball.
- Capital projects:
 - The San Mateo Bridges Project is at the construction punch list item stage and the contract should close out later this month.
 - The San Francisco Highway Bridges Project has ongoing activities at 22nd Street, Paul Avenue, and 23rd Street.
 - The CHSRA authorized their portion of the funding for the San Mateo 25th Avenue Grade Separation Project, which was the last funding piece needed. The project design is scheduled to be completed in the fall, advertised for construction contracts in the winter, construction should begin in the summer of 2017, and completed in the spring of 2020.
 - Progress is being made on the train departure monitors at the 4th and King and Diridon stations. The completion of the project is expected this winter.

Public Comment

Roland Lebrun, San Jose, said quad gates don't prevent trespassers on the tracks. He said there are 7,000 at-grade crossings in the United Kingdom but only 10 people per year are killed on the tracks. He said the \$400 million to replace the fleet after electrification is missing from the PCEP funding chart.

Adina Levin, Friends of Caltrain, said at the LPMG meeting there was a discussion about coming together to get support for planning grade separations across the entire corridor. Today the SMCTA will look at what to do because the funding for grade separations is going to run out with projects in the queue, and the proposal is to stop evaluating future potential projects. Planning should not be stopped when there is an ongoing need.

KEY CALTRAIN PERFORMANCE STATISTICS JULY 2016

Ms. Bouchard said:

- Average Weekday Ridership increased 2.5 percent. There was a decrease in total ridership, but this is due to the fact that there were more weekdays in July 2015 than in July 2016. The trend is good and staff is doing all it can to increase growth, primarily in getting the sixth six-car set into service on July 25.
- On-time performance (OTP) was 92.2 percent. The OTP for August 2016 is above 94 percent, which is a result of the timetable change that was made to promote schedule reliability. The contract operator has been working hard on mechanical issues.

AUTHORIZATION STAFF TO PROCEED WITH AN INTERIM FINANCING FOR THE PENINSULA CORRIDOR ELECTRIFICATION PROJECT IN AN AMOUNT NOT TO EXCEED \$150 MILLION

Eli Kay, Chief Financial Officer, said this is for an increase in the short-term financing needed for the PCEP. In September 2015, the Board authorized staff to search for and select a lender who could provide a \$125 million loan. This loan was needed to provide enough operating capital to the project, but at that time staff did not know the exact amount needed to complete the project. The contract was awarded last month and the full amount is now known. An additional \$150 million is needed. This money will not be repaid out of the Caltrain Operating Budget. All interest and principle have been included in the project budget. The next step is to identify and select the lender who will give the most flexibility at a minimum cost. Once selected, the three member agencies will be required to conduct a public hearing and adopt a resolution to approve the financing.

Public Comment

Roland Lebrun, San Jose, said a table was presented last month showing funding sources, revenues and expenditures, and it was perfectly balanced, but now staff is saying the project is \$150 million short. It is inappropriate to authorize the Executive Director or Chief Financial Officer to go ahead with this. They should see what is available and come back to the Board with a presentation so the Board can provide direction.

Vaughn Wolffe, Pleasanton, asked if the costs are going to be a line item in a monthly presentation or a one-time item. He asked where these costs will appear.

Motion/Second: Cisneros/Gee

Ayes: Cisneros, Gee, Guilbault, Peralez, Ramos, Woodward

Absent: Cohen, Tissier, Yeager

AUTHORIZE EXECUTION OF SUPPLEMENTAL AGREEMENT NO. 2 WITH PACIFIC GAS AND ELECTRIC (PG&E) FOR OVERSIGHT OF CALTRAIN DESIGN AND CONSTRUCTION OF 115 KILOVOLT INTERCONNECTIONS AND ENVIRONMENTAL REVIEW OF INFRASTRUCTURE BUILD OUTS IN SUPPORT OF THE PCEP IN AN AMOUNT NOT TO EXCEED \$1 MILLION

Dave Couch, Project Delivery Director, said staff came to the Board in October 2015 to approve a Master Agreement with PG&E, under which was a series of supplements. The first supplement was approved and funded for the scoping and initial examination and calculation of what would be required for loads. This is the second supplement.

Caltrain will build interconnect duct, which connects the substation from PG&E over to the substation needed for traction power. This action is for oversight, the review and approval of drawings, and all the other services necessary, including project management for PG&E.

Motion/Second: Cisneros/Guilbault

Ayes: Cisneros, Gee, Guilbault, Peralez, Ramos, Woodward

Absent: Cohen, Tissier, Yeager

AUTHORIZE EXECUTION OF SUPPLEMENTAL AGREEMENT NO. 5 WITH PG&E FOR INTERIM POWER DESIGN AND CONSTRUCTION SERVICES IN CONNECTION WITH THE PCEP IN AN AMOUNT NOT TO EXCEED \$3.5 MILLION

Mr. Couch said Supplemental Agreement Number 3 will come later for the design of the work in the substation and Supplemental Agreement Number 4 will be for the construction within the substation. These won't be available until further into the process of design, towards the end of the calendar year. Supplemental Agreement Number 5 is to provide an interim power supply from the PG&E substation through the interconnect duct to the JPB substation. This is necessary because PG&E will not be able to bring the permanent work within their substation online at the time JPB staff needs to test the EMUs. This is a temporary power source. All the work that will be done will be part of the permanent system. This provides a temporary connection at limited power source.

Director Gee asked staff to tie the paragraph about the budget impact toward the budget report in the monthly report in the future so members of the public can see where the money is coming from.

Motion/Second: Guilbault/Cisneros

Ayes: Cisneros, Gee, Guilbault, Peralez, Ramos, Woodward

Absent: Cohen, Tissier, Yeager

AWARD OF CONTRACT TO DMZ BUILDERS FOR THE LOS GATOS CREEK BRIDGE REPLACEMENT PROJECT IN THE TOTAL AMOUNT OF \$17,998,000

Nita Vigil, Acting Director, Contracts and Procurement, said this project is to replace the existing bridge and to set aside a drill track, which is a test track, that will serve the PCEP in the future for EMU testing. Staff received five bids, and DMZ Builders was awarded the contract based on their low bid, which was 9 percent lower than the independent cost estimate. DMZ Builders will also provide a full amount of small business fulfillment of 9 percent.

Public Comment

Adina Levin, Friends of Caltrain, said there is an ongoing concern because some of CHSRA potential options in their approach to Diridon could result in the need to replace this new bridge within a few years of its construction. She hopes this is being watched closely.

Director Raul Peralez asked how staff has been working with CHSRA and sharing information back and forth with them. Ms. Bouchard said staff has standing meetings every two weeks with CHSRA regarding blended planning and the infrastructure

working group. Staff is working hard to understand what CHSRA plans are. There is nothing concrete yet, but the coordination is there. With the result of this award, CHSRA is aware of what Caltrain is doing.

Director Peralez said his staff has been closely watching this item. He said no one wants to go through a DB project and have to undo it. He thanked staff for working with San Jose city staff to alleviate the concern about the closure.

Motion/Second: Peralez/Gee

Ayes: Cisneros, Gee, Guilbault, Peralez, Ramos, Woodward

Absent: Cohen, Tissier, Yeager

CAPITAL PROJECTS QUARTERLY STATUS REPORT – 4TH QUARTER FISCAL YEAR 2016

Ms. Bouchard said she is available to answer questions about this report.

Public Comment

Roland Lebrun, San Jose, said the Communications-based Overlay Signal System (CBOSS) project is a catastrophe and should be phased. The owners' costs are now 60 percent over budget. The JPB should face at some point that this will never work. If the interoperability test fails, the JPB should pull the plug on the project and re-issue the RFP and get the exact same system as Metrolink. The JPB continues to have issues with Disadvantaged Business Enterprise attainment. It is at less than 2 percent, but the target is 12 percent.

LEGISLATIVE UPDATE

Casey Fromson, Manager, Government Affairs, provided the following update:

State

Assembly Bill (AB) 1889 will help facilitate the distribution of previously appropriated Proposition 1A funds to the bookends and other areas of the high-speed rail corridor. The bill passed the Assembly and is making its way to the governor's desk for signature.

California State Transportation Agency awarded a \$20 million grant to the Caltrain program through the Cap and Trade Intercity Rail Program, which will help solidify the funding levels for the PCEP at the State and local level.

Federal

The FRA awarded Caltrain a \$2.9 million grant for the CBOSS/Positive Train Control Project.

Public Comment

Roland Lebrun, San Jose, said AB1889 is a disaster. This bill came from the fact that there were issues with Proposition 1A compliance. Instead of coming up with solutions that would have complied with the bond act, which could not have been challenged in court, the decision has been made to modify the language of the proposition. This will go straight to court for the next couple of years.

CORRESPONDENCE

No discussion.

BOARD MEMBER REQUESTS

None

DATE/TIME/PLACE OF NEXT REGULAR MEETING

The next meeting will be Thursday, October 6, 2016, 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

Joan Cassman, Legal Counsel, said the property at 2925 South El Camino Real will be removed from the list.

Recessed to closed session at 11:09 a.m.

Closed Session: Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(d)(1): Town of Atherton, et al vs. Peninsula Corridor Joint Powers Board. Case No. CIV532457

Closed Session: Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(d)(1): Hue Qin Xu, by and through her Guardian ad litem Suzie Tan Wong v. Transit America Services, Inc., et al., San Francisco Superior Court, Case No. CGC 13-534880

**Conference with Real Property Negotiators Joan L. Cassman, General Counsel, Brian W. Fitzpatrick, Manager, Real Estate and Property Development, and Gary Cardona, Senior Real Estate Officer, pursuant to Government Code Section 54956.8:
 Under negotiation: Price and terms of contract.**

Property Location	Owner	APN	JPB Parcel #
2817 S. El Camino Real San Mateo CA 94403	Flynn Brothers, LLC	039-351-100	JPB-SM-0041
116 E. 25th Avenue San Mateo, CA 94403	Christopher Niehuis	039-084-140 039-084-010	JPB-SM-0034 & - 36
2135 Palm Avenue San Mateo, CA 94403	Dillon Management Company	039-071-050	JPB-SM-0031
SW & NW corner of E. 25th Avenue and Delaware Street San Mateo, CA 94403	County of San Mateo	039-087-020 039-086-020	JPB-SM-0052 & - 53
2747 S. El Camino Real San Mateo, CA 94403	Hilda Lai, Trustee of Lai Family Trust	039-351-070	JPB-SM-0039
110 E. 25th Avenue San Mateo CA 94403	Security Public Storage, a CA limited partnership	039-085-310 039-084-150	JPB-SM-0035 & - 37
3025 S. El Camino Real San Mateo CA 94403	Bohannon Development Company	039-360-060 039-360-070	JPB-SM-0049

Joint Powers Board Meeting
Minutes of September 1, 2016

Reconvened to open session at 12:04 p.m.

Ms. Cassman said no formal action has been taken, but authority has been given to staff in each case.

Adjourned at 12:04 p.m.