

**Peninsula Corridor Joint Powers Board
Finance Committee Meeting
1250 San Carlos Avenue, San Carlos CA 94070**

MINUTES OF AUGUST 23, 2021

MEMBERS PRESENT: Monique Zmuda (Chair), Jeff Gee, Glenn Hendricks

MEMBERS ABSENT: None

STAFF PRESENT: M. Bouchard, J. Harrison, S. Petty, J. Funghi, R. Barnard, A. Acenas, G. Martinez, C. Mobley-Ritter, D. Seamans, S. Wong

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Chair Monique Zmuda called the meeting to order at 2:30 pm and led the Pledge of Allegiance.

2. ROLL CALL

District Secretary Dora Seamans confirmed the presence of a Board quorum.

3. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Roland Lebrun, San Jose, commented on the new baby bullet schedule, the current time for a San Francisco-San Jose commute, and the current time for a Gilroy-San Jose commute.

Aleta Dupree, Oakland, commented on ridership, the Citizens Advisory Committee's resolution to go to distance-based fares and requiring employee vaccinations.

4. CONSENT CALENDAR

- a. APPROVE MEETING MINUTES OF JULY 26, 2021**
- b. APPROVE 2022 FINANCE COMMITTEE CALENDAR**
- c. INCREASE THE TOTAL PROJECT BUDGET BY \$1,025,000 FOR THE BROADWAY BURLINGAME GRADE SEPARATION PROJECT AND INCREASE THE FISCAL YEAR 2022 CAPITAL BUDGET TO \$67,234,919**

Public comment

Roland Lebrun, San Jose, commented on Broadway grade separation wires, the new Broadway Station, level boarding, and including drawings.

Motion/Second: Gee/Hendricks

Ayes: Hendricks, Gee, Zmuda

Noes: None

Absent: None

5. ACCEPT REPORT OF THE CHIEF FINANCIAL OFFICER (CFO)
A. INFORMATION ON STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD ENDED JULY 31, 2021

Grace Martinez, Director of Finance, provided updates, which included the following:

- Financial reports for Fiscal Year ended June 2021
- Audit results and annual comprehensive financial report presented in October
- Replaced JP Morgan credit lines with Wells Fargo credit lines
- Winning the Achieve of Excellence in Procurement Award

The Board members had a discussion and staff provided further clarification in response to the Board comments and questions on the following:

- Whether the received federal funding of \$41 million was different from the original estimate
- Invoices in arrears, including those regarding lines of credit and timing of invoicing and payment

Public comment

Roland Lebrun, San Jose, commented on additional funding on the credit line, reimbursement from funding partners for capital projects, and providing a statement for June.

Motion/Second: Hendricks/Gee

Ayes: Hendricks, Gee, Zmuda

Noes: None

Absent: None

6. AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AN AMENDMENT TO SUPPLEMENTAL AGREEMENT NO. 4 WITH PACIFIC GAS AND ELECTRIC (PG&E) FOR PROCUREMENT AND CONSTRUCTION SERVICES FOR PG&E INFRASTRUCTURE BUILD OUTS IN SUPPORT OF THE PENINSULA CORRIDOR ELECTRIFICATION PROJECT (PCEP)

John Funghi, CalMod Chief Officer, provided an update, which included the following:

- PG&E required to provide sufficient power for testing and future operation of the electrified railroad
- Original cost supplement was not to exceed \$82 million, the construction work stopped due to COVID, and then continued at a delayed pace
- PG&E estimated a \$38.8 million increase to complete the supplement due to COVID, pre-planned shutdowns delays, change orders from design progression, and income tax increase.
- The request is for a \$15.5 million increase of the contingency budget

Public comment

Roland Lebrun, San Jose, commented on why there was a wait for the system capacity study and who pays for the remaining funds.

The Board members had a discussion and staff provided further clarification, which included the following:

- PG&E change orders are approved by PG&E staff and all the contract administration work is audited by the California Public Utilities Commission
- A breakdown of line items to indicate how much is attributed to COVID delays, delays to schedule, income tax increase and any other unpaid contingencies
- Include the Change Management Board approval to this item for Board review
The timing between the new budget and the \$15.5 million increase
- When the rebate from the California Public Utilities Commission (CPUC) will be received and
- whether the client or the utility normally pays the income tax increase
- An excel sheet to be included in the future for more background and changes
- Whether Caltrain pays the full \$38M invoice, then gets the money back
- How much is paid to legal counsel

Motion/Second: Gee/Zmuda

Ayes: Gee, Hendricks, Zmuda

Noes: None

Absent: None

7. AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE A CHANGE ORDER TO THE PENINSULA CORRIDOR ELECTRIFICATION PROJECT (PCEP) CONTRACT WITH BALFOUR BEATTY, INC. FOR AN INCREASE IN ALLOWANCE ITEM NO. 9 - UTILITIES POTHOLING FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$5,700,000

John Funghi, CalMod Chief Officer, provided updates, which included the following:

- Authorize increase to compensate BBI to ensure ground is clear to improve infrastructure
- Allowance number 9 is a unit price with unit cost
- The allowance of potholes has been expanded and the value of the allowance has increased
- Recommend increase by 3,000 potholes

Public comment

Roland Lebrun, San Jose, commented on using duct banks to bypass potholes, and Parsons paying for the potholes.

Aleta Dupree, Oakland, commented on foundation completion, and financing the railroad.

Jeff Carter, Millbrae, commented on quick foundation completion.

The Board members had a discussion and staff provided further clarifications regarding the following:

- Whether this would come from contingency funds,
- Spreadsheet indicating contingency fund versus spread
- Whether the monthly report indicates contingency
- Why there is a 50 percent increase in the amount of potholes needed (why professional estimates could not estimate this)
- How to learn from failure rates, expectations, to prevent future incidences
- Budget impact section of the report, include contingency and indicate staff accounting for contingency in the contract
- Having the Change Management Board chair visit to inform the Committee of their vetting process for their recommendation

Motion: Second: Gee/Zmuda
Ayes: Gee, Hendricks, Zmuda
Noes: None
Absent: None

8. ACCEPT QUARTERLY FUEL HEDGE UPDATE

Grace Martinez, Director of Finance, stated there was no presentation but was available for questions.

Public comment

Aleta Dupree, Oakland, expressed support for hedging.

Roland Lebrun, San Jose, commented on previous fuel usage reporting and transferring surplus to reserves.

The Board members had a discussion and staff provided further clarification on budget revenue for fuel hedging and these savings are reflected in monthly revenue reports

Motion/Second: Hendricks/Gee
Ayes: Gee, Hendricks, Zmuda
Noes: None
Absent: None

9. COMMITTEE MEMBER REQUESTS

Director Gee requested the Change Management Board (CMB) approval be attached to future agenda items (like Item 6) so the Board is familiar with the CMB's discussions.

Director Hendricks requested a breakdown of Item 6 to indicate how much is due to COVID delays, delays to schedule, and income tax increase.

Director Hendricks requested an excel sheet to display and explain how the cost changes from \$32.8 million to \$48.3 million and contingency funds compared with spread funds if not indicated in the monthly report.

Chair Zmuda suggested using the Budget Impact section of staff reports to indicate contingency usage in the contract.

Director Gee requested agendaizing an update from the Change Management Board Chair on the vetting process for recommendation.

Director Gee requested looking at the capital budget sooner and to look at member agency funding commitment to DTX (downtown extension) as part of the new START program requirement.

Public comment

Roland Lebrun, San Jose, commented on getting involved in the downtown extension (DTX)

10. DATE/TIME OF NEXT REGULAR FINANCE COMMITTEE MEETING

Monday, September 27, 2021 at 2:30 pm via Zoom

11. ADJOURN

The meeting adjourned at 3:57 pm.

An audio/video recording of this meeting is available online at <https://www.caltrain.com/about/bod/video.html?> Questions may be referred to the Board Secretary's office by phone at 650.508.6279 or by email to board@caltrain.com.