

**Peninsula Corridor Joint Powers Board
Board of Directors Meeting
1250 San Carlos Avenue, San Carlos CA**

MINUTES OF AUGUST 6, 2020

MEMBERS PRESENT: D. Pine (Chair), C. Chavez, D. Davis, J. Bruins, R. Collins, S. Heminger, C. Stone, S. Walton, M. Zmuda

MEMBERS ABSENT: None

STAFF PRESENT: J. Hartnett, C. Mau, J. Cassman, M. Bouchard, J. Funghi, C. Gayotin, D. Hansel, S. Murphy, B. Shaw, S. Petty, D. Seamans, S. Wong

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE

Chair Dave Pine called the meeting to order at 9:08 am and led the pledge of allegiance.

2. ROLL CALL

District Secretary Dora Seamans called the roll and confirmed a quorum.

Chair Pine noted the need for a special meeting regarding the resolution on governance as well as the regular meeting. He asked General Counsel Joan Cassman to clarify the meeting order: the special agenda item with the recommendation from the Governance Ad Hoc Committee would be heard at 9:30 am and the Public Hearing for the Potential Closure of the Atherton Station would be deferred to later.

3. PUBLIC HEARING FOR POTENTIAL CLOSURE OF ATHERTON STATION

This item was later deferred to the next Joint Powers Board meeting.

4. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Joe Kunzler commented on saving Caltrain, a well-run agency, low-income fares for local residents, and Caltrain electrification.

Aleta Dupree, Oakland, commented on Clipper START, moving away from paper tickets and vending machines, and supporting Caltrain.

Roland LeBrun, San Jose, commented on simplifying the packet on the website, government-run agencies, and the district attorney.

An anonymous speaker commented on Caltrain needing to be saved, the governance crisis, and handling money.

Vaughn Wolfe, Pleasanton, commented on mega-regional governance of modern rail, adopting new technology, and enabling processes to test public health for future pandemics.

5. CONSENT CALENDAR

- a. **Approved Meeting Minutes of July 9, 2020**
- b. **Received Key Caltrain Performance Statistics – June 2020**
- c. **Received State and Federal Legislative Update**
- d. **Appointed a Citizens Advisory Committee Representative**
- e. **Received Information on Statement of Revenues and Expenses for the Period Ended June 30, 2020**
- f. **Authorized Execution of a Change Order to the Peninsula Corridor Electrification Project Contract with Balfour Beatty, Inc. for Construction of Shunt Wires at Utility Crossings In Conformance with California Public Utility Commission Requirements**
- g. **Authorized Execution of Agreements to Receive Funding and Act as Lead Implementing Agency for the Final Design Phase of the Mountain View Transit Center Grade Separation and Access Project**
- h. **Caltrain's Commitment Letters to the Metropolitan Transportation Commission (MTC) for Plan Bay Area 2050 Project Submissions**

Public Comment

Roland LeBrun, San Jose, commented on track wires and volts, Balford Beatty, and governance.

Motion/Second: Collins/Davis moved approval of the Consent Calendar
Ayes: Bruins, Chavez, Collins, Heminger, Stone, Walton, Zmuda, Davis, Pine
Noes: None
Absent: None

Items 7a and 7b were heard out of order until the Special Meeting could commence at 9:30 am.

7. REPORT OF THE EXECUTIVE DIRECTOR

Jim Hartnett, Executive Director, announced that the report was in the packet.

b. Caltrain Positive Train Control (PTC) Project Update – JULY 2020

Michelle Bouchard, Chief Operating Officer, reported on the safety plan submittal in June, which triggered a six-month conditional certification. She announced coming to close to contract negotiation completion with single source providers of technology, seeking to diversify program support contractors, and identifying work that can be done by direct staff.

a. Peninsula Corridor Electrification Project (PCEP) Monthly Progress report -

Mr. John Funghi, CalMod Chief Officer, replied that if Balford Beatty's design did not impact the utilities asked to be approved today. He said those were existing utilities that need to be protected due to a California Public Utilities Commission (CPUC) regulation that was enacted after the award to Balford Beatty.

Item 6 was heard out of order after Item 7.

6. REPORT OF THE CHAIR

a. Local Policy Maker Group (LPMG)

Director Jeannie Bruins stated the group met July 23rd with a high attendance rate of 16 to 19 members present via Zoom. She said the group heard updates regarding Caltrain fiscal outlook, Senate Bill (SB) 797, electrification, equity and growth, and High Speed Rail draft environmental impact report (EIR). Director Bruins stated that inquiries from members included the ability to complete projects with revenue services suspended and the future of the 1/8th sales tax measure. She stated member requests included extending the EIR public comment period for 60 days instead of 45 days and viewing the letters sent along the corridor regarding the draft EIR.

Chair Dave Pine 1) called the Special Meeting to order at 9:30 a.m. and 2) confirmed all members were present.

3. Recommendation of the Governance Ad Hoc Committee:

Board direction on expenditures of sales tax proceeds, modifications in governance, indebtedness to the San Mateo County Transit District, appointment of legal counsel, appointment of an auditor and manner for adding agenda items.

Chair Pine stated that the purpose of the special meeting was to address the following:

- Expenditure of sales tax proceeds
- For the measure to go to the ballot
- Modifications and governances
- Indebtedness to San Mateo County Transit District
- Appointment of legal counsel
- Appointment of an auditor

He stated that the Governance Ad-Hoc Committee Members, Directors Walton, Chavez, and Pine, brought the resolution forward. Chair Pine outlined the different phases:

1. Chair Pine stated that he would open with remarks, Director Walton would move to approve the motion, and welcome remarks from Director Chavez and Director Heminger.
2. Board members could ask questions of the committee or counsel.
3. Public Comment
4. Board discussion, amendments, and action

Chair Pine stated that Caltrain was the seventh largest railroad in the nation, efficiently run, with previous tripled ridership and 70 percent farebox revenues. He said the railroad faces two threats: 1) lack of dedicated revenue stream -Caltrain relies solely on farebox and agency contribution and without a dedicated funding source, their ability to successfully launch electrification and to execute the service vision would be questionable at best, and with COVID, they face an existential threat, and 2) governance crisis – which came close to derailing putting a sales tax measure on the ballot, governance must be resolved for the three member agency to provide a fundamental foundation for future success. Chair Pine emphasized the resolution of the Board to commit to a recommendation on governance by December 31, 2021. He stated that Directors Zmuda, Bruins, and Collins would meet with staff to develop a process and recommendation to the Board on how to organize work on Governance over the next 16 or 17 months.

Board members had a robust discussion and staff provided further clarification in response to Board comments and questions. Topics included the following:

- The definition of "governance structure and procedures" and the reallocation and voting power of seats
- Whether the three member agencies would need to come to an agreement to change the JPB managing agency
- Following the Business Plan and the scope of independent counsel
- Whether November 30th was a hard deadline for choosing legal counsel
- Whether a new auditor would be separate from current auditors
- Whether separate staff would be used for shared services
- Whether SB 797 revenues would be used for operating and capital expenses for Caltrain, and what would constitute repayment of the debt to SMCTD (San Mateo County Transit District)
- Whether the proceeds from that tax would reimburse money that San Mateo County taxpayers spent to purchase the right-of-way
- Exposure to legal challenges

Public Comment

Jason Baker, Campbell, expressed support for the measure.

Vaughn Wolffe, Pleasanton, commented on SamTrans repayment by creating a mega-region and have the state payback SamTrans so its property belongs to the state.

Carl Guardino, Monte Sereno, commented on funding public opinion surveys indicating support for the sales tax

Roland LeBrun, San Jose, commented on focusing on the managing agency, opposed term limits for the JPB, and bifurcating staff with support from previous staff.

Adina Levin, Friends of Caltrain, commented on governance, Caltrain Business Plan, management changes, and achieving an integrated system.

Scott Mace, San Jose, commented on Caltrain being the lifeblood of public transit and Caltrain growth.

Elizabeth Alexis, Santa Clara, expressed concern regarding excess Santa Clara contributions in relation to repayment of SamTrans with the sales tax measure. She commented on independent Caltrain auditors.

Jeff Carter, Millbrae, expressed support for the Caltrain Sales Tax Measure and commented on repayment history, equity and diversity on Caltrain.

Andy Chow, Redwood City, expressed support for this resolution, public voting on the measure and commented on governance. He commented on south Santa Clara County lacking representation in Caltrain, needed dedicated funding, and having BART level service.

Rob Nielson, Palo Alto, expressed support for the sales tax, commented on keeping the service going, and encouraged a stable funding source for Caltrain.

Monica Mallon, Santa Clara, commented on Caltrain allowing her to spend money on education, health care, rent, and necessities besides transportation and expressed gratitude for the measure.

Adam Bookbinder, Campbell, commented on stable service and integrated regional service.

Aleta Dupree, Oakland, commented on the importance of governance, continuity of railroad leadership, SamTrans executives being responsive to public needs, and trading governance carefully.

Stephanie Beacham, commented on supporting the sales tax measure, moving forward, protecting Caltrain service and supporting riders and workers for the jobs. Ian Griffith, Seamless Bay Area, commented on seeing the measure move forward, considering governance for riders, and regional connectivity.

Charlie Yates expressed support for the measure.

Board Member Discussion and Proposals for Amendments to the Resolution

Chair Pine called for any proposed amendments to the resolution.

Director Stone proposed removing Item B (allowing expenditure of sales tax revenue in excess of \$40 million with a least six votes) due to possible attendance issues.

Director Stone made a motion to remove Item B. There was no second. Director Stone proposed an amendment to Item D adding the following to the last sentence "*to the satisfaction of San Mateo County Transit District*". Director Stone withdrew his proposed amendment to Item D.

Director Davis proposed including the clause "if the Caltrain sales tax measure is approved" in Section F. Director Bruins seconded. There were no objections.

Director Stone proposed adding the line "the source of the funds to reimburse SMCTD shall not be the proceeds of the one-eighth cent sales tax should the measure pass".

Motion/Second: Stone/Collins moved amend Item F to include the line "the source of the funds to reimburse SMCTD shall not be the proceeds of the one-eighth cent sales tax should the measure pass".

Ayes: Collins, Stone, Pine

Noes: Bruins, Chavez, Heminger, Walton, Zmuda, Davis

Absent: None

Director Stone proposed to amend Item G to change the date to March 1, 2021 as the November 30, 2020 deadline is too soon.

Board members had a robust discussion on the following:

- Concerns on the timing and being able to get the RFP done within an extended deadline

- Support for independent legal counsel and concerns in shifting current legal work from Hanson-Bridgett mid-work to a new legal counsel
- Concern in meeting the November 30th deadline as the scope of work for new legal counsel is broad
- Expanding the scope of Olsen Remcho for work until a permanent firm could be found.

Motion/Second: Stone/Walton moved to amend Item G to extend the deadline to appoint independent legal counsel from November 30, 2020 to January 31, 2021, while expanding the scope of Olsen Remcho LLC until permanent independent legal counsel could be appointed for the Joint Powers Board.

Chair Pine asked if there were any objections to the amendment. There was none.

Board members had a robust discussion on the following topics:

- Concerns about the timing as well, to get RFP done requested an extended deadline
- Director Stone, Zmuda and Bruins expressed support for independent counsel
- Concerns in shifting current legal work from Hanson-Bridgett mid-work to a new legal counsel
- Concern in meeting the November 30th deadline as the scope of work for new legal counsel is broad. Mr. Hartnett stated his previous experience in which it took over a year to find appropriate legal counsel for Redwood City.
- Expanding the scope of Olsen Remcho's work until a permanent firm could be found

Motion/Second: Heminger/Chavez moved to amend Item H to appoint an auditor, independent of SamTrans, to begin work commencing with the Fiscal Year 2021 audit.

Chair Pine asked if there were any objections to the amendment. There was none.

Director Stone recommended adding the language *"upon the request of at least three joint JPB members, not all of whom represent the same county, any item may be placed on the agenda for consideration by the full Board as to whether or not staff resources shall be dedicated to the subject matter of the item"*.

Director Walton said there needs to be a provision for San Francisco and Santa Clara to have a say over the CEO. He clarified that the intent of this resolution was to give any Board member the ability to get something on the agenda.

Director Zmuda proposed on any agenda for the regularly scheduled meeting of the full JPB to allow a member to place an item on the Board agenda for consideration a month prior.

Board members discussed Item I and there were no amendments.

Chair Pine summarized Board amendments to the resolution:

- **Section F** – third line, insert "and, if the Caltrain sales tax measure is approved" before the words "by prioritizing"

- **Section G** – JPB Board shall appoint an independent counsel (not the same as any member agency) by Jan 31, 2021 until such time, Remcho Olsen shall be available to the Board upon request.
- **Section H** – JPB Board shall appoint an auditor, and shall not have the same auditor as SamTrans, by Jan 15, 2021.

Motion/Second: Walton/Chavez moved approval of the resolution on governance with the amendments as stated.

Ayes: Bruins, Chavez, Collins, Heminger, Walton, Zmuda, Davis, Pine

Noes: Stone

Absent: None

Some Board members expressed appreciation for the collaboration and partnership amongst the three counties. In response to Director Walton inquiry about a new governance committee, Chair Pine clarified that it would be as a process committee with a member from each county, and that the committee would report back to the Board.

Chair Pine called for a 10-minute recess.

The Board meeting reconvened at 1:30 pm.

8. Report of the Citizens Advisory Committee (CAC)

Brian Shaw, Citizens Advisory Committee Chair, provided highlights of the CAC meeting of July 15th. He stated that member suggestions included attracting a wider range of demographics and income levels, fixing riding tariffs to charge for distance and not destination, level boarding projects, Atherton station replacement in Redwood City, having off-peak hours and weekends, clock face schedules, focusing on airborne cleaning in addition to surface disinfecting, and branching out to offer more to those who think it is too expensive or that the station is too far away. Mr. Shaw stated that there was public comment on fare zoning and that they heard an update on the chip reader payment method, mobile app, paying by plate for parking, Clipper Card readers at the station, and new validators to be installed mid-2021.

9. Update on Status of Agency Approvals of Caltrain Sales Tax

Mr. Hartnett stated that Caltrain would need dedicated funds, especially for its service vision. He stated that the Board and staff has grown Caltrain to be 7th largest commuter rail system in the country.

Joan Cassman, General Counsel, stated that there were two resolutions with the Board, the procedural resolution and the resolution calling for an election. Ms. Cassman described the two resolutions:

a. Imposing a one-eighth of one percent retail transactions and use tax to be used for operating and capital purposes of the Caltrain rail service; legislation defining the sales tax for the November 3rd election should the Board vote with a two-thirds vote to approve the legislation.

The resolution will impose a 1/8th cent sales tax, it has a 30-year term, it would be used for capital and operating purposes, the tax will begin July 1, 2021 until June 30, 2051.

b. Calling and providing for a Joint Powers Authority regional election on November 3, 2020 for the purpose of submitting to the voters of the City and County of San Francisco, San Mateo County and Santa Clara County a measure authorizing adoption of a retail transactions and use tax resolution to fund the Caltrain commuter railroad.

It is a procedural resolution guiding the offices in three counties, a regional measure, ensuring all requirements have been met to place this measure on the ballot, pursuant to SB (Senate Bill) 797, that six agencies have approved, two agencies still need to take action (contingent upon Santa Clara Valley Transportation Agency and the San Francisco Board of Supervisors' approval). Impartial analysis will be put together by Santa Clara County.

Board members had a discussion with staff providing further clarification as needed to respond to the Board's comments and questions, highlights included inquiries to the resolution allowing the executive director a rebuttal argument in favor of the measure, payment to the Registrar of Voters.

Public Comment

John Baker, South San Francisco, expressed support for reducing traffic and emissions, especially for schools near highways 101 and 280.

Roland LeBrun, San Jose, commented on the Citizen's Oversight Committee and measure types passed by other counties.

Jeff Carter, Millbrae, commented on high polling numbers, member agency contributions, and putting this measure on the ballot in the future.

Andy Chow, Redwood City, commented on this being a historical moment (in addition to pursuing electrification) and thanked Board members for making difficult but necessary compromises for this to be on the ballot.

Scott Mace, San Jose, commented on the benefits of Caltrain taking cars off the road.

Jeff Carter, Millbrae, urged the Board to approve the sales tax and commented on Caltrain needing dedicated funding. He stated that Caltrain is his lifeline to and from work.

Monica Malon, Santa Clara, commented on Caltrain being essential for communities, helping people get around that do not own cars, reduces emissions, and expressed support for the measure.

Adina Levin, Friends of Caltrain, commented on letters of support, focus on equity measures and diversity of riders.

Aleta Dupree, Oakland, commented on having a dedicated source of funding to ensure a stable railroad.

Ian Griffith, Seamless Bay Area, expressed support for this clean ballot measure.

Board members had a discussion and staff provided further clarification in response to Board comments and questions, highlights included inquiries to actions if the measure fails, whether it would need the aid of the legislature vote, whether the proceeds must be used for trains on rails only, and when the tax would be collected.

Motion/Second: Davis/Bruins moved approval of both resolutions pertaining to the Caltrain Sales Tax

Ayes: Bruins, Chavez, Collins, Heminger, Stone, Walton, Zmuda, Davis, Pine
Noes: None
Absent: None

10. DRAFT EQUITY, CONNECTIVITY, RECOVERY & GROWTH FRAMEWORK

This item was deferred to the next JPB meeting.

11. FISCAL YEAR 2021 PRELIMINARY OPERATING AND CAPITAL BUDGETS

This item was deferred to the next JPB meeting

12. CORRESPONDENCE

Correspondence was available online.

13. BOARD MEMBER REQUESTS

There were none.

14. GENERAL COUNSEL REPORT

Ms. Cassman noted there was no report.

15. DATE/TIME OF NEXT REGULAR MEETING: Thursday, September 3, 2020 at 9:00 am via Zoom

16. ADJOURN

The meeting adjourned at 2:22 pm.

An audio/video recording of this meeting is available online at www.Caltrain.com. Questions may be referred to the Board Secretary's office by phone at 650.508.6242 or by email to Board@Caltrain.com.