

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

MINUTES OF OCTOBER 26, 2020

MEMBERS PRESENT: D. Davis(Chair), R. Collins, M. Zmuda

MEMBERS ABSENT: None

STAFF PRESENT: D. Hansel, M. Bouchard, J. Cassman, S. van Hoften, C. Mau, C. Mobley-Ritter, J. Sangha, K. Yin, J. Sharma, L. Larano, D. Seamans, S. Wong

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Chair Dev Davis called the meeting to order at 1:30 pm and led the Pledge of Allegiance.

2. ROLL CALL

District Secretary Dora Seamans confirmed all Board Committee members were present.

3. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Aleta Dupree, Oakland, commented on Clipper START, fare stability, obtaining grants, staying on seven day a week service, maintaining current crew skillsets, and keeping the railroad running as a lifeline.

Roland Lebrun, San Jose, commented on this meeting conflicting with the Transit Recovery Task Force meeting, paying attention to the rest of the region, rescheduling for another Monday.

4. APPROVE MEETING MINUTES OF SEPTEMBER 28, 2020

Motion/Second: Zmuda/Collins

Ayes: Zmuda, Collins, Davis

Noes: None

Absent: None

5. APPROVE 2021 FINANCE COMMITTEE CALENDAR

Chair Davis approved of the potential Monday Dec 20th meeting date and clarified with staff to correctly show May 24th as a regular Monday meeting date.

Motion/Second: Collins/Zmuda

Ayes: Zmuda, Collins, Davis

Noes: None

Absent: None

6. ACCEPT STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD ENDED SEPTEMBER 30, 2020

Derek Hansel, Chief Financial Officer, stated that they included the budgeted amount for the first quarter approved at the June Board meeting. He said they are working to appropriately present comparison numbers as requested by Director Zmuda because expenditures are not really planned on a monthly basis. Mr. Hansel noted that there will be a mismatch between the timing of collecting revenue and expenditures and recognizing this in the financial statements.

Director Monique Zmuda said it would be helpful to have an expected or proposed amount to compare to what we intended to spend and to what has been spent. She suggested trying a couple of different displays. Mr. Hansel noted that invoices are not received until the expenditures become reasonably large.

Public comment

Roland Lebrun, San Jose, commented on the clock and reaching out to the City of San Jose. He also commented on monthly revenue information.

Motion/Second: Collins/Zmuda

Ayes: Zmuda, Collins, Davis

Noes: None

Absent: None

7. AMEND THE PENINSULA CORRIDOR JOINT POWERS BOARD INVESTMENT POLICY AND REAUTHORIZE INVESTMENT OF MONIES WITH THE LOCAL AGENCY INVESTMENT FUND

Jayden Sangha, Treasury Manager, explained the objective of the investment policy. He noted changes in the diversification section, allowable investment instruments, principal debt allowed, and the summary of allowable investments. Mr. Sangha noted that the percentage of fund reflects the broad California government code.

Public comment

Aleta Dupree, Oakland, commented on keeping investments close to home, safety, the local investment pool has higher interest rates than other methods, and keeping AAA securities or better.

Director Ron Collins inquired about super national obligations. Mr. Sangha said they are international finance institutions that issue debt (which are allowed in the portfolio). Mr. Hansel added that they were multinational organizations that are granting or lending money to the organization itself, not the projects, and they are typically rated AAA and used for diversification with no currency risk. Connie Mobley-Ritter, Treasury Director, noted that they were all U.S. dollar denominated.

Director Zmuda asked for a redlined version in the future. She asked if this was an investment policy for all three entities (Joint Powers Board, Samtrans, and Transportation Authority). Ms. Mobley-Ritter replied that they were trying to be consistent and make the investment policies for all agencies mirror what is allowed in California, but also narrowed based on investment strategy and cash forecasts of each agency. Mr. Hansel emphasized that if the board wants a more restrictive policy, they could do so

and the policies would then differ. Director Zmuda asked if the use of commercial paper was used. Mr. Hansel replied yes. Director Zmuda asked if there was an investment board. Mr. Hansel replied that they do not have an investment board but meet periodically with investment advisors (Public Trust & Public Financial Management).

Director Davis asked about item j on mortgage bonds and if they were ever used and why AA or higher. Ms. Mobley-Ritter replied that they want to have a broad portfolio with a little more yield; it does not mean they will put 80 percent of any portfolio in mortgage-backed securities. Mr. Hansel added that there are different types of mortgage-backed securities and different ones were problematic during the Great Recession. He stated that the ones looked at would be government backed mortgage backed securities. Director Davis noted that this was not mentioned in the monthly investment portfolio report. Mr. Hansel replied that it would show if there were investments.

Motion/Second: Zmuda/Collins
Ayes: Collins, Zmuda, Davis
Noes: None
Absent: None

8. AWARD OF CONTRACT FOR BROADWAY BURLINGAME GRADE SEPARATION PROJECT FINAL DESIGN SERVICES

Kevin Yin, Director of Contract & Procurement, introduced the item. He stated that the JPB did a request for proposal for final design services, received four proposals, the selection committee scored based on qualifications, not considering price, and found Mark Thomas Company, Inc. of San Jose to be the highest scored proposer. Mr. Yin said staff conducted a cost analysis then negotiated with the highest score proposer. He stated that staff is recommending an award of this contract to MTCI a little over \$30 million over the two and a half year project. He noted that the budget for this is coming from the Burlingame Transportation Authority and this contractor is committed to utilizing about 42 percent of Small Business Enterprise (SBE) participation.

Public comment

Roland Lebrun, San Jose, compared the project to the 25th Avenue grade separation project and spoke in favor of removing the hold out rule and for the Board to have input on the design of this new station.

Director Zmuda asked under what circumstances an increase would be authorized and what for. Joy Sharma, Senior Project Manager, replied that the first option is relevant to the final design and construction cost of the project, which they are looking forward to implementing. She explained that the rest of the three options listed would be implemented if there are funds after two and a half years.

Director Zmuda asked where the budget comes in regarding the companies selected. Mr. Yin replied that no points were assigned in regards to cost, as that is not taken into account when selecting the highest scorer. Joan Cassman, Legal Counsel, confirmed

that this is required by law when choosing a contractor for architectural engineering design.

Director Collins asked about the not to exceed amount, whether this incurs additional costs on the contractor or on the JPB. Mr. Yin replied that there is typically a fixed profit negotiated ahead of time. Ms. Cassman replied that the Executive Director has some flexibility in terms of exceeding the amount (by ten percent). Director Collins asked about the timeline for the grade separation. Michelle Bouchard, Chief Operating Officer, replied that it would depend on funding, currently the project is in excess of two years and during that time, they would look for funding.

Chair Davis asked how this grade separation was prioritized over others. Ms. Bouchard replied that it is based on utility and safety standpoint on the Public Utility Commission (PUC) list and the County support for the project. Chair Davis asked if the funding for this from local municipalities also funds JPB staff work on these grade separations. Ms. Bouchard replied yes, from the project manager and all of the support costs. Ms. Cassman clarified that JPB manages the project as it affects Caltrain right-of-way, but does not contribute financially.

Director Collins inquired about the grade separations along the corridor. Ms. Bouchard replied that not all are on the list and it needs a corridor wide solution as a next step.

Motion/Second: Collins/Zmuda
Ayes: Collins, Zmuda, Davis
Noes: None
Absent: None

9. AUTHORIZATION FOR EXECUTION OF TWO CHANGE ORDERS FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$412,000 FOR THE CONTRACT WITH PROVEN MANAGEMENT, INC. FOR CEMOF MODIFICATIONS REQUIRED FOR THE PENINSULA CORRIDOR ELECTRIFICATION PROJECT

Liria Larano, CalMod Deputy Chief, requested authorization for two change orders and noted that the scope of work is to make modifications to accommodate longer trains. She stated that the first change is for protection of an existing fire sprinkler line for \$162,000 a month and the second is for relocation of an existing boosted waterline for not to exceed amount of \$250,000. Ms. Larano said Proven found that the fire sprinkler line was in conflict with a wall on the north end, not shown in the drawings, and in the south end, they found the boosted waterline different from the as-built drawings. She stated that the change orders will allow Proven to address these conflicts and it is funded by contingency funds.

Public comment

Roland Lebrun, San Jose, commented on the cost of seven car electric multiple units (EMUs) versus eight car EMUs.

Director Zmuda asked if the modification would increase the time taken to complete

the work. Ms. Larano replied yes, as the contractor is incurring delays (completion date now December from June) She stated that there could be a time component in the cost.

Chair Davis asked about the eight car EMUs. Ms. Larano replied that the extension should accommodate eight cars, but they will have to double check.
Chair Davis noted water seepage at the Taylor Street overpass in tandem with this project.

Motion/Second: Zmuda/Collins
Ayes: Collins, Zmuda, Davis
Noes: None
Absent: None

10. AMENDMENT OF PUBLIC SAFETY COMMUNICATIONS SERVICES AGREEMENT

Victoria O'Brien, Deputy Director for Safety and Security, asked for an extension to the dispatch amendment, of five years so it is concurrent with the contract with the transit police. Mr. Hansel said that these contracts were historically in tandem with the Sherriff department's contract, but the two services were split into two contracts some time ago.

Director Zmuda inquired whether they could change or terminate this contract in case of governance changes. Ms. Cassman replied that yes, they could.

Motion/Second: Collins/Zmuda
Ayes: Collins, Zmuda, Davis
Noes: None
Absent: None

11. UPDATE ON THE EXECUTION OF THE FY 2021 FUEL HEDGING PROGRAM

Connie Mobley-Ritter, Treasury Director, provided the presentation and stated that they bought four contracts through June 2021 in anticipation of the PCEP (Peninsula Corridor Electrification Project) program and electrical train status. Ms. Mobley-Ritter stated that they are currently 35 percent hedged, though they would like to be 50-60 percent hedged. She stated that the purpose of the hedge is to stabilize fuel budget going forward and to not speculate. She noted that they have realized gains on the hedge of \$41,000, and unrealized gains of \$21,000, but if fuel prices drop, there could be unrealized losses.

Public comment

Aleta Dupree, Oakland, commented on reducing open position and stability, fuel being volatile, 50-60 percent being reasonable, and previous transportation agency outcomes.

Chair Davis inquired about the 35 percent of anticipated fuel being hedged, based on 70 train per day schedule, and whether there is a larger percentage hedged due to currently running 42 trains per day. Mr. Hansel replied that there are currently 70 trains running per day. He noted that this is different hedging than what the agency has historically done.

12. UPDATE ON THE CURRENT STATUS OF THE OPERATING CONTRACT WITH TRANSITAMERICA, INC.

Ms. Bouchard provided the presentation and stated that TASI provides a complete turnkey contracted operations and maintenance service for Caltrain valid until June 2022. Ms. Bouchard noted that putting together a contract takes up to two and a half years from writing the RFP (request for proposals) to mobilizing a new contractor. The organizational assessment took a look service delivery and recommended pursuing an extension through electrification (2027 end date). She stated next steps of presenting "asks" to TASI and continued monthly presentation to the PCEP Ad Hoc Committee.

Public comment

Roland Lebrun, San Jose, commented on the Amtrak to TASI transition, extensions, opportunities to option for standard takeover of the maintenance of diesel trains, and TASI funding.

Aleta Dupree, Oakland, commented on the advantage of incumbency providing stable railroad operations, private contracting of railroad operations on behalf of transit boards, extensions, and being able to ride the train.

13. COMMITTEE MEMBER REQUESTS

Director Zmuda requested looking at a potential policy for future balanced budgets that will be presented to the Board within the next month or so.

Chair Davis requested grade crossing information (PUC prioritization list along the corridor and a table for the amounts funded by local municipalities).

14. DATE/TIME OF NEXT REGULAR FINANCE COMMITTEE MEETING

Monday, November 23, 2020 at 1:30 pm, via Zoom.

15. ADJOURN

The meeting adjourned at 3:05 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.