

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

DRAFT MINUTES OF JULY 27, 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, J. Funghi, C. Gayotin, C. Scarella, J. Sharma, L. Millard-Olmeda, L. Larano, D. Seamans, S. Wong

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Chair Dev Davis called the meeting to order at 1:34 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

Roland Lebrun commented on lagging video archives when skipping to different points, new finance committee meeting time, and the level crossing gates not functioning last Friday.

4. APPROVAL OF MEETING MINUTES OF JUNE 22 2020

Motion/Second: Davis/Zmuda

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

5. FINANCE AND RIDERSHIP UPDATES – COVID-19

Michelle Bouchard, Chief Rail Officer, provided an update on operations. She reported operating at 70 trains since June 15, and a corresponding increase in the number of riders. Ms. Bouchard reported ridership numbers hovering around 5 percent, which is 3,200 – 3,600 a day on weekdays. She also reported looking at different scenarios including lower levels of service or potential shutdown.

Derek Hansel, Chief Financial Officer, reported receiving \$49 million in the first tranche, drawn down to a balance of \$17 million that carries over to fiscal year 2021. He stated they received an allocation of \$15 million for the second and final tranche. Mr. Hansel explained that key assumptions are that ridership comes back at 7.5 percent through July and August, assumed 20 percent September and October, and assumed 30 percent November and December. He noted that without those numbers they would see continuing shortfalls relative to what was received in CARES Act funding. Mr. Hansel stated this challenging situation is being monitored closely.

Public comment

Roland Lebrun, San Jose, commented on running one bullet train per hour for quicker commutes between San Jose and San Francisco to increase ridership. He stated that there are currently buses that can go from San Jose to San Francisco in an hour or less.

Adrian Brandt, San Mateo County, commented on Google workers being able to continue working from home through July 2021 and how current schedule has excessive padding with long station dwell times. He said BART is currently faster than Caltrain with its BART extension to Berryessa and urged staff for a competitive schedule.

Board Member Questions and Comments

In response to Director Collins' question on how often ridership numbers were analyzed, Mr. Hansel replied daily. Director Collins asked about the number of riders and if there was there a trend between July 1st and July 24th. Mr. Hansel replied that he would check, but it has mostly flattened out. Ms. Bouchard concurred and added that they will be devising a schedule change in the next couple of months. Director Collins asked about the current schedule and options for making those decisions. Ms. Bouchard said in regular times they would be looking at a different set of objectives, in these times, they want to balance travel times, stopping patterns that kept each train as attractive as other trains during peak periods, using conductor and Clipper counts, and looking to revise Fall time schedules. Director Collins asked if they were currently running baby bullets. Ms. Bouchard replied that they were not, and the current schedule was to provide coverage during peak period and make enough stops to pick people up.

Director Zmuda asked about efforts for shortening the travel time between San Francisco and San Jose. Ms. Bouchard replied that they are observing for now and looking at September for a possible revision to the timetable, including staying at 70 trains, reducing dwell time, removing the level of stops, even though there currently is not enough frequency to provide an equitable distribution of stops.

Chair Davis asked if longer commutes drop off more proportionally than shorter commutes. Mr. Hansel replied that the recently applied business intelligence system can answer these types of questions.

Chair Davis noted that San Jose Unified School District will remain distance learning through October and are waiting until fall break to reassess.

Chair Davis asked if dwell times were longer now. Ms. Bouchard replied that dwell times have not decreased since the number of passengers changed, but there may be longer dwell times to give people the opportunity to safely pass while boarding and disembarking. In response to Chair Davis' question if there were any one-way directional instructions, Ms. Bouchard replied that currently not but they are currently piloting for more navigation on the bombardier cars. Chair Davis inquired about possibly syncing regional and local schedules. Ms. Bouchard replied that there were talks on coordination with Muni in the winter, Santa Clara Valley Transportation Authority (VTA) light rail, and prioritizing the BART connection.

6. INFORMATION ON STATEMENT OF REVENUES AND EXPENDITURES JUNE 2020

Mr. Hansel stated that the June statement is not released at the same time as other statements. He said they would provide this information in October, and hopefully, to the Finance Committee at its meeting in September.

Chair Davis requested a September Finance Committee update before going to the Board in October.

7. AUTHORIZE 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

Liria Larano, CalMod Deputy Chief, presented the report. She noted that the value of the change order is \$9.5 million and that the CPC adapted safety requirements from November 2016 requires installation of these shunt wires at crossings, and contingency funds will be used.

Public Comment

Roland Lebrun, San Jose, commented on scoping, mitigating impacts on high voltage transmission line, his previous recommendation for lines underground rather than raising utility poles, and he requested an audit of lines planned for underground actually put underground.

Board Questions & Comments

Director Zmuda inquired about the shunt wire function. Ms. Larano replied that the shunt wires would be installed via the overhead utility lines.

Director Zmuda inquired whether this would delay the current schedule. Ms. Larano replied that work done concurrently with static wire.

In response to Chair Davis question on any undergrounding occurring, Ms. Larano clarified that there were two locations where PG&E decided to put two crossings underground, and that it would be cheaper than putting the remainder underground. Chair Davis asked if the original plan was to put it underground. Ms. Larano replied that it was not in the scope of work.

Board members had a discussion and staff provided further clarification in response to Board comments and questions regarding engineer estimates, sources of funding for this project, timing of the bid process, berm replacement, and interdependency with other project timelines.

Motion/Second: Zmuda/Davis

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

8. AUTHORIZE 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

Joy Sharma, Capital Projects Manager, explained that the project is located in downtown Mountain View on Castro Street and that the City of Mountain View has completed 35 percent of the design and environmental clearance earlier this year. Ms. Sharma stated that Valley Transportation Authority (VTA) has project oversight and are funding partners. She said Caltrain is in charge of implementation, which includes final

design, right of way, and construction phase, and that the resolution is about the final design phase.

Public Comment

Roland Lebrun, San Jose, commented on doubling the length of the platforms and passing tracks for Mountain View and Sunnyvale. He stated that if they move the platform to the other side of Castro Street, there would be an underpass and an overpass to the North. He encouraged planning platforms for full capacity.

Board Member Questions and Comments

Director Zmuda asked about the completion date of project and how might it affect the schedule. Ms. Sharma replied that the completion date is around 2023, and overall completion date is end of 2025 to early 2026.

Director Collins inquired about how to get to Castro Street from Moffett Blvd. Ms. Sharma replied that you would take the ramp from Sterling Street. Chair Davis replied that you would take Central Ave to Shoreline Blvd to get back to Evelyn.

Chair Davis asked if this area would need passing tracks. Ms. Bouchard replied that it is not for future passing tracks. Chair Davis inquired about any platform work. Ms. Sharma replied that no platform work would be done, only track work.

Motion/Second: Collins/Zmuda

Ayes: Collins, Zmuda, Davis

Noes: None

Absent: None

9. PRELIMINARY FISCAL YEAR 2021 OPERATING AND CAPITAL BUDGETS

Derek Hansel, Chief Financial Officer, stated that they would bring the preliminary budget to the full board in addition to a lengthy staff report explaining line by line where everything comes from, and bring the proposed budget to the August Finance meeting for next fiscal year. He stated that they are trying to mitigate costs and protect against unknown factors. Mr. Hansel reported hedging 60-65 percent of all fuel requirements for the fiscal year against future increase in costs. He noted that Caltrain is the only agency that has approval rights over the budget.

Cynthia Scarella, Budgets Manager, presented the preliminary operating budget. She reviewed the revenue accounts, farebox revenue, assumptions based on increasing monthly ridership rates, and showed no further reduction for GoPass. Ms. Scarella noted that rental income and advertising was down due to COVID. She covered each line item, including JPB Member agency contributions, revenues, expenses, rail operator services, non-furlough assumptions, count eliminated, cost shared by TASI (Transit Services America, Inc.) and rail division, security services, shuttle bus 2020 forecast levels, fuel prices, Positive Train Control (PTC) maintenance facility fees, and Clipper fees. She noted that after CARES Act fund tranche one and two, there would be a deficit of \$21.9 million, with unidentified sources of funding.

Public Comment:

Roland Lebrun, San Jose, commented on the estimated ridership numbers, FTA (Federal Transit Administration) operating expenses instead of capital, TASI negotiated, annual passenger count elimination, and he inquired about rail operator RFP (request for proposal) for a new provider for this service, and PTC (Positive Train Control) expenses increase.

Board Member Questions and Comments

In response Director Zmuda question on the budget being updated as ridership numbers change, Mr. Hansel replied that there would be revisions through the fiscal year.

Director Zmuda commented on the stimulus funds and questioned the legality of approving an unbalanced budget. Joan Cassman, General Counsel, replied that there is no contractual requirement and the budget is a planning document with the assumption that we will come up with the funding. Mr. Hansel noted that they would return to the Finance Committee as they identify sources of funding.

Director Zmuda commented on the higher estimated numbers of riders and inquired about lower than anticipated advertising and interest revenue. Mr. Hansel replied that advertising has not been selling as well as at higher pre-COVID levels.

In response to Director Zmuda's question if there was an agreement reached among JPB member agencies to maintain the level of funding, Mr. Hansel replied that all have maintained their level of funding.

Director Zmuda asked about insurance and Mr. Hansel replied that expenses increased due to the current hard market in insurance industry, with many not wanting to provide liability insurance, and that there would be upward pricing in future years.

Director Zmuda asked about reduction to wages and benefits and the study mentioned. Mr. Hansel replied that there are other studies going on and the allocation of expense will be determined based on that finalized plan.

Director Zmuda asked about the contract negotiations with conductors and whether there was a budget increase. Mr. Hansel said there were accommodations for that in the contract.

Director Collins asked about numbers based on ridership assumptions. Mr. Hansel replied that farebox revenues are based on those assumptions.

Director Collins asked if businesses are communicating rethinking their participation in GoPass. Mr. Hansel replied that they did not talk about renewals, and assumed no further customers cancel this year.

Director Collins asked if Stanford would renew based on their working from home status. Mr. Hansel replied that they will have to have those discussions in the fall and into the winter.

Director Collins inquired about what percentage of farebox revenue GoPass is. Mr. Hansel replied that it is normally a little under 25 percent, and in this case, closer to 40 percent.

Director Collins asked with 95 percent drop in ridership, why not assume more severe drop in GoPass revenue. Mr. Hansel replied that despite assuming shelter-in-place orders 4.5 months ago, Stanford has kept GoPass.

Director Collins asked about rental income and whether the Transit Village is JPB property. Mr. Hansel replied that it was SamTrans property and Caltrain has other properties up and down corridor.

Chair Davis mentioned that Stanford is taking a longer view and has clean air requirements. Chair Davis inquired about why advertising income decreased, while the communications and marketing budget increased when social media advertising has gotten cheaper. Ms. Scarella and Mr. Hansel replied that they would have to look into it.

Chair Davis asked what the annual spending would be for Positive Train Control (PTC). Mr. Hansel said it would be included in the staff report.

Chair Davis asked about there being no presentation on capital projects and Mr. Hansel responded that they could do that now, bring it to full Board, or provide a deeper dive at the August Finance Committee meeting. Chair Davis agreed to a deeper dive at the August Finance Committee meeting.

Chair Davis asked if the member agencies also agreed to these numbers on the capital budget. Mr. Hansel replied that they have not agreed, though it has been discussed, and that these numbers may differ when presented again in September.

Chair Davis requested a more detailed presentation on the capital budget at the August Finance Committee meeting.

Director Zmuda requested addressing the fund balance at the next full Board meeting. Chair Davis asked to include additional lines for tranche one and two, the unidentified sources, and the remaining deficit.

10. COMMITTEE MEMBER REQUESTS

Chair Davis inquired about whether longer commutes drop off more proportionally than shorter commutes.

Chair Davis's requests noted as follows: the June 2020 Statement of Revenues and Expenses go through the September 28 Finance Committee before presented on October 1st at the full JPB Board Meeting; reorient Mountain View project slides from a user-friendly perspective; clarify why advertising income has decreased, while communications and marketing budget increased when social media advertising has gotten cheaper; the annual spending for Positive Train Control (PTC); a presentation on capital projects at the August Finance Committee meeting (including line items for tranche one and two, unidentified sources or funding, and the remaining deficit).

Director Zmuda requested addressing the fund balance at the next full Board meeting.

11. DATE/TIME OF NEXT REGULAR FINANCE COMMITTEE MEETING

Monday, August 24, 2020 at 1:30 pm, via Zoom.

12. ADJOURN

The meeting adjourned at 4:10 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.