

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
1250 SAN CARLOS AVENUE, SAN CARLOS, CA 94070**

MINUTES OF MAY 6, 2010

MEMBERS PRESENT: R. Foust (Chair), C. Groom, J. Lee, K. Matsumoto,
T. Nagel, J. Vreeland

MEMBERS ABSENT: R. Gordon

STAFF PRESENT: G. Harrington, C. Harvey, J. Hurley, R. Lake,
M. Lee, M. Martinez, N. McKenna, J. McKim,
S. Murphy, M. Scanlon, M. Simon, S. van Hoften

Chair Rosanne Foust called the meeting to order at 5:02 p.m. Director Jim Vreeland led the Pledge of Allegiance.

CONSENT CALENDAR

Approval of Minutes of April 1, 2010

A motion (Lee/Groom) to approve the minutes was passed.

Items moved from the Consent Calendar:

Acceptance of Statement of Revenues and Expenses for March 2010

Director Karyl Matsumoto asked for an explanation of checks in the amount of \$2.3 million for the Peninsula Corridor Joint Powers Board (JPB) and \$500,000 for the San Mateo County Transit District (SamTrans). She asked staff to follow up at a later date.

A motion (Matsumoto/Nagel) to accept the Statement of Revenues and Expenses was approved.

Annual Adoption of the Investment Policy and Authorization to Invest Monies with the Local Agency Investment Fund

Director Matsumoto asked for clarification on investing with the Local Agency Investment Fund (LAIF). Deputy CEO Gigi Harrington said TA funds are in three places: San Mateo County Treasurer; Bill Osher, CSI Capital Management, Inc.; and the LAIF, which is used to hold money for specific needs.

Ms. Harrington said staff recommends the TA Board reaffirm the investment policy for TA funds with the San Mateo County Treasurer; TA Investment Advisor Bill Osher and with the LAIF.

A motion (Matsumoto/Vreeland) to adopt the investment policy and invest with the LAIF was approved.

PUBLIC COMMENT

Pat Dixon, Redwood Shores, recently attended a High Speed Rail (HSR) meeting in Redwood City and said Peninsula Rail Program Director Bob Doty did a wonderful job as spokesperson.

Pat Giorni, Burlingame, said the San Francisco International Airport (SFO) Commission is running a free shuttle bus at the Millbrae Intermodal Station to SFO for its employees and travelers. She said the TA should look into supporting this service.

CITIZENS ADVISORY COMMITTEE REPORT

Chair Dixon said, at its March 30, 2010, meeting the CAC received information on the following:

- Annual adoption of the TA investment policy and investment with the LAIF
- San Bruno Grade Separation Project – Funding Options
- Fiscal Year 2011 Preliminary Budget
- Highway 101 Auxiliary Lane Project Marsh Road to Embarcadero Road
- State and Federal legislative report

The CAC welcomed new member James Whittemore and congratulated reappointed members John Fox, Austin Mader-Clark, Doris Maez and George Zimmerman.

NOMINATING COMMITTEE FOR CITIZENS ADVISORY COMMITTEE MEMBERS

The Nominating Committee (Chair Foust and Director John Lee) conducted interviews. The following five applicants were recommended for appointment to terms ending May 31, 2013: Incumbents Mr. Fox, Ms. Mader-Clark, Ms. Maez and Mr. Zimmerman and new appointee Mr. Whittemore.

A motion (Lee/Matsumoto) was made to appoint the five recommended applicants to the CAC.

Director Matsumoto asked if the TA CAC strives for regional diversity. Chair Foust replied yes, and said applications are not necessarily received from all geographic areas. Director Matsumoto asked for a list of current CAC members, which will be provided by staff.

Director Terry Nagel asked if it would be possible to review the applications prior to the presentation by the committee of its recommendations.

CHAIRPERSON'S REPORT – ROSANNE FOUST

Thanked Director Lee and CAC Chair Dixon for participating in the CAC interview process and Director, TA Program Joe Hurley and Assistant District Secretary Rosemary Lake for coordinating all details.

SAMTRANS LIAISON REPORT – KARYL MATSUMOTO

The April 14, 2010 report is in the agenda packet.

REPORT OF THE EXECUTIVE DIRECTOR

No Report

FINANCE

Acceptance of the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended March 31, 2010

Bill Osher, CSI Capital Management, Inc. said the goal in managing the portfolio is safety first. The only government bonds in the portfolio carry the full faith and credit of the U.S. government and the Federal Deposit Insurance Corporation. There is concern about increased interest rates because the economy is beginning to come out of a severe recession with growth of more than 3 percent this quarter. There is global concern about the financial crisis in Greece. People are returning to U.S. treasuries for more secure assets, which reduces interest rates. Interest rates need to increase for investment in higher yield investments, but the portfolio will continue to put safety first with the expectation to grow at a safe rate.

A motion (Vreeland/Nagel) to accept the Quarterly Investment Report was approved.

Authorization to Enter into a Cooperative Agreement with Caltrans Regarding the Route 101 Auxiliary Lanes Between Marsh Road and Embarcadero Road, Amendment to the Fiscal Year 2010 Capital Budget in the Amount of \$30 Million and Allocation of the Subject Funding in the Amount of \$32,584,000

TA Project Manager Jim McKim acknowledged Caltrans Project Manager Ron Moriguchi. Mr. McKim provided the following details:

- The section of Highway 101 between Marsh and Embarcadero roads is at full capacity during morning and afternoon peak periods; and the project goal is to relieve congestion on Highway 101 by improving traffic operations and efficiency.
- The total project budget of \$112,933,000 includes the study report, environmental document, plans and specifications, right of way support and capital and construction support and capital.
- Project limits start at Marsh Road in Menlo Park and end at Embarcadero Road, just over the county line.
- Project features include auxiliary lanes on southbound and northbound Highway 101, replacement of an overcrossing in Menlo Park, and modifications to the Willow and University avenue interchanges.
- Segment one, from Marsh Road to University Avenue will cost \$73.4 million and will be completed in March 2012; Segment two, from University Avenue to Embarcadero Road, will cost \$36.5 million and will be completed in November 2013; Segment three – replacement landscaping from Marsh Road to Embarcadero Road, will cost \$3 million and will be completed in November 2017.

Director Matsumoto asked for clarification of original funding of \$6 million and total funding of \$36 million. Mr. McKim said the current budget is \$6.9 million with the addition of \$30 million of original Measure A funding for a new total of \$36.9 million.

Director Lee asked how Santa Clara County is involved with the project. Mr. McKim said their project is from Highway 85 into the south side of Embarcadero Road.

Public Comment

Jim Bigelow, Redwood City, San Mateo County Chamber of Commerce, said state Senator Joe Simitian was responsible for obtaining \$180 million for the project. He said the chamber also supports the agenda item on San Bruno Grade Separation Project funding options.

A motion (Lee/Nagel) to enter into a cooperative agreement with Caltrans, amend the FY2010 Capital Budget and allocate funding for the Route 101 Auxiliary Lane Project was approved.

San Bruno Grade Separation Project – Funding Options

Budgets and Grants Director April Chan provided the following details:

- The project scope involves eliminating three street-level crossings by lowering San Bruno, San Mateo and Angus avenues and raising the railroad tracks; building pedestrian underpasses at Euclid, San Bruno and Sylvan avenues; and replacing the existing station at Sylvan Avenue with a new elevated station between San Bruno and San Mateo avenues.
- The project scope does not include HSR elements.
- The cost estimate of a two-track structure is \$165 million.
- Project status: final design – March 2010; invitation for bid process – March-June 2010; contract award anticipated for July 1, 2010; and construction – July 2010 to June 2012.
- Secured funding includes:
 1. \$100 million budgeted: \$60 million Existing Measure A funds; \$30 million Proposition 1B Highway Railroad Crossing Safety Account HRSCA (Grade Separation) account funds; and \$10 million of Public Utility Commission (PUC) 190 Grade Separation funds.
 2. Options for \$65 million: \$3.75 million Proposition 1B State-Local Partnership Program, which is included in the \$9.25 million available to the TA over the life of the Proposition 1B program; and \$19.2 million State Transportation Improvement Program for a total of \$22.95 million.
- Funding options include:
 1. American Recovery and Reinvestment Act High-speed Rail Program; Federal earmarks; and Federal Jobs legislation.
 2. Original Measure A: \$3 million in grade separation category.
 3. New Measure A: Fifteen percent or approximately \$9 million per year for grade separation projects. If non-Measure A funds are not available, the project will need up to \$62 million in new Measure A funds (\$13 million expected to be collected through the end of FY2010 and will need \$49 million from FY2011 through middle of FY2016).
- New Measure A funding criteria for special circumstances require that the project be included in the Expenditure Plan, that the project address safety and/or security issues and that it leverages non-Measure A funds with certain expenditure or other deadlines.
- Staff recommends \$65 million required can be funded by:
 1. Non-Measure A total of \$22.95 million.
 2. Measure A total of \$42.05 million (\$3 million original Measure A plus \$39.05 million in new Measure A).
- Construction contract scheduled for award at the July 1, 2010 JPB meeting.

Director Matsumoto asked if allocating \$49 million of new Measure A funds for fiscal years 2011 to 2016 will commit all of the TA grade separation money in the new Measure A.

Executive Director Michael Scanlon said it does.

Director Nagel received emails from a resident of San Bruno who said the work being done on the grade separation project will prevent HSR from being built in a trench. She said, as she understands under the alternatives analysis, that this option has been taken off the table and the grade separation will be elevated. Deputy CEO Chuck Harvey said that is the case because the

BART subterranean structure is underneath the tracks in that area and a covered trench cannot be constructed in that location. He said Highway 380 passes just to the north eliminating the possibility of an aerial structure that would be higher than a standard type of road-under and road-over construction.

Director Nagel said one of the emails received states the project can only have a speed of 65 miles per hour; the project was pushed through too quickly; it is a sad design because it was rushed to qualify for \$30 million in funding; the project construction would last a minimum of three years; and some of the work would have to be demolished to make way for HSR.

Mr. Harvey said the project has an aggressive timeline to qualify for significant leveraged funds and to take advantage of an opportunity of a Caltrain construction window before other very pressing projects need to be done. There is a need to get this project built because it is the seventh most dangerous railroad crossing in the State of California as ranked by the PUC. The design, done in cooperation with the City of San Bruno, does not preclude the ability to add the second two tracks for HSR. The project has been staged in such a manner that the two-track structure can be built, and if the HSR project moves forward, an additional exterior mechanically stabilized earth wall (MSE) can be built and an additional two tracks added. This project will take longer to build but it would have taken longer to build anyway because Caltrain can't build four tracks all at the same time. A temporary shoofly and elevated structure need to be built, and then a second elevated structure, which would take three years. Mr. Harvey said the contract currently has an option to build it either in a two-track arrangement or with a wider footprint to accommodate the four tracks. He said demolition to accommodate HSR would be paid for and done by HSR.

Director Nagel asked what the maximum construction period would be for the neighborhood in the project area. Mr. Harvey said it would take an extra year if the project continued into a four-track alignment.

Director Nagel asked what would happen if HSR was put on hold. Mr. Harvey said the project would be completed in about two years as a two-track alignment because there wouldn't be a need to build a shoofly.

Mr. Harvey said the current configuration of tracks in the San Bruno area has a fairly large curve to the north of the grade separation area near Linden Avenue. The curve is currently rated for a maximum speed of 60 miles per hour. The new curve will be straightened somewhat with a new curve base design for 65 miles per hour. He said Caltrain has Federal Railroad Administration approval in the configuration to run Caltrain trains on this new curve at a speed of 74 miles per hour, which is almost at the current 79 miles per hour maximum speed. The second tracks for HSR can be designed for higher speeds but Union Pacific (UP) freight trains cannot run at those higher degrees of super elevation so they remain as a common denominator; and Caltrain is designing to the UP limitations under the two-track arrangement that is strictly for Caltrain and UP at this time. He said trains will probably not be going faster than 70 miles per hour in this area because they will need to slow down to stop at the Millbrae Intermodal Station going southbound and will be accelerating out of Millbrae going northbound.

Preliminary Budget for Fiscal Year 2011

Manager of Budgets Ladi Bhuller said staff has combined the Operating and Capital budgets into one budget statement. She provided the following details:

- FY2011 revenues include: \$60 million sales tax; \$5.6 million interest income; \$1.1 million rental income; and \$4.2 million in grant proceeds for the Broadway Interchange, for total revenues of \$70.9 million.
- Sales tax revenues remain flat at \$60 million. Interest income is projected to increase \$300,000 and grant proceeds by \$900,000.
- Annual allocations included: \$13.5 million for local entities; \$2.4 million for paratransit; \$1.5 million for San Mateo County shuttles; \$4.8 million transfer to SamTrans for Caltrain operations; and \$1.2 million for BART, for total allocations of \$23.4 million.
- Program expenditures included: \$600,000 for alternative congestion relief; \$400,000 for Dumbarton Rail; \$3 million for Caltrain; \$1.8 million for pedestrian and bicycle; \$900,000 for shuttles; and \$6.2 million for streets and highways; for an expenditure total of \$12.9 million.
- FY2011 expenditures include: \$23.4 annual allocations; \$12.9 program expenditures; \$1 million oversight; and \$900,000 administration costs; for total expenditures of \$38.2 million.
- Expenditure changes include: \$103.5 million decrease in program expenditures; \$200,000 increase in oversight and administration, which includes projected resources to deliver board-approved strategy for various calls for projects, with a net decrease of \$103.3 million. The major decrease is due to significant allocations, which will be made in FY2010 and include: \$46 million for the San Bruno Grade Separation Project; \$30 million for the Route 101 auxiliary lane Marsh to Embarcadero; and \$15 million for the South San Francisco Ferry Terminal Project.

Director Nagel said line items 21 and 22 show staff support is increasing 15.3 percent and information and education is reduced by 31.4 percent. She said this is only 0.2 percent of the entire budget, but asked for additional explanation. Ms. Bhuller said items such as printing are included in the information and education line item and staff is projecting less printing in FY2011. She said the staff support line item is due to the allocation of more time for an accountant and two contract officers.

Call for a Public Hearing at the June 3, 2010 Meeting on the Preliminary Budget for Fiscal Year 2011

A motion (Vreeland/Nagel) to call for a public hearing at the June 3, 2010 meeting on the preliminary budget for FY2011 was approved.

JOINT POWERS BOARD REPORT

Mr. Scanlon reported on the meeting of May 6, 2010.

- Metropolitan Transportation Commission (MTC) liaison Sue Lempert urged the JPB partner agencies to do what they could to prevent any reductions in service.
- Heard a report from the CAC in support of Caltrain electrification.
- Shared the monthly performance for March 2010 and that was better for the second month in a row. Year-to-date was better but still off about 7.5 percent in riders and 3 percent in revenue because of the fare increase.

- California High-Speed Rail Authority Regional Manager Dominic Spaethling presented an update on the Peninsula Rail Program. The alternatives analysis for the San Francisco to San Jose segment was released. Seven community workshops have been held for feedback on the document.
- Mr. Harvey presented the annual passenger count data.
- The baseball service is averaging 4,100 riders per game.
- Talked about Bay to Breakers and advertising at the San Francisco Station.
- A bikes-on-board count and dwell study is proceeding.
- The Bicycle Advisory Committee application deadline has been extended to 5 p.m. on May 14, 2010.
- The Board:
 - a. Approved the Consent Calendar.
 - b. Accepted the Statement of Revenues and Expenses.
 - c. Received a preliminary look at the Operating Budget, which is down to about \$12.5 million and a Capital Budget. Member agencies haven't agreed on their contribution.
 - d. Called for a public hearing on June 3 to hear public comment and to consider declaring a fiscal emergency.
 - e. Received a Quarterly Investment Report from Mr. Osher.
 - f. Adopted a Comprehensive Access Policy.
 - g. Authorized the publication of a proposed Disadvantaged Business Enterprise goal of 10.5 percent for Federal Transit Administration assisted grants for Fiscal Years 2011-2013.
 - h. Authorized a contract with URS Corporation in the amount of \$11.8 million over a three-year period for construction management. The most significant contract was the San Bruno Grade Separation.
 - i. Authorized routine purchases of computer software licenses and hardware equipment.
 - j. Received a legislative update.

Chair Foust asked if the Board, as transit advocates, could receive talking points on the severity of the JPB financial situation. Mr. Scanlon said staff would provide information. He said Caltrain's farebox recovery of approximately 44 percent is second only to BART and does better than the agency partners. SamTrans cannot continue its current contribution to the JPB and continue to operate a public system.

Chair Foust said Board members sit on various agencies and talk about livable communities, getting cars off the road, and supporting a bus system that provides some of the neediest county residents. That message needs to be delivered on behalf of both transit agencies.

Director Nagel said it would be helpful to portray to the public the kind of cuts that are coming and explain options. Mr. Scanlon said it is a challenge to find a model that will work.

Director Nagel said there was a discussion on the Grand Boulevard project and asked when there will be a discussion among the three partner agencies about a permanent funding solution for the rail corridor. Mr. Scanlon said discussions began last month.

Director Vreeland said he appreciates SamTrans' efforts because there is a need for bus service and many people need the mobility, don't live on the corridor and don't have the resources to ride Caltrain.

Verbal Update on State and Federal Legislative Program

Director Matsumoto asked about AB 2121 – HSR. Government Affairs Manager Seamus Murphy said this is amended and no longer a repeal of Proposition 1A funding. It is now a proposal to require more oversight and transparency of the CHSRA Board of Directors.

Mr. Murphy said the State auditor, budget committee and committees in both houses had hearings on HSR and were very critical. There is a growing sense that some sort of legislative oversight and accountability will be applied to the rail authority this session. There are several bills to accomplish this, including AB 1375, and the Senate is interested in bringing these bills together in a collaborative effort that would not only bring oversight but also start to have more fiscal accountability and to more directly guide the expenditures by the Authority and of the American Recovery and Reinvestment Act funds.

Director Matsumoto asked if there is a good chance these will pass. Mr. Murphy said it is unclear what the details would be but the rail authority, as it exists today, will probably change significantly over the next year.

Director Vreeland thanked Mr. Harvey for the bus shelters on the coastside and hopes to have more in the future.

Mr. Scanlon said everyone is very proud that Chair Foust was named President and CEO of the San Mateo County Economic Development Association.

REQUESTS FROM THE AUTHORITY

None

WRITTEN COMMUNICATIONS TO THE AUTHORITY

None

LEGAL COUNSEL

No report

DATE AND PLACE OF NEXT MEETING

The next meeting is scheduled for Thursday, June 3, 2010, at 5 p.m. at the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd floor, 1250 San Carlos Avenue, San Carlos CA 94070.

Adjourned 6:18 p.m.