

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

MINUTES OF FEBRUARY 3, 2011

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

MEMBERS ABSENT: J. Vreeland

STAFF PRESENT: J. Cassman, M. Choy, G. Harrington, C. Harvey, R. Haskin,
J. Hurley, R. Lake, M. Lee, M. Martinez, N. McKenna, D. Miller,
S. Murphy, M. Scanlon, M. Simon

SWEARING IN OF MEMBERS

Directors Don Horsley (Board of Supervisors), Terry Nagel (Central) and Rosanne Foust (South) were administered the oath of office.

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

ELECTION OF 2011 OFFICERS

Director Foust was elected chair (Groom/Matsumoto).

Director Carole Groom was elected vice chair (Lee/Horsley).

CONSENT CALENDAR

- a. Approval of Minutes of January 6, 2011
- b. Acceptance of Statement of Revenues and Expenditures for December 2010

The Board approved the consent calendar (Nagel/Lee).

PUBLIC COMMENT

Pat Giorni, Burlingame, said she would like to see Bike-to-Work Day in May only organized by staff of the Alliance. If possible, in the future, she would like to see 6 percent of new Measure M money for Safe Routes for Schools combined with Measure A money that goes to the City/County Associations of Governments (C/CAG) for bicycle/pedestrian projects to make the pot sweeter.

Director Karyl Matsumoto said she sits on the Bicycle and Pedestrian Advisory Committee (BPAC) of C/CAG and they have \$900,000 to do a joint call for projects with the TA, which has \$3 million for a total of \$3,900,000 available for the call for projects for the bicycle/pedestrian program.

Executive Director Michael Scanlon asked if Ms. Giorni was referring to the vehicle license fee. Ms. Giorni said she was talking about a 6 percent in the vehicle license fee after the 50 percent is given to cities.

Mr. Scanlon said the TA has no discretion over this; it is C/CAG's area.

Greg Conlon, Atherton, said there are two blind rail intersections in Atherton and people can't see down the tracks in either direction. Caltrain installed quad gates at one of the intersections and he urged Caltrain to install quad gates at the other intersection at an estimated cost of \$500,000. He said Atherton pays about \$500,000 per year in Measure A funds and they may be able to help with the funding. Mr. Conlon distributed a memo from 2006 on mitigating fatalities on the Caltrain corridor.

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce, presented the possibility of using all or part of the \$5.5 million that is provided annually in Regional Measure 2 funding for the Dumbarton Rail project to be allocated to Caltrain on the theory that employees come from the East Bay on BART and buses across the Dumbarton Bridge and get on Caltrain.

CITIZENS ADVISORY COMMITTEE (CAC) REPORT

Chair Barbara Arietta presented details of the February 1, 2011 meeting:

- Supported acceptance of the Statement of Revenue and Expenses for December 2010.
- Supported the allocation of \$55,000 to the city of Brisbane for the Route 101/Candlestick Interchange Project Study Report.
- Received a presentation on the Dumbarton Rail Corridor.
- Reported on two Caltrain summits to address Caltrain's future.
- Staff reported on the Belmont bicycle/pedestrian overcrossing project and allocation of \$32 million from the California Transportation Commission (CTC) for the Highway 101-Marsh to San Mateo County/Santa Clara County Line Auxiliary Lane project.

CHAIRPERSON'S REPORT – ROSANNE FOUST

- Complimented the TA CAC for being such an engaged, dynamic and committed group.
- Presented a certificate of appreciation to outgoing CAC Chair Pat Dixon.

Ms. Dixon said it has been a pleasure to serve on the CAC for 14 years.

SAMTRANS LIAISON REPORT – KARYL MATSUMOTO

The report for January 12, 2011 is in the agenda packet.

JOINT POWERS BOARD REPORT (JPB)

Executive Director Michael Scanlon reported on the meeting of February 3, 2011:

- Adrienne Tissier was sworn in to represent the San Mateo County Board of Supervisors. She is also the new chair of the Metropolitan Transportation Commission (MTC).
- Sean Elsbernd was re-elected chair and Director Omar Ahmad was elected vice chair for 2011.
- Public comments were received on bike issues and Caltrain's finances.
- Outgoing MTC liaison Sue Lempert wished everyone good luck.
- Received a report from the JPB CAC chair.
- Year-to-Date Performance Statistics December 2010 compared to December 2009:
 - a. Total Ridership was 6,318,810, an increase of 4.0 percent.
 - b. Average Weekday Ridership was 39,879, an increase of 4.5 percent.
 - c. Total Revenue was \$23,344,216, an increase of 9.1 percent.

- d. On-time Performance was 93.8 percent, an increase of 0.2 percent.
- e. Caltrain Shuttle Ridership was 5,269, a decrease of 1.6 percent.
- The Silicon Valley Leadership Group spearheaded a summit on the future of Caltrain on January 21 at Stanford University and the Friends of Caltrain held their own public summit a week later on January 29 at the San Mateo County Transit District (District) offices.
- The roll-out of Clipper's automated fare system continues with assistance from MTC.
- Reported on accomplishments of the Bicycle Advisory Committee.
- Distributed the monthly Safety and Security Report.
- Discussed capital funding available for expansion of onboard bicycle capacity.
- Special service:
 - a. Sharks ridership has increased.
 - b. The Kraft Fight Hunger Bowl ridership decreased.
 - c. The Dr. Martin Luther King Jr. Freedom Train ridership increased 19 percent.
 - d. A modified Saturday schedule will operate on February 21 for President's Day.
- Data is being collected for a report on weekend Baby Bullet express service.
- Major work on High Speed Rail (HSR) is to begin in the Central Valley, which provides an opportunity for Caltrain to focus on issues and trying to advance the concept to operate HSR on Caltrain tracks contingent on a more robust signal system and electrification of the railroad.
- Received a report on outreach efforts of the three-legged dialogue between Caltrain, HSR and stakeholders, including cities.
- Called for a public hearing at the March 3, 2011 JPB meeting on a proposal to declare a fiscal emergency for JPB Fiscal Year (FY) 2012.
- Called for a public hearing at the March 3, 2011 JPB meeting on proposed service suspensions, fare increases and station closures for JPB FY2012.
- Received a presentation on Caltrain's Customer Survey Key Findings.
- Received a video presentation by a young woman about her developmentally disabled brother who loved to ride the train and taught her their rides together were not about a destination but the joy of the ride.
- Received a presentation from Director Ahmad on the intricacies and complexities of the history of Caltrain and where it is today.
- The Board:
 - a. Accepted the Statement of Revenues and Expenses for December 2010.
 - b. Will send a certificate of appreciation to outgoing JPB CAC Chair John Hronowski who was unable to attend the meeting.
 - c. Presented a resolution of appreciation to outgoing MTC liaison Sue Lempert.
 - d. Accepted the Quarterly Investment Review and Fixed Income Market Review and Outlook for the Quarter Ended December 31, 2010.
 - e. Accepted the Fiscal Year 2010 Comprehensive Annual Financial Report.
 - f. Received a State and Federal legislative update.

Director Nagel echoed the comment on Dumbarton funding being a source of revenue for Caltrain. She said others have commented on JPB partners paying back SamTrans for the loan on the purchase of the Caltrain corridor.

Mr. Scanlon said staff will pursue Dumbarton funding. A settlement was reached for member agencies to pay back money to SamTrans but the State discontinued spillover payments when the

agencies reached the agreement. The real issue is that the funds in question already are programmed into the SamTrans financial model to preserve SamTrans. If SamTrans had the money, it wouldn't need to reduce its contribution to Caltrain, which causes a reduction for the other two partners.

Director Nagel asked about the amount of money owed. Mr. Scanlon said it was the principal rolled up to about \$40 million. The Santa Clara Valley Transportation Authority's share was \$7.1 million and SamTrans has received between \$1-\$2 million. He said all member agencies have financial problems.

Director Nagel attended the two summits on Caltrain's financial issues and heard many people say it was a matter of getting more riders on the system but the problem is much more complex. Mr. Scanlon said Caltrain could make a dent in ridership when there is available capacity but more riders can actually drive expenses up and Caltrain can't make it up in volume.

Director Horsley asked about the negative side of \$5 million funding from Dumbarton. Mr. Scanlon said the source of the money is tolls paid by people crossing the Bay and the Dumbarton Rail Project is definitely a Bay crossing. The MTC does not seem to be enthralled about this.

Chair Foust said there are a lot of people on the Peninsula interested in solving Caltrain's problems. Stanford University and Genentech are engaged and their involvement is critical. The public needs to understand the consequences of adding traffic on the freeway, the effects on quality of life and on small companies setting up along the rail corridor.

Mr. Scanlon said there is an illusion roads are free unless there is a toll; gas taxes pay for less than half the cost of roads and highways in the nation and it's a hidden subsidy.

Public Comment

Pat Giorni, Burlingame, said just because SamTrans can't pay its member contribution this year is no reason the other two counties shouldn't cough up what they should.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Scanlon reported:

- Welcomed Director Horsley to the Board, congratulated Chair Foust and Director Nagel on reappointment to the Board and congratulated Chair Foust and Director Groom on their election for 2011 officers.
- The CTC allocated \$32.6 million to the TA for the Marsh to the County Line Auxiliary Lane project and construction may begin this summer.
- Work on the Belmont bike/pedestrian overcrossing continues with an anticipated opening this spring.
- The TA and the City/County Association of Governments is announcing a joint call for projects for the county's Pedestrian & Bicycle Program, beginning February 14, 2011.
- The reading file includes a letter of certification from the county controller that the management study is completed and the county is in compliance with the requirements of the TA agreement.

FINANCE

Acceptance of the Quarterly Investment Report and Fixed Income Market Review and Outlook for the San Mateo County Transportation Authority

CSI, Inc. Investment Advisor, Bill Osher said there is an expectation that employment will increase soon, which will lead to more sales tax. Interest rates began to rise in the fourth quarter of last year. Capital preservation is the most important goal for the portfolio even with rising interest rates. The portfolio was flat for the quarter even with a 0.5 percent rise in interest rates. Economic growth is predicted to be greater than 3 percent this quarter, the unemployment rate will fall and businesses will borrow more money. CSI is concerned about the inaction on national and international debt and its consequences. The portfolio is doing well with money invested at substantially higher rates of interests than short-term instruments.

Director Lee said some European counties seem to be kicking the can down the road and asked if the Federal government is doing the same. Mr. Osher said kicking the can is postponing the inevitable. The Federal government is moving in the opposite direction and will worsen the problem.

Director Matsumoto said our school systems aren't up to par on math and science to fill jobs. Mr. Osher said this is one of the biggest issues today and his focus as an economic strategist is the difficulty the middle class find itself in because the bulk of jobs for them are moving overseas and the government must find ways to replace these jobs. That requires an investment in education and money isn't available.

Director Lee asked if money is the main problem with education. Mr. Osher said the lack of education in the U.S. shows in declining math and science scores globally and there must be a focus in education on how to solve problems and to encourage the entrepreneurial spirit.

A motion (Horsley/Lee) to accept the quarterly report was approved.

Fiscal Year 2010 Comprehensive Annual Financial Report

Deputy CEO Gigi Harrington said new auditors were brought in this year and found no concerns.

Chair Foust commented on the excellent quality and functionality of the report.

Allocation of Original Measure A Funds in an Amount up to \$55,000 to the City of Brisbane's Route 101/Candlestick Interchange Modification Project Study Report (PSR)

Manager, Programming and Monitoring Melanie Choy presented the following:

- The interchange sits on the county line between San Francisco and San Mateo counties.
- The project will bring the interchange to Caltrans standards, enhance transit, pedestrian, and bicycle mobility and address traffic from existing conditions and planned developments including the Schlage Lock Company property, Bay View/Hunter's Point and Brisbane Baylands proposals.
- A PSR is required to pursue interchange improvements and prior to doing any environmental work. Caltrans has historically provided the oversight and approval of PSRs but due to State budget cuts, they do not have funds to continue doing PSRs. Caltrans has limited authority to approve PSRs but requires funding from project sponsors to provide oversight.

- Twenty percent of the PSR is to be finalized by Caltrans at a cost of \$110,000: \$55,000 each from the San Mateo County TA and San Francisco County TA (SFCTA).
- Measure A funding considerations include: It is fully funded by the developer and City of Brisbane; it is an original Measure A project; and \$1 million has already been budgeted in the TA's existing budget for the project. Also, some future traffic conditions are due to growth in existing conditions and there is an equal share contribution requested from both counties.

Ms. Choy said the allocation is contingent upon the SFCTA taking an equivalent action of \$55,000.

Director Groom asked when the SFCTA intends to take action. Ms. Choy said they are currently in discussions on the process and can't specify a date.

Chair Foust asked what would happen if the SFCTA doesn't make the allocation. Mr. Scanlon said the recommendation is conditioned on the SFCTA coming up with their share.

Director Horsley asked if there were advantages for the SFCTA to do the project. Mr. Scanlon said the interchange goes directly through the county line and affects developments in San Francisco County.

Director Groom said if the TA approves the allocation, a letter should be sent to the SFCTA noting approval by the TA Board and encouraging the SFCTA to take action within 30 or 60 days. Mr. Scanlon said if the Board approves the allocation, staff will send the letter, attach the resolution, and express the urgency in getting the project moving.

Director Nagel asked if original Measure A money must be spent by a certain date. Mr. Scanlon replied no.

Legal Counsel David Miller said the purpose of the monies accumulated, since the 2004 Measure didn't repeal the old Measure, is that the TA is trying to give credence to the will of the voters going back to 1988. If a project becomes infeasible at some point, then it becomes possible to move the monies.

Public Comment

Pat Giorni, Burlingame, said Tunnel Road is part of this intersection and is part of the San Mateo County official north/south bike route to San Francisco, through Candlestick Park using a tunnel under the stadium. If the 49ers move, Candlestick will become prime development land and will need connections to the Brisbane side of the freeway.

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce, said the TA and C/CAG are looking to do auxiliary lanes to finish the north end of the San Francisco border. The PSR should move ahead because the design for the auxiliary lanes will tie together in the design. The TA likes to leverage funding and this does that in addition to getting into a state of readiness for any available funding.

Director Groom asked when construction would begin. Mr. Scanlon said the environmental work needs to be completed first.

Director Groom is concerned about the City and County of San Francisco's right-to-hire work proposal, because San Mateo County workers could be excluded on a public works project. She asked if the project will come back to the Board for additional review. Mr. Scanlon said it would come back if there is a need for more funding.

A motion (Horsley/Nagel) to approve the allocation was passed.

PROGRAM

Program Report – Dumbarton Corridor

Due to time constraints this presentation was moved to the March 3, 2011 meeting.

Update on the State and Federal Legislative Program

Government Affairs Manager Seamus Murphy reported:

State

- The governor's budget was released last month and Governor Brown proposed to do what is needed to preserve the gas tax swap. Propositions 22 and 26 have an impact on the swap and in order for the terms of the swap to be carried forward, the Legislature will need to approve the same or similar terms by a two-thirds vote. The Legislative Analyst Office (LAO) presented some alternatives that would result in more General Fund savings for the State but would reduce the State Transit Assistance (STA) program or maybe even eliminate it. The first proposal suggested is to completely rescind the increase in the diesel fuel sales tax that the gas tax swap created. That would result in a STA program that is about \$130-\$280 million less than the program should be under the gas tax swap terms. It was also suggested that the Legislature could choose to eliminate the sales tax on diesel fuel completely and replace it with an increase in truck weight fees, which can be used to fund bond debt service and other General Fund needs. This would completely eliminate the STA program. The LAO said in their analysis this elimination would have no significant impact on local transit service. The financial challenges Caltrain is facing would be worsened if all three member agencies had no funding flowing through the STA program. Staff has talked to legislators and no one seems to regard the LAO options as good ones. Legislative staff is optimistic the Legislature will have a budget passed that will include the gas tax swap reapproval, they will be able to get a two-thirds vote and revenue options will follow as a result of ballot measures in June.

Federal

- Staff is waiting to see how the Senate will handle congressionally-directed appropriations this year. The Senate Appropriations Committee confirmed on February 1 that they will comply with the president and the House and issue a two-year moratorium on earmarks. Staff is expecting another continuing resolution to be considered this month and House Republicans are continuing efforts to reduce non-defense spending to 2008 levels and want to rescind any unobligated Recovery Act funds. There are some funds that are going to benefit Caltrain that have been awarded to other agencies that are eligible participants, particularly the California High-Speed Rail Authority, which is eligible to receive \$16 million for work on the Caltrain corridor. The Capitol Corridor system has received \$18 million for work at the South Terminal. Staff is taking steps to make sure those funds are obligated and under contract, and have moved far enough along that they can't be rescinded by the House.

Chair Foust said she doesn't know how the LAO could make those statements. Mr. Murphy said staff has shown examples of fare increases and service reductions that have resulted from STA diversions over the last five years and they continue to think it's just a small fraction of the operating budget and wouldn't have an impact if it was gone.

REQUESTS FROM THE AUTHORITY

Director Matsumoto said there is confusion on the bike/pedestrian call for projects, policies and procedures and would like to meet with staff and other city council members to discuss concerns.

Executive Officer Planning and Development Marian Lee said it would be good to set some context. A few concerns have been raised because as the call for projects has been advancing, different practices and policy directions from the two decision-making bodies, C/CAG and TA, have surfaced. She mentioned that they were not insurmountable obstacles and staff will set up time to meet with Director Matsumoto and C/CAG staff to figure out how best to respect the policies of C/CAG and the TA and reconcile differences to advance the joint call for projects.

Mr. Miller said this is a good way to proceed on a non-agendized item and return to the Board if necessary.

WRITTEN COMMUNICATIONS TO THE AUTHORITY

Correspondence is in the reading file.

REPORT OF LEGAL COUNSEL

No report

DATE AND PLACE OF NEXT MEETING

The next meeting is scheduled for Thursday, March 3, 2011 at 5 p.m. in the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd floor, 1250 San Carlos Avenue, San Carlos CA 94070.

Adjourned 6:36 p.m.