

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

**MINUTES OF FEBRUARY 6, 2014**

**MEMBERS PRESENT:** D. Canepa, R. Foust, C. Groom, D. Horsley, K. Matsumoto, T. Nagel, N. Patridge

**MEMBERS ABSENT:** None

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

Chair Karyl Matsumoto called the meeting to order at 5:00 p.m. and led the Pledge of Allegiance.

**SWEARING IN**

Martha Martinez, Authority Secretary, administered the oath of office to Director Don Horsley for a two-year term.

**CITIZENS ADVISORY COMMITTEE (CAC) REPORT**

CAC Chair Barbara Arietta reported on the meeting of February 4, 2014 (see attached).

Director Rosanne Foust said Ms. Arietta used the term "elitist" when describing the Google Ferry Service in her report. She asked if the term reflects what the CAC believes or if it was just Ms. Arietta's term.

Ms. Arietta said it was a term she used because the public cannot ride Google's luxury shuttles but their employees can ride public shuttles. She said the term elitist was used in various papers and news.

Director Foust said the term is very divisive. She said this is a pilot program and Google contracted with an outside ferry service to see if it was feasible to take more people off the road. It is unknown whether there could be a public/private partnership because those discussions haven't happened yet with Google or other companies.

Ms. Arietta said because those discussions haven't happened yet, the program appears elitist to reporters and to the public. She said she looks forward to those talks and the public/private partnership.

Director Carole Groom said alternative transportation including shuttles and buses will be discussed at the Progress Seminar. She said there are 45,000 to 55,000 people riding buses. They are not riding Caltrain, which is almost at capacity, and their cars are not on the road, so it is a good thing that companies transport their employees.

Director Naomi Patridge said this is a matter of communication because the press is unaware this is a pilot program and that Google contracted with a private company, so the intent of the program needs to be communicated with the general public.

Michael Scanlon, Executive Director, said all tools will need to be used to get people off the roads. He said Google and other technology company employees start their work day when they get on the bus or ferry and end the day when they get off it at night. The other issue is they work on proprietary software, so they are not against sharing the rides with the general public, but they work on things accountable to their stockholders and some of it has to do with privacy.

Director Foust said she would like Ms. Arietta to remove the term "elitist" from her report.

#### **APPROVAL OF MINUTES OF JANUARY 9, 2014**

No discussion.

A motion (Horsley/Nagel) to approve the minutes of January 9 was approved unanimously.

#### **ACCEPTANCE OF STATEMENT OF REVENUES AND EXPENDITURES FOR DECEMBER 2013**

Director Terry Nagel asked why the grant proceeds under Total Revenue are 61.3 percent worse than the prior year. Gigi Harrington, Deputy CEO, said last year the TA received a series of one-time grants for capital projects. She said this is revenue that is not coming through this year so the number is lower.

A motion (Nagel/Patridge) to accept the statement of revenues and expenses for December 2013 was approved unanimously.

#### **PUBLIC COMMENT**

None

#### **CHAIRPERSON'S REPORT – KARYL MATSUMOTO**

Chair Matsumoto presented a Resolution of Appreciation to past Chair Groom. She thanked Director Groom for her service as chair during 2012 and 2013.

A motion (Partridge/Foust) to approve the resolution of appreciation to outgoing Chair Groom was approved (Groom abstained).

#### **SAMTRANS LIAISON REPORT – KARYL MATSUMOTO**

No discussion.

#### **JOINT POWERS BOARD (JPB) REPORT**

Mr. Scanlon reported:

- Key Caltrain Performance Statistics – December 2013 compared to December 2012
  - Monthly Performance Statistics
    - Total Ridership was 1,312,085, an increase of 16.5 percent.
    - Average Weekday Ridership (AWR) was 48,630, an increase of 13.9 percent.
    - Total Revenue was \$5,463,137, an increase of 13 percent.
    - On-time Performance (OTP) was 96.3 percent, an increase of 5.2 percent.

- Caltrain Shuttle Ridership was 7,145, an increase of 14.2 percent.
- Year-to-date Performance Statistics
  - Total Ridership was 8,427,499, an increase of 9.1 percent.
  - AWR was 52,583, an increase of 8.9 percent.
  - Total Revenue was \$36,901,989, an increase of 8 percent.
  - OPT was 92.3 percent, an increase of 2.9 percent.
  - Caltrain Shuttle Ridership was 7,406, a decrease of 12.3 percent.  
This is showing a decrease because of the count problems on the Marguerite Shuttle last year.
- There were two fatalities in January and 13 in 2013.
- Extra service:
  - San Jose Sharks ridership was up 7 percent.
  - The Freedom Train carried 945 people.
  - Giants FanFest carried more than 4,000 extra riders.
- A modified Saturday schedule will run on Presidents' Day.
- An opening date will be announced soon for the San Bruno Grade Separation.
- Caltrain's 150<sup>th</sup> Anniversary event gave everyone an opportunity to reflect on 150 years of the railroad and to look forward to another 150 years. The celebration kicked off at the 4<sup>th</sup> and King station in San Francisco with a plaque dedication by the Native Sons of the Golden West. A special train then left the San Francisco terminal and stopped at five historic stations where plaques were presented to local officials, before arriving at the Santa Clara station for a special celebration event. Tom Nolan, the original and current JPB Board chair, served as master of ceremonies for the Santa Clara event. JPB Board members Jerry Deal, Jose Cisneros, Art Lloyd, Adrienne Tissier, and Ash Kalra were in attendance. Transit America Service Incorporated, Bixby Land Company, and the Native Sons of the Golden West made generous contributions to make the celebration possible. More than 1,000 people attended.
- The Board:
  - Presented a certificate of appreciation to outgoing CAC Chair Kevin Gardiner. Gilroy City Councilwoman Cat Tucker is the new chair.
  - Appointed Chris Cobey representing San Mateo County to the CAC.
  - Accepted the Statement of Revenues and Expenses for December 2013. Revenues are better than budget and expenses are under budget.
  - Received a presentation on the Fiscal Year 2013 Comprehensive Financial Report (CAFR) for June 30, 2013.
  - Received a presentation on a possible debt issuance to cover rehabilitation costs for the Rail Car Capacity Expansion Project. The cars could need an estimated \$4 million to \$5 million in rehabilitation work. This debt would later be rolled into a larger debt that would fill any void in the Caltrain Modernization (CalMod) Program in about five years. This debt service would amount to about \$120,000 per year and would be a reasonable way to get added capacity into the line.
  - Adopted the Mitigated Negative Declaration and approved the Los Gates Creek Bridge Replacement Project. This is a bridge south of the Diridon station that is more than 80 years old.
  - Authorized an amendment to the On-Call Program Management Oversight Services contract with Jacobs Engineering Group Inc. for a not-

to-exceed amount of \$650,000 and extension of the contract to June 30, 2014.

- o Approved the 2014 Legislative Program.
- o Received a presentation on the development of the next generation of a Clipper Fare Payment System. The contract expires in 2019, but steps need to begin now to replace the system at that time.
- o Discussed in closed session a settlement concerning a personal injury claim. No action was taken.

## **REPORT OF THE EXECUTIVE DIRECTOR**

Mr. Scanlon reported:

- The Pedestrian and Bike Program Call for Projects (CFP) solicitation closed January 17. Staff received 23 candidate projects requesting more than \$9 million from 15 jurisdictions. The total amount of Measure A funding available is \$5.4 million. The evaluation panel is reviewing the candidate projects. Staff will present an informational item at the March meeting and will come back with recommendations for Board consideration in April. Jeff Gee, Redwood City Mayor, is serving on the evaluation panel.
- The joint Local Shuttle Program CFP with the City/County Association of Governments for Fiscal Years 2015 and 2016 is continuing to accept applications through February 14. Application information is available online.
- There were seven bidders on the San Pedro Creek Bridge Replacement Project. The low bid was from Graniterock Company (Graniterock) of San Jose for \$7.1 million, 22 percent below the engineer's estimate. The California State Department of Transportation is the agency that administers this contract so they are engaged in their due diligence to make sure Graniterock's bid is responsive and responsible. A notice to proceed and contract award will be issued. On February 19, a public meeting to present project information will be held.
- Director Foust and her husband, Jim Hartnett, a California High-speed Rail Authority (CHSRA) Director, were recognized by the Redwood City/San Mateo Chamber of Commerce as Persons of the Year for their community support.

## **FINANCE**

### **Authorize Acceptance of Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended December 31, 2013**

Bill Osher, CSI Group of Sun Trust, said last year and the last quarter were difficult times for the fixed-income market. He said the TA Portfolio did a quarter of a percent better than benchmark. He said the goal is to keep the portfolio simple and safe. He said this portfolio is predominately invested in short-term maturities, and that will be important when the Federal Reserve (Fed) raises interest rates. He said he is managing the portfolio to allow the highest return possible, but still have a positive return with the view that the Fed will start to raise interest rates in about a year and a half.

A motion (Foust/Groom) to authorize the acceptance of the Quarterly Investment Report and Fixed Income Market Review and Outlook for the quarter ended December 31, 2013 was approved unanimously.

### **Fiscal Year 2013 Comprehensive Annual Financial Report**

Ms. Harrington said this is the annual receipt of the year-end financial report. She said the auditors issued a clean bill of health, and the back of the report lays out some history of the TA. She said Director Nagel asked earlier if the auditors make recommendations for improvements. She said the list of recommendations came recently, and staff is reviewing it and will take any appropriate actions.

Director Nagel asked how long the TA has used the same auditor. Ms. Harrington said this is the third year of a five-year contract. She said the auditors are selected by competitive procurement.

Director Nagel asked about the \$3.5 million loan from the State. Ms. Harrington said it was for the Dumbarton Rail Line Acquisition; funds for repayment were in last fiscal year's budget and the loan was repaid.

Director Nagel said on page 43 under Investment Income, the fair value of investment is extraordinarily high and asked if the interest rate was really that bad. Ms. Harrington said it was. The size of the portfolio was in the \$400 million range and the amount is a percentage of the portfolio.

Director Nagel asked if the payment for Bay Area Rapid Transit (BART) on page 49 under Charges to Appropriation Outflows was a flat payment. Ms. Harrington said it is a flat percentage. She said staff budgeted on projected amounts, and with the outperformance staff paid the percentage off the top of the allocation. For Caltrain if there is more than originally budgeted, staff puts the excess aside and uses it in a future year.

Director Nagel said it is interesting to note on page 60 there is a huge increase in sales tax revenue and on page 67 the county population dropped by more than 1,000.

Director Nagel said on page 70 the Cumulative Capital Outlay for the ferry adds up to more than the \$15 million the TA spent on it. Ms. Harrington said it is cumulative, so the numbers shouldn't be added up. The total is about \$8 million.

### **PROGRAM**

#### **Report: Transit – Caltrain Modernization: Corridor Electrification**

Marian Lee, Executive Officer, CalMod Program, presented:

- Caltrain is a commuter rail system that operates over 77 miles, and ridership is more than 53,000 on an average weekday.
- A partnership was formed with CHSRA to benefit modernization efforts and to provide a state-wide benefit in supporting high-speed rail (HSR). To share the infrastructure with CHSRA, a blended system vision was created that will be primarily a two-track system, with six Caltrain trains and four HSR trains per peak hour per direction, trains operating at up to 110 miles per hour, and over 40 at-grade crossings.
- Policies in place include:
  - A 2012 CHSRA Business Plan, which outlines the idea of a blended system and discards the idea of a four-track system in the corridor.

- A 2012 Regional Nine-party Funding Memorandum of Understanding that identified \$1.5 billion for the electrified system.
- A 2013 JPB/CHSRA New Agreement solidifying the agreement to the blended system.
- Partnerships include:
  - Boards and elected officials, including the JPB, Local Policy Maker Group, and city councils and committees
  - Advisory committees, including the CAC and Bicycle Advisory Committee
  - Staff, including the City/County Staff Coordination Group and Peninsula Corridor Working Group
  - Community leaders and advocacy organizations
- The total blended system will cost billions. The first increment is \$1.5 billion and translates into two projects: the advanced signal system, which is scheduled to be operational by 2015, and the corridor electrification and electric multiple units (EMUs), which will be operational by 2019.
- Requirements of the advanced signal project:
  - Positive Train Control to be safer, mitigate human error, and avoid train collisions.
  - A smart corridor, which allows Caltrain to run trains as close together as possible and gives Caltrain the ability to improve headways and creates operational flexibility.
- Scope of the electrification project:
  - Fifty-one miles of the track will be electrified. Tracks south of Tamien Station are owned by Union Pacific and will not be electrified. Service will continue to be run up to 79 miles per hour until HSR service begins. While staff is procuring EMUs, there will be an interim period with mixed-fleet service with 75 percent of the fleet as EMUs. To get the rest of the fleet replaced, additional funding is needed beyond the \$1.5 billion for this project. Poles, overhead wires, and traction power facilities will be needed for electrification. Since September, crews have been installing conduit for the advanced signal system.
- Critical milestones to provide revenue service by 2019
  - Authority for design/build obtained in September
  - Publish Draft Environmental Impact Report (EIR) by end of February
  - Certification and completion of the EIR by end of 2014
  - Procurement activity to bring on the experts in electrified systems completed by April
  - Complete design, building and manufacturing of the EMUs between 2016 and 2019
- More planning work needs to be done for additive improvements beyond the \$1.5 billion project. Additional investments include:
  - Caltrain extension to downtown San Francisco
  - HSR stations
  - Grade separations
  - Passing tracks
  - Maintenance facility

Chair Matsumoto asked if funding for electrification is dependent on what happens in the courts. Mr. Scanlon said about \$600 million in funding is at stake.

Director Patridge complimented Ms. Lee on what has been accomplished.

### **Approval of the 2014 Legislative Program (Program)**

Seamus Murphy, Director, Government and Community Affairs, said this program helps guide the legislative and regulatory advocacy strategy. It is developed with input from various departments internally and the agency's legislative advocates. He said once approved, the program will be shared with the agency's regional stakeholders, partners, and legislative delegation to help them understand the TA's priorities for the year.

Mr. Murphy said every issue has been updated to reflect progress that occurred last year, and that much of last year's program has been carried over. There is a new section on Cap and Trade under the State budget category. There is also a new section that covers other local financing options because the Legislature has been more focused on providing more local options to raise revenue. Other additions are in Project Delivery to extend the design/build authority to transit agencies and to clean up the wage monitoring and labor compliance language in the bill that authorizes the Construction Management/General Contractor (CM/GC) project delivery approach.

Mr. Murphy said the Federal program specifically called out the need to restore parity between the pretax transit commute benefits and the benefits drivers receive. This issue has come up every year and this will be a primary issue for staff.

Mr. Murphy said direct advocacy will be used through testimony and letters, as well as media activity, press releases and coalition-based advocacy.

Director Nagel said some concern has been raised in Burlingame that the sustainable communities strategies will create Boards that could take away local control of land use. Mr. Murphy said it is required under Senate Bill 375 that regional agencies, such as the Metropolitan Transportation Commission (MTC) and the Bay Area Air Quality Management District, create a sustainable communities strategy in order to achieve the State's air quality reduction goals. He said they have significant control over how and which projects get funded, but he has not heard they would override land use authority. He said it is a tremendous opportunity for funding transit-oriented development because MTC has already committed some of the Cap and Trade revenue toward the implementation of Plan Bay Area, the TA's sustainable community strategy. Director Nagel said she would like clarification to provide to people in Burlingame who have rallied against this idea.

A motion (Patridge/Canepa) to approve the 2014 Legislative Program was approved unanimously.

### **Update on State and Federal Legislative Programs**

Mr. Murphy said staff will introduce and cosponsor the bill with the design/build extension. He said language has been submitted and will be carried by

Senator Jerry Hill (D-San Mateo). Other agencies will join because it applies Statewide. He said Assemblymember Rich Gordon (D-Menlo Park) will carry the CM/GC cleanup legislation.

Mr. Murphy said there is a proposal for the expansion of Infrastructure Financing District (IFD) authority in the Cap and Trade proposal. This would allow IFDs to fund new categories of projects, expand the scope to include transit projects, and reduce the threshold to approve IFDs to 55 percent.

Mr. Murphy said the State borrowed \$351 million last year from the Highway User Tax Account Fund, which comes from truck weight fees normally used for improving local streets. The governor's budget proposal is to pay this back, so local cities should receive an increase for that purpose.

Director David Canepa asked if it is the electorate around the project area or the whole city that votes on specific IFD projects. Mr. Murphy said it would just be the properties that are being assessed, like any other special district as long as it is an area ripe for transit improvements.

#### **REQUESTS FROM THE AUTHORITY**

None

#### **WRITTEN COMMUNICATIONS TO THE AUTHORITY**

No discussion

#### **REPORT OF LEGAL COUNSEL**

David Miller, Legal Counsel, said there were two large setbacks the CHSRA suffered when a trial court in Sacramento County ruled that the bond validation proceeding that HSR initiated was found to have been inappropriately brought. There hadn't been appropriate administrative procedures taken before the case was filed. There was another case challenging the adequacy of the CHSRA financing plan under Proposition 1A. The CHSRA filed a petition with the California Supreme Court for an extraordinary writ of mandate urging the Supreme Court to assume jurisdiction and to reverse the rulings. The Supreme Court referred the case to the Court of Appeals and unanimously directed the court to expedite its consideration of this matter. It established a briefing schedule and the first set of submittals by those opposing the CHSRA were submitted on February 3; submittals supporting the CHSRA are due on February 10. Mr. Miller said he will file an amicus petition to the Court of Appeals to urge the court to assume jurisdiction and to hear the matter expeditiously. He said he is attempting to get signatures from JPB, San Mateo County Transit District, Santa Clara Valley Transportation Authority, city and county of San Francisco, and MTC.

#### **DATE AND PLACE OF NEXT MEETING**

March 6, 2014 at 5 p.m. in the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2<sup>nd</sup> floor, 1250 San Carlos Avenue, San Carlos CA 94070

Meeting adjourned at 6:21 p.m.

Good evening Madam Chair and members of the Board.

Here is what I have to report from Tuesday night's CAC meeting:

(TA Item 5a) - The CAC had no questions or comments in reference to the Board Minutes of January 9, 2014.

(TA Item 5b) - The CAC supported the acceptance of the Statement of Revenues and Expenditures for December 2013.

(TA Item 11a) - The CAC supported the acceptance of the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended December 31, 2013.

(TA Item 11b) - The CAC reviewed the Fiscal Year 2013 Comprehensive Annual Financial Report and greatly appreciated the scope of information covered within the report and asked that I express directly to you their appreciation of same, with high compliments to the TA staff that prepared this excellent summary of information.

(TA Item 12a) - The CAC received a very thorough Program Report on Caltrain Modernization and Corridor Electrification from Casey Fromson, Government Affairs Officer. And, although it was Casey's first time before the CAC, we were very impressed with her comprehensive knowledge of the subject, as well as her highly capable handling of a variety of in-depth questions posed by the entire membership of the CAC.

(TA Item 12b) - The CAC supported the Approval of the 2014 Legislative Program, without questions or comments.

(TA Item 12c) - The CAC received a very comprehensive update on State and Federal Legislative Programs from Seamus Patrick Murphy, Director, Government and Community Affairs and was very pleased to have Seamus at our meeting once again.

In my own report to the CAC, I advised the following:

1. Google has launched a second commuter ferry service this past Monday. This new ferry service will be conducted between Harbor Bay Terminal in Alameda and the Port of Redwood City.

Launched as a weeklong pilot program, the new service joins a similar catamaran ferry service that started linking San Francisco and Redwood City last month. These moves, in conjunction with the corporate shuttles being used not only by Google, but also by Apple and other high tech companies, have become to be known as a symbol for tech-boom gentrification and a target of

protest both in the East Bay and San Francisco. They further give impetus to the developing concerns about the potential undermining of future funding for expansion of public ferry service to Redwood City by the use of these alternative competing commuter modes of private transportation that would be serving generally the same commuter market that public ferry service would seek to serve.

2. TRANSFORM will host an all-day Transportation Choices and Healthy Communities Summit on February 22nd in Palo Alto in order to promote improved transportation networks and complete communities in Santa Clara and San Mateo Counties. CAC member Daina Lujan will be conducting a workshop on safe routes to school at that Summit. Registration is still open.

3. Caltrain approved \$4 million to buy used railcars from Metrolink in Los Angeles to improve capacity.

4. The Transbay Board meeting in January opened up a far reaching conversation about how Caltrain will be governed in the age of electrification and the Downtown Extension to Transbay. Options which include the possibility of a public private partnership, whereby a private entity would toll riders for the tunnel, and use the revenue to help finance the project and maintain it on an ongoing basis were brought up, as well as questions about having a single entity operating Caltrain and DTX or one entity running High Speed Rail, Caltrain, and DTX. These very important Board discussions, which will include the DTX team, Caltrain, the High Speed Rail Authority, the Metropolitan Transportation Commission and eventually the rest of the nine (9) regional partners that are contributing funding for Caltrain modernization and the blended system with High Speed Rail, are expected to continue over the next several months.

In Joe's report to the CAC, we were advised that applications for the local shuttle program are due to be submitted by next Friday, February 14th. He also gave us a report on the 92/El Camino Real Interchange Reconstruction Project Environmental Phase Open House which was held last Wednesday January 29<sup>th</sup> in San Mateo.

Respectfully submitted,

Barbara Arietta  
Chair, San Mateo County Transportation Authority, CAC