

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

**MINUTES OF MAY 1, 2014**

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

**STAFF PRESENT:** J. Averill, J. Cassman, A. Chan, R. Haskin, G. Harrington, C. Harvey, J. Hurley, J. Slavitt, M. Martinez, N. McKenna, M. Scanlon, M. Simon

Chair Karyl Matsumoto called the meeting to order at 5:03 p.m. and led the Pledge of Allegiance.

**CITIZENS ADVISORY COMMITTEE (CAC) REPORT**

CAC Chair Barbara Arietta reported on the meeting of April 29, 2014 (see attached).

**CONSENT CALENDAR**

- a. Approval of Minutes of April 3, 2014
- b. Acceptance of Statement of Revenues and Expenditures for March 2014
- d. Call for Public Hearing for Proposed Fiscal Year 2015 Budget on June 5, 2014

A motion (Canepa/Horsley) to approve the Consent Calendar was approved unanimously.

**Annual Reaffirmation of the Investment Policy and Reauthorization to Invest Monies with the Local Agency Investment Fund**

Director Terry Nagel said she was looking to see what controls are in place to make sure the money is being funded wisely. She said there is not the same type of checks and balances that cities have, which are finance committees and audit committees that review auditors' recommendations. She said she thought the TA should consider another way to make sure the Board's questions are answered. She said she does not understand how the finances flow between the San Mateo County Transit District (District) and the Peninsula Corridor Joint Powers Board (JPB), how they are separated but have the same staff and same companies monitor them. She asked for an explanation of how the three agencies are financially monitored and what they share and what they don't.

Gigi Harrington, Deputy CEO, said the three entities have separate bank accounts and sets of books, and the funds only move from one agency to another based on the appropriations of the Board. She said when the TA Board approves an authorization to SamTrans or Caltrain, staff makes the allocation based on Board approval, and everything is walled off from each other. She said each entity has an annual audit, which the Board received in January, and the budget presented tonight will set up the majority of the allocations to other entities that the TA authorizes. She said the only allocation that is not done by staff after Board approval is the allocations to local entities and to Bay Area Rapid Transit, which are done through trust agreements; that money comes through the County Treasurer for the TA.

Director Nagel asked if the same investment company is monitoring the investments for all three agencies. Ms. Harrington said the TA's portfolio is the most significant portfolio and investments are split between Sun Trust, the County Pool, and the Local Agency Investment Fund (LAIF). She said the JPB's investments are handled primarily through LAIF and are not invested because there isn't enough to invest, and SamTrans' funds are handled through Sun Trust and LAIF, and not through the County Pool.

Director Nagel asked if the same auditor is used for all three agencies. Michael Scanlon, Executive Director, said the Board reviews and approves the financial statements.

Chair Matsumoto suggested Director Nagel meet with staff to discuss her concerns. She said she sits on other Boards, has been through the process in many other forums and she understands how it works and the rest of the Board is comfortable with the process in place. She said if there is something Director Nagel is not comfortable with after she learns how it works, she can bring it up to the Board at a later time.

Director Nagel said she thought it was an interesting idea to have a group of representatives from the three bodies work on making the financials more transparent.

Director Rosanne Foust said she doesn't know how much more transparent the financials can be. She said she has been on the Board since 2004 and has reviewed the financials numerous times with staff. She said she is taken aback that Director Nagel asked about this. She said she looks at the financials and the audit reports. She said the TA's legal counsel has a fiduciary responsibility for looking out for the public money.

Director Nagel said she is not suggesting any wrongdoing, but that this is a great deal of money that the Board is responsible for. Director Foust said she takes it very seriously.

Director Nagel said she would feel better knowing there is an independent body that is not appointed by the staff. Director Carole Groom said the Board approves the contracts with the consultants, auditors and Sun Trust.

Director David Canepa said Director Nagel raised her concerns and he suggests she discuss and meet with staff.

A motion (Horsley/Patridge) to approve the annual reaffirmation of the investment Policy and Reauthorization to Invest Monies with the Local Agency Investment Fund was approved unanimously by roll call.

#### **PUBLIC COMMENT**

None.

#### **NOMINATING COMMITTEE REPORT FOR THE CITIZENS ADVISORY COMMITTEE (CANEPA/PATRIDGE)**

Director Canepa said he and Director Naomi Patridge recommend Jim Bigelow, Rich Hedges, Randy Hees, Larry Shaine, and William Warhurst to three-year terms ending May 31, 2017, and Diana Bautista to a one-year term ending May 31, 2015.

A motion (Canepa/Groom) to appoint the six to the TA CAC was approved unanimously.

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

None.

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

Mr. Scanlon reported:

- Key Caltrain Performance Statistics March 2014 compared to March 2013.
  - Year-to-date Performance Statistics
    - Total Ridership was 12,456,541, an increase of 8.9 percent.
    - Average Weekday Ridership was 52,137, an increase of 8.7 percent.
    - Total Revenue was \$54,497,597, an increase of 8.3 percent.
    - On-time Performance (OTP) was 92.8 percent, an increase of 1.8 percent. The slow order on the Quint Street Bridge is taking a toll on the OTP.
    - Caltrain Shuttle Ridership was 8,100, a decrease of 1.7 percent. This still reflects the count errors from last year.
- The CAC is recruiting for two members.
- Michelle Bouchard, Director, Rail Transportation, is resigning on May 2.
- Bike to Work Day is on May 8.
- Giants ridership is up about 2 percent to almost 101,000 riders year to date.
- Planning for Levi's Stadium and Super Bowl L is underway.
- The San Bruno Station event will be on May 10 at Posey Park.
- Staff is conducting outreach to discuss rail safety and has visited six cities so far.
- Staff is going after funds for the South San Francisco Station Access Improvement Program. It has the appeal of being a good leverage project.
- Grant applications are out for the Caltrain Electrification Program and for continuing work on the Grand Boulevard.
- The Board:
  - Approved the appointment of Director Jerry Deal to the Transbay Joint Powers Authority.
  - Received a progress update on the Quint Street Bridge repair work. Repairs are well underway.
  - Received an update on the Caltrain Modernization Program.
  - Received a presentation on the Caltrain Triennial Customer Survey Key Findings.
  - Received presentations on the Fiscal Year (FY) 2015 Operating and Capital budgets.
  - Authorized another year of fuel hedging.
  - Authorized entering into cooperative agreements with the Capitol Corridor Joint Powers Authority for about \$250,000 toward a project that will provide wayside power.
  - Thanked Chuck Harvey, Deputy CEO, for the work he did on the Fair Oaks Clinic.

- Met in closed session to discuss a pending settlement. No action was taken.

Director Don Horsley said he appreciated the work done on the Fair Oaks Clinic. He said the clinic was dramatically expanded. There were three clinics that were consolidated into one and it is a fabulous facility for the community of North Fair Oaks.

## **REPORT OF THE EXECUTIVE DIRECTOR**

Mr. Scanlon reported:

- The Highway 101/Broadway Interchange Reconstruction Project bid opening was scheduled for April 15, but due to late bidder inquiries and addendums for clarification it is being moved to mid-May. Staff is working with the California Department of Transportation to minimize any potential impact so construction can still begin this summer.
- The San Mateo County Streets Alive! Parks Alive! event is May 3 and 4.
- Last month the Board approved 11 bicycle and pedestrian projects and he had suggested using the Lehman Brothers settlement funds to fund the 11<sup>th</sup> project, the Mid-coast Multi-modal Trail. He said it was discovered those funds have to go to the categories under the Original Measure A. He said Ms. Harrington looked at the sales tax revenues and it appears the entire project should be able to be funded. He said no advancing or borrowing from future funds will be required for this project.

## **FINANCE**

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

Bill Osher, CSI Group of Sun Trust, said the portfolio does not go up or down a lot. He said it continues to get modest positive returns, and is safe. He said there is virtually no difference in yield between treasuries and agencies like Freddie Mac and Fannie Mae. Treasuries are a bit easier to buy and sell, so they are more liquid and there will be more treasuries making their way into the portfolio.

He said he is positive about the economy. There are a host of things that will allow the economy to grow without obstruction. He said there was a dip in the first quarter because of the weather, and as the economy comes back, interest rates are going to rise. He is keeping his eye on the Federal Reserve (Fed) because they are going to raise the Fed Funds Rate in the middle of next year or the third quarter. He said the Fed will be influenced by economy to move at a little faster rate than what's in the market.

A motion (Horsley/Groom) to accept the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended March 31, 2013 was approved unanimously.

### **Preliminary FY2015 Budget**

Eva Goode, Manager, Budgets, presented:

- FY2015 revenues total \$75.5 million.
- Net decrease in revenue is \$4.3 million.
- Total annual allocations are \$26.3 million.

- Total program expenditures are projected to be \$39.7 million.
- Total FY2015 expenditures are projected to be \$68.2 million.
- Net decrease in expenditures is projected to be \$54.2 million.
- Ending fund balance is projected to be \$409.9 million.

Director Nagel said the staff report states total revenue is projected to be \$75.5 million, and yet the sales tax received is projected to be \$72 million. She said this seems really conservative and asked if there is any point at which the budget will be adjusted. Ms. Goode said every year a mid-year revision to the budget is presented to the Board. She said at that point, if there are significantly higher revenues, an adjustment would be made. Mr. Scanlon said budgeting conservatively is the best approach.

Director Nagel said interest income is projected to decrease by 19 percent, but Mr. Osher reported interest income is projected to go up, and asked why there is a difference. Ms. Goode said the paper within the portfolio are at higher-interest maturities and are maturing during the year and being reinvested at lower rates.

**Authorize Amendment of the FY2014 Budget by \$750,000 and Programming and Allocation of a Total of \$750,000 of Measure A Funds from the Grade Separation Program Category for the Ravenswood Avenue Grade Separation Project in Menlo Park**

Joel Slavit, Manager, Programming and Monitoring, said the recommendation for this was deferred pending a study of an overtake track. He said Menlo Park submitted a revised proposal making it clear it would study an alternative that would accommodate an overtake track consistent with the High-speed Rail (HSR)/Blended System, so staff is now recommending programming and allocation for this study.

A motion (Canepa/Nagel) to authorize the amendment of the FY2014 Budget by \$750,000 and programming and allocation of a total of \$750,000 of Measure A funds from the Grade Separation Program Category for the Ravenswood Avenue Grade Separation Project in Menlo Park was approved unanimously by roll call.

**Authorize Approval of Shuttle Projects and Programming and Allocation of a Total of \$5,711,414 in Measure A Local Shuttle Program Category Funds for FY2015 and FY2016**

Mr. Slavit said the draft list was presented at the April TA Board meeting. He said this is the final list of recommendations with no changes. Staff is recommending not funding the Colma Shuttle, and the Bayshore Technology Shuttle is being deferred until it can be better coordinated with existing JPB shuttles.

Public Comment

Rich Hedges, San Mateo, said he suggested the shuttle information be broadcast more broadly because this is a tremendous asset to the communities. He said in many areas, business and community shuttles are full going to businesses, but empty coming back. If all cities post the shuttles on their websites and send out the information to people on their interest lists, there would then be a larger community that understands the value of the shuttles.

A motion (Horsley/Foust) to authorize approval of the shuttle projects and programming and allocation of a total of \$5,711,414 in Measure A Local Shuttle Program Category funds for fiscal years 2015 and 2016 was approved unanimously by roll call.

## **PROGRAM**

### **Program Report: Railroad Grade Separations Program (San Bruno)**

Mr. Harvey presented:

- The project cost estimate totaled \$155 million.
- This project levered \$60 million from various sources including the State, the Public Utilities Commission and the Federal Transit Administration.
- Project began with the environmental phase in 2009 and the station was open for service on April 1, 2014.
- Photos of the project were shown.
- A time-lapse video of the project was shown.

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

#### State

Gus Khouri, Principal, Khouri Consulting, said there was a budget surplus this year so there was an expectation to move policies this session. The governor wanted austerity since Proposition 30 was passed and did not want more fees or taxes but instead wants to pay back education and bond indebtedness. He said there is no agreement on what to do with the water bond. He said self-help counties comprise 70 percent of all funding available for transportation in the State. He said the State is not fulfilling its end of the bargain. The State has relied on the gas tax, but as cars become more fuel efficient and the highway system gets bigger, there are diminishing returns. He said the 18 cents approved by the voters in 1990 now comes out to 9 cents. He said moving forward on another bond or to index the gas tax do not poll very well. The only immediate opportunity is cap and trade funding. The State has still passed additional mandates to transportation agencies. Governor Brown's budget proposes to take cap and trade funds to fund HSR. There is very little left to help agencies comply with the Sustainable Communities Strategies to reduce greenhouse gas emissions. Senator Daryl Steinburg's (D-Sacramento) proposal supplements the governor's proposal. The key is to define which projects will qualify for those funds.

#### Federal

Mark Simon, Executive Officer, Public Affairs, said the president has sent his transportation reauthorization bill, Grow America Act, to Congress. The proposal has \$302 billion over four years, \$87 billion over current funding levels, including: \$72 billion for transit, which if fully funded, would be the amount transit agencies need for State of Good Repair work; \$5 billion a year for HSR; and \$5 billion for the TIGER Grant Program. It also restores the Highway Trust Fund to solvency through a temporary tax on overseas corporate earnings. He said Congress is proposing its own bill that more than likely will only maintain existing funding levels, but it is unclear how the Highway Trust Fund would be funded.

### **REQUESTS FROM THE AUTHORITY**

None.

**WRITTEN COMMUNICATIONS TO THE AUTHORITY**

No discussion.

**REPORT OF LEGAL COUNSEL**

No report.

**DATE AND PLACE OF NEXT MEETING**

June 5, 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 6:20 p.m.

I have the following to report from the April 29th meeting of the CAC:

(TA Item 4a) The CAC reviewed the TA' s Minutes of April 3, 2014, without questions or comments.

(TA Item 4b) The CAC supported the Acceptance of the Statement of Revenues and Expenditures for March, 2014, without questions or comments.

(TA Item 4c) After a brief update by Lori Snow, Treasury Manager, the CAC supported the Annual Reaffirmation of the Investment Policy and Reauthorization to Invest Monies with the Local Agency Investment Fund.

(TA Item 10a) Following an in-depth presentation and Q and A by Bill Osher, TA Investment Advisor, the CAC voted to support the Acceptance of the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended March 31, 2014.

(TA Item 10b) For information purposes only, the CAC received a brief, but highly interesting overview of the Preliminary Budget for Fiscal Year 2015 from Eva Goode, Manager of Budgets.

(TA Item 10c) After receiving a comprehensive update from Joel Slavit, Manager of Programming and Monitoring, on the revised grade separation application submitted by Menlo Park, the CAC supported the Authorization Amendment of the Fiscal Year 2014 Budget by \$750,000 and the Programming and Allocation of a Total of \$750,000 of Measure A Funds from the Grade Separation Program Category for the Ravenswood Avenue Grade Separation Project in Menlo Park.

(TA Item 10d) Following a detailed review by Joel Slavit of this year's Call for Project's selections for the funding of the Local Shuttle Program, the CAC voted to support the Authorization Approval of Shuttle Projects and the Programming and Allocation of a Total of \$5,711,414 in Measure A Local Shuttle Program Category Funds for Fiscal Years 2015 and 2016.

It is also to be noted that at this point in our meeting I informed the CAC that I had just received a phone call, before the CAC meeting, from Van Ocampo, Public Works Director of Pacifica, concerning the Pacifica Community Shuttle, also known as the "Devil's Slide Shuttle". Van was highly pleased and eager to share that the Pacifica Community Shuttle ridership has grown significantly since the opening of the new Devil's Slide Trail on March 27th. He emphasized that this shuttle helps meet the public's need to access this extremely popular trail particularly due to the very limited parking at the trailheads. He also wished to express his appreciation for the continued funding consideration.

We were informed that staff is looking forward to reviewing the next written report submitted by Pacifica concerning this new increase in shuttle ridership.

The CAC suggested that each and every city, that has a shuttle, send shuttle schedules to everybody on their "interest lists" and to post their particular shuttle schedules on their individual websites, as well.

(TA Item 11a) As part of a series of program reports on the Transportation Authority's six program areas, the CAC received a comprehensive overview of the San Bruno Railroad Grade Separation Program from Chuck Harvey, Deputy CEO. The CAC, which is very familiar with the hard work and gargantuan effort of constructing the new San Bruno Grade Separation over the years, was very pleased with the results of this four year project and highly complimented Mr. Harvey and his Design and Construction team on a job well done!

(TA Item 11b) Schweta Bhatnagar, Government Affairs Officer, once again delivered both a thorough and highly informative update on the State and Federal Legislative Program, this time focusing primarily on the State's Cap and Trade Program, as viewed by both State Senate President pro tem Darryl Steinberg and California Governor Jerry Brown.

In my own report to the CAC I reported the following:

1. The expansion of the Bay Area Bike Share's existing program in San Francisco, San Jose, Mountain View, Palo Alto and Redwood City, which has been planned for this year, has been delayed because the manufacturer of the bikes and docking stations filed earlier this year for bankruptcy and is no longer manufacturing bicycles.

The company has also been reported to have been recently sold and it remains unclear if or when production will resume, however according to a spokesperson for the Bay Area Air Quality Management District, which has been overseeing the bike sharing program, it is anticipated that the company will not fold entirely. The air district is monitoring the situation closely and reports that it still hopes to add 300 bikes to the system by the end of this year.

To date, San Francisco has averaged about two bike rides per day and, thus far, has been considered to have been a successful pilot launch, according to the MTC. However, according to additional reports from the MTC, other cities, particularly on the Peninsula, have significantly lagged behind, such as Redwood City, which has seen only 0.09 rides per bike per day. The MTC will be conducting a more thorough analysis in those cities, reevaluating the location of the bike sharing stations and conducting outreach campaigns to pick up the pace.

2. The Palo Alto City Council is challenging a proposal by the Metropolitan Transportation Commission to forgive a \$91 million loan to a project that would extend BART to the South Bay.

(The funds were borrowed from the languishing Dumbarton Rail project, which would link the East Bay and Peninsula via a rebuilt rail bridge just south of the Dumbarton Bridge. The funding came from the Regional Measure 2 program, which was passed by the voters in 2004. The measure raised the toll on seven state-owned bridges in the Bay Area by \$1 for the purpose of funding projects to ease congestion.)

The Palo Alto Council voted unanimously on April 23rd to send a letter to the MTC asking that part, if not all, of the loan be paid back stating that the funds should be spent on projects that directly benefit the Peninsula. Palo Alto hopes to lay the groundwork for next year's request and then to rally Peninsula cities around a common position.

3. Caltrain will be celebrating the opening of the new San Bruno Grade Separation on Saturday, May 10th, at Posey Park in San Bruno from 11am to 2pm. Speakers for the program will include:

San Bruno Mayor Jim Ruane

Caltrain Board Chair Tom Nolan

Transportation Authority Board Chair Karyl Matsumoto

Caltrain Deputy CEO Chuck Harvey

In Joe's Report to the CAC he advised us of the six proposed appointments to the CAC that will be announced at tonight's TA meeting. Five of those appointed are returning CAC members, who will be appointed for a three year term. The other appointee will be a new appointment for the remaining one and a half year term of former CAC member Daniel Mensing.

Respectfully submitted,

Barbara Arietta

Chair, San Mateo County Transportation Authority, CAC