

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

MINUTES OF AUGUST 7, 2014

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

MEMBERS ABSENT: R. Foust

STAFF PRESENT: J. Averill, J. Cassman, A. Chan, F. G. Conner, B. Fitzpatrick, E. Goode, R. Haskin, G. Harrington, C. Harvey, J. Hurley, J. Slavitt, M. Martinez, N. McKenna, D. Miller, S. Murphy, M. Scanlon

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

CITIZENS ADVISORY COMMITTEE (CAC) REPORT

Barbara Arietta, CAC Chair, reported on the meeting of August 5, 2014 (see attached).

APPROVAL OF MINUTES OF JUNE 5, 2014

No discussion.

Motion/Second: Nagel/Canepa

Ayes: Canepa, Horsley, Matsumoto, Nagel, Patridge

Absent: Foust, Groom

ACCEPTANCE OF STATEMENT OF REVENUES AND EXPENDITURES FOR MAY 2014

Director Terry Nagel said interest income went up 43.5 percent due to higher than budgeted returns in the interest on the U.S. Department of Treasury's inflation protected security. She asked why it was so high.

Director Carole Groom arrived at 5:12 p.m.

Gigi Harrington, Deputy CEO, said the TA has one type of maturity held that the interest posts when it matures.

Motion/Second: Canepa/Nagel

Ayes: Canepa, Groom, Horsley, Matsumoto, Nagel, Patridge

Absent: Foust

INFORMATION ON STATEMENT OF REVENUES AND EXPENDITURES FOR JUNE 2014

No discussion.

Motion/Second: Nagel/Canepa

Ayes: Canepa, Groom, Horsley, Matsumoto, Nagel, Patridge

Absent: Foust

PUBLIC COMMENT

None.

CHAIRPERSON'S REPORT – KARYL MATSUMOTO

None.

SAN MATEO COUNTY TRANSIT DISTRICT LIAISON REPORT – KARYL MATSUMOTO

Chair Matsumoto added to her written report that Councilmember Jerry Deal will be resigning Burlingame City Council and will no longer be on SamTrans Board or Joint Powers Board (JPB).

JPB REPORT

Michael Scanlon, Executive Director, reported:

- Key Caltrain Performance Statistics June 2014 compared to June 2013.
 - Monthly Performance Statistics:
 - Total Ridership was 1,567,199, an increase of 14.6 percent.
 - Average Weekday Ridership (AWR) was 59,916, an increase of 13 percent.
 - Total Revenue was \$7,004,747, an increase of 14 percent.
 - On-time Performance (OTP) was 92.8 percent, an increase of 2.4 percent.
 - Caltrain Shuttle Ridership was 9,307, an increase of 25.4 percent.
 - Year-to-date Performance Statistics
 - Total Ridership was 17,029,447, an increase of 9.2 percent.
 - AWR was 53,466, an increase of 9 percent.
 - Total Revenue was \$74,841,287, an increase of 8.8 percent.
 - OTP was 92.3 percent, an increase of 1.1 percent.
 - Caltrain Shuttle Ridership was 8,416, an increase of 6.2 percent.
- Caltrain is being overwhelmed by passengers in peak hours. Staff is trying to buy and rehabilitate cars.
- The Board:
 - Appointed Todd Hopkins to the JPB CAC representing San Mateo County.
 - Appointed Marian Lee, Executive Officer, Caltrain Modernization (CalMod) Program, to the Transbay Joint Powers Authority.
 - Received a presentation on the procurement of Electric Multiple Units (EMU).
 - Adopted the Fiscal Year (FY) 2015 Capital Budget in the amount of \$43,554,725.
 - Awarded a contract to ProVen Management, Inc. in the total amount of \$22,958,777 for the San Mateo Bridges Replacement Project and authorized Delegation of Approval Authority for all aspects of the project, including design, construction, phasing and schedule to the executive director.
 - Received an update on CalMod. The installation of Communications-based Overlay Signal System (CBOSS) is continuing and is now in the San Carlos and Belmont areas. No new complaints have been received. The Environmental Impact Report document is on schedule.
 - Received an update on the Caltrain Strategic Plan.
- The Bicycle Advisory Committee met on July 17 and discussed the Bike Share Program, the Caltrain Strategic Plan, and the Station Access and Parking Plan.

- Levi's Stadium Caltrain service was good, but Santa Clara Valley Transportation Authority experienced some difficulties.
- Giants baseball ridership is up 14 percent over last year. Almost 500,000 riders have been carried so far this year.
- Independence Day fireworks ridership was up 18 percent over last year.
- Work on the San Mateo County bridges will require slow orders, so there will be some train schedule changes.

Director Don Horsley asked what the farebox recovery ratio is. Mr. Scanlon said it is about 65 percent.

Director Nagel asked about the High-speed Rail (HSR) rulings and how it has impacted funding for Caltrain. David Miller, Legal Counsel, said the decision allows the California High-speed Rail Authority (CHSRA) to proceed. Instead of requiring the CHSRA to start over with a financial plan, the Court of Appeal reversed the trial court judgment and said the financial plan they prepared, which was the subject of the litigation that the trial court found to be not in compliance with Proposition 1A, was really for the benefit of the Legislature. The Legislature, based on that preliminary plan, took an action to appropriate funds, and under the theory of separation of powers between branches of government, the Appellate Court said the lower court should have deferred to the Legislative Branch in that regard. Similarly, they found that the bond validation action that had been denied at the trial court level was inappropriately denied. He said at the trial court level, the court had found that the finance committee that has to approve the authorization for issuance of bonds had not made adequate findings or at an evidentiary basis to render its conclusions. The court found that it is not something the law requires. He said he, along with other agencies, had filed an amicus brief because that particular ruling in Sacramento on bond validation could affect general obligation bonds throughout the State in a very negative way. What this does is allow the CHSRA to proceed. The court also found, however, that there are many steps ahead that need to be complied with under Proposition 1A. There is a final financial plan that needs to be developed before the CHSRA can actually sell bonds and use the bond proceeds for the purposes of the project. He said from Caltrain's perspective, to the extent that the electrification project is going to be dependent on Proposition 1A funds, there will be several steps and hurdles ahead to be able to access those funds.

Director Nagel asked what the procedure is for replacing Councilmember Deal's position on SamTrans and the JPB. Mr. Scanlon said staff has already written to the Council of Cities who will select the person.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Scanlon reported:

- The U.S. Highway 101/Broadway Interchange Reconstruction Project was awarded to Ghilotti Construction of Santa Rosa for \$45 million. The TA contributed \$36 million. The city of Burlingame and the California Department of Transportation are working together to come up with an effective communications program for the surrounding communities and businesses to have transparent dialogue about mitigating the construction activities and set

the necessary traffic patterns. A groundbreaking ceremony may be scheduled for mid-September.

- The Route 1 San Pedro Creek Bridge Replacement Project is underway. This is a \$10 million replacement. The TA has \$5.3 million in funds into this project. The traffic has been detoured onto a frontage road to allow for the fish relocation, dewatering of the creek and demolition of the bridge.
- A public meeting was held July 29 to get public input on the U.S. Highway 101/ Woodside Road Interchange. This project is in the environmental phase. The TA contributed \$3.4 million.
- The Midcoast Community Council met July 31 regarding the development and assessment of various opportunities to improve safety and reduce congestion along a stretch of Route 1 north of Half Moon Bay. The TA will continue to work with the county on the development of a study that will try to articulate different design concepts and projects.
- The Reading File contains a letter from Mr. Scanlon to the Executive Director of the Water Emergency Transportation Authority (WETA). The TA provided \$15 million, but WETA spent only \$7 to \$8 million for the dock in South San Francisco. The TA took a security interest in the dock, so if the ferry does not operate there for five years, the TA repossesses the dock.
- Since May, stakeholder group meetings have been held to get input on the update of TA Strategic Plan. The outreach is focused on the project selection process staff has been using over the last five years and whether it should be updated. Groups that have been reached out to are the TA, JPB and SamTrans CACs, the City/County Association of Governments (C/CAG) Technical Advisory Committee, the SamTrans Accessibility Committee, and the Paratransit Coordinating Council. Staff has scheduled to meet with San Mateo County Economic Development Association, C/CAG Congestion Management and Environmental Quality Committee, and C/CAG Bicycle and Pedestrian Advisory Committee. A draft plan will be taken to the TA Board in October. Public meetings are scheduled for mid-October and early November, and a final plan will be taken to the Board in December.

April Chan, Executive Officer, Planning and Development, said a survey on the TA Strategic Plan was created to give the stakeholder groups another forum to provide input on the plan. The public can complete the survey or wait until there is a draft document and then they can speak with staff.

Director Naomi Patridge asked if there is someone who could take on providing ferry service in Redwood City even if the South San Francisco ferry service fails. Mr. Scanlon said the TA needs to be more narrowly focused on that subject. The TA funded a capital improvement that was necessary. He said under the terms of the agreement, WETA has to report to the city of South San Francisco. He said the Metropolitan Transportation Commission (MTC) has been coming up with Regional Measure 2 (RM2) funds and MTC has put out a 40 percent farebox recovery ratio requirement. WETA is halfway there. The TA offered marketing assistance because it is important to have the ferries be successful. The TA wants to be in the background to help, but has no contractual ability to do it.

Director Horsley said there have been a number of public meetings concerning the Highway 1 study. At the last meeting, an idea was expressed to use lighted crosswalks with devices and lights that are activated when a pedestrian wants to cross the highway. He said there were a lot of objections. After explaining that to put in center dividers the highway would have to be widened, more support was given for simpler projects that could be delivered.

Director Patridge said the north end residents have a different philosophy than the people of Half Moon Bay. These have always been for safety and there needs to be continuity between the two populations.

FINANCE

Authorize Acceptance of the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended June 30, 2014

Bill Osher, CSI Group of Sun Trust, said the portfolio does not make a lot of money and almost never loses money. He said it is positioned correctly for what is going on. He said he has seen signs of economic improvement. The first quarter was weak because of the weather and was down 2 percent. He said for the next year and half, there is broad consensus the economy will grow about 3.5 percent. He said the bottom line is the economy is doing well and interest rates aren't going up. He said there are global problems like the issues with Russia, Europe potentially falling back into recession and a default in Argentina. He said there are a lot of foreign funds coming into the U.S. but they are transitory. He said if the U.S. continues the type of growth it is experiencing now, it is only a matter of time before interest rates go up. As interest rates go up, there is opportunity and risk. The risk is the prices of the bonds in the portfolios go down. That has been mitigated by keeping maturities short. The opportunity is to reinvest at higher interest rates with short maturities.

Motion/Second: Groom/Horsley

Ayes: Canepa, Groom, Horsley, Matsumoto, Nagel, Patridge

Absent: Foust

Authorize Approval and Ratification of the Fiscal Year 2015 Insurance Program with Wells Fargo Insurance Services and Increase the Fiscal Year 2015 Budget by \$204,394 to \$68,418,048

Ms. Harrington said the TA has been a named insured under the SamTrans policy, but this year staff asked Wells Fargo Insurance Services to look for Liability and Public Officials Liability insurance for the TA. Since cost was unknown, it was not budgeted. This provides all-in coverage on liability with a \$10,000 deductible up to \$11 million. If more than \$11 million would be needed, the TA would have to use the SamTrans insurance, but the deductible is \$1 million. There have been funding agencies that have been involved in claims, but they are generally low, so this is for an abundance of caution. She said the Public Officials Liability covers the Board members.

Director Nagel said this is great to not share the limit of the liability with other agencies.

Motion/Second: Groom/Canepa

Ayes: Canepa, Groom, Horsley, Matsumoto, Nagel, Patridge

Absent: Foust

Authorize Award of Contracts to Ernst & Young Infrastructure, KPMG, LLP, Macias Consulting Group, Inc., Nancy Whelan Consulting, LLC, Public Financial Management, Inc., Ross Financial, LLC, and Williams, Adley & Company-CA, LLP to Provide On-Call Financial Consulting Services in an Aggregate Estimated Not-to-Exceed Amount of \$2.2 Million for a Five-Year Term

Ms. Harrington said this is a renewal of on-call financial contracts. These are work directive contracts and will only be used via work directive if they are needed. Should the TA want to accelerate some contracts, the TA would need financial advisors to help issue debt. This puts that team in place. If there was an issue the Board or staff wanted to have an advisor review, this will provide on-call audit services to review that particular item.

Public Comment

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce, said this is one of the most important items. There are old interchanges needing improvements with sizable costs in the corridor over the next five years. He said if interest rates stay low, there are opportunities to bond and move projects and meet cash flow needs of the county as a partner. The JPB needs EMUs, and that is \$440 million that could be contracted for by the end of 2015 and could be running in 2019 or sooner. He said staff working with HSR will be very busy and this is a key item to deliver and stay on schedule. He said this item and the next two items are worthy of the Board's support.

Motion/Second: Horsley/Patridge

Ayes: Canepa, Groom, Horsley, Matsumoto, Nagel, Patridge

Absent: Foust

Authorize Allocation of \$12,140,000 in New Measure A Funds and \$16,733,000 in Original Measure A Funds to the San Mateo County Transit District (District) for Application Towards the Caltrain Program Category and the Paratransit Program Category

Eva Goode, Manager, Budgets, said the funds have been allocated in FY2015 budget and prior year budgets. She said this includes allocations of \$3.5 million in New Measure A funds to the Caltrain Program for the annual capital contribution, \$5.76 million for the operating contribution, \$2.9 million for the District Paratransit Program, \$7.5 million in Original Measure A funds for the early investment program, Electrification, EMUs, and CBOSS, and \$8 million to the JPB for the San Mateo Bridges Replacement Project.

Motion/Second: Canepa/Patridge

Ayes: Canepa, Groom, Horsley, Matsumoto, Nagel, Patridge

Absent: Foust

Authorize Allocation of \$1.6 Million in Original Measure A Highway Program Category Funds to the City of San Mateo for the Plans, Specifications, and Estimates (PS&E) Phase of the Route 92/ El Camino Real Interchange Project

Joel Slavit, Manager, Programming and Monitoring, said during the 2012 Highway Call for Projects (CFP), the Board programed \$2.2 million for the environmental and PS&E phases of this project. At that time, \$600,000 was allocated for the environmental phase, and the allocation of the remaining \$1.6 million was conditioned upon the completion of the environmental clearance for the project. The condition has been met and staff is requesting the Board move forward with the allocation of the remaining funds.

Motion/Second: Groom/Horsley

Ayes: Canepa, Groom, Horsley, Matsumoto, Nagel, Patridge

Absent: Foust

Authorize Reallocation of \$90,000 in New Measure A Program, Planning and Management Funds to San Mateo County Transit District for the Mobility Management Plan (MMP)

Mr. Slavit said staff recommends \$90,000 be reallocated from the SamTrans Shuttle Technical Assistance Program to the SamTrans MMP to help fund shuttle planning efforts. He said the proposed funding will be used for shuttle planning work to better define how community and commuter shuttle services be planned and implemented in the county. SamTrans, in partnership with C/CAG and the Peninsula Traffic Congestion Relief Alliance, will look at existing inefficiencies and will provide recommendations to define new partnerships or service delivery arrangements that would benefit SamTrans and other shuttle providers in the county. The benchmarks used to evaluation projects will be updated as a part of this effort. The MMP is consistent with and will further implement policy goals from the San Mateo County Shuttle Business Practices Guidebook.

Motion/Second: Patridge/Nagel

Ayes: Canepa, Groom, Horsley, Matsumoto, Nagel, Patridge

Absent: Foust

PROGRAM

Update on State and Federal Legislative Program

Seamus Murphy, Director, Government and Community Affairs, provided the following update:

State

There are two bills that would extend design-build authority for transit agencies. Either would work for the TA's purposes. Staff is working to adjust some of the language to be more effective. Both bills are expected to pass the Legislature and staff is certain the governor will sign one of them.

Mr. Murphy said staff is working with the Administration to help establish guidance for the delivery of the different Cap and Trade-related programs that were approved as part of the budget. There are a number of forums where various departments and

agencies are seeking input from transit agencies and others who would benefit from Cap and Trade funding. Staff is participating in all of them.

Federal

The new expiration date of funding for the Highway Trust Fund is in 2015, so the new Congress will work on the issue. This clears the way for appropriations to pass. The House approved a transportation spending bill; the Senate has not. Staff expects to see a continuing resolution with an expiration date some time before the 2015 date when transportation authorization expires.

REQUESTS FROM THE AUTHORITY

None.

WRITTEN COMMUNICATIONS TO THE AUTHORITY

No discussion.

REPORT OF LEGAL COUNSEL

David Miller, Legal Counsel, said he and Joan Cassman, Legal Counsel, will recuse themselves as their office represents one of the parties involved in this matter. He said F. Gale Conner, Special Counsel, will meet with the Board in closed session to discuss real estate negotiations.

Closed Session: Real Estate Negotiations – Pursuant to Government Code 549956.8:
Agency Negotiators: F. Gale Conner, Special Counsel, and Brian W. Fitzpatrick
Under Negotiation: Price and Terms of Purchase

Adjourned to closed session at 6:02 p.m.

Reconvened from closed session at 6:26 p.m.

Mr. Scanlon said the Board met in closed session consistent with the Brown Act to discuss the matter of acquiring a temporary construction easement at 1240 Bayshore Highway in Burlingame. The Board should consider ratifying the action of the Chair and the Executive Director and the authorization of a \$98,600 statutory offer in the eminent domain proceedings underway for that parcel.

Motion/Second: Horsley/Nagel

Ayes: Canepa, Groom, Horsley, Matsumoto, Nagel, Patridge

Absent: Foust

Mr. Scanlon said the negotiators provided further briefing and background on the status of this particular notification. The Board gave direction to staff and negotiators, and there is no further action required at this time.

DATE AND PLACE OF NEXT MEETING

September 4, 2014 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

Meeting adjourned at 6:28 p.m.

TA CAC Chair's Report

August 7, 2014

I have the following to report from the August 5th meeting of the CAC:

(TA Item 4a) The CAC reviewed the TA Board's Minutes of June 5, 2014, without questions or comments.

(TA Item 4b) The CAC supported the acceptance and entrance into the record of the Statement of Revenues and Expenditures for the month of May 2014.

(TA Item 4c) In reference to taking any action on the information of the Statement of Revenues and Expenses for the Period Ending June 30, 2014, the CAC was advised that the Finance Division is currently engaged in many activities following the end of the June 30 fiscal year both in closing out the old fiscal year and setting up the new fiscal year and, thus, will present a Statement of Revenues and Expenses for June at the November 6 meeting of the Board of Directors.

(TA Item 7a) The CAC also reviewed the SamTrans Summary of July 2, 2014 without questions or comments.

(TA Item 7b) Additionally, the CAC reviewed the SamTrans Special Meeting Summary of July 17, 2014 without questions or comments.

(TA Item 10a) The CAC supported the Acceptance of the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended June 30, 2014.

(TA Item 10b) After a brief report by Gigi Harrington, Deputy CEO, the CAC supported the Authorization Approval and Ratification of the Fiscal Year 2015 Insurance Program with Wells Fargo Insurance Services and an Increase to the Fiscal Year 2015 Budget by \$204,394 to \$68,418,048.

(TA Item 10c) The CAC supported the Awarding of Contracts to Ernst & Young Infrastructure, LPMB

LLP, Macias Consulting Group, Inc., Nancy Whelan Consulting, LLC, Public Financial Management, Inc., Ross Financial, LLC, and Williams, Adley & Company-CA, LLP to Provide On-Call Financial Consulting Services in an Aggregate Estimated Not-to-Exceed Amount of \$2.2 Million for Five-Year Term.

(TA Item 10d) The CAC supported the Authorization to Allocate \$12,140,000 in New Measure A Funds and \$16,733,000 in Original Measure A Funds to the San Mateo County Transit District for Application Towards the Caltrain Program Category and the Paratransit Program Category.

(TA Item 10e) The CAC supported the Allocation of \$1.6 Million in Original Measure A Highway Program Category Funds to the City of San Mateo for the Plans, Specifications, and Estimate Phase of the Route 92/El Camino Real Interchange Project. Several CAC members expressed their concerns about the safety of the current interchange and were pleased to see that the interchange will be improved.

(TA Item 10f) Following a briefing from Joel Slavit, Manager of Programming and Monitoring, the CAC supported the Authorization to Reallocate \$90,000 in New Measure A Program, Planning and Management Funds to the San Mateo County Transit District for the Mobility Management Plan.

(TA Item 11a) The CAC was given a comprehensive update on both the State and Federal Legislative Programs by Schweta Bhatnagar, Government Affairs Officer with detailed reporting on the State's Cap and Trade Program.

In my own Chair's Report to the CAC, I advised the following:

* San Bruno voters will consider a 2014 ballot initiative to raise height limits to up to 90 feet in the areas closest to the Caltrain station in San Bruno. The ballot measure is an outcome of the City's Transit Corridors Plan.

*The Millbrae City Council has reviewed their Millbrae Caltrain Station Area Plan and is planning to give direction to the EIR concerns about the plan which includes pedestrian, bicycle and bus access to the area, as well as housing affordability. The two major developments being proposed to make the Millbrae Station more accessible and less bleak would bring retail, offices, housing and possibly hotels to the station area.

*For the 15% or so of Caltrain riders who use a bicycle to get to, from and around the station areas in both San Jose and San Francisco, improvements are coming and a series of future public meetings will be planned to get the public involved in the process. San Jose is working on a set of bike improvements west of Downtown, including bike lanes on several streets. San Francisco is working on designs for protected bike lanes along the Embarcadero.

*There will be an educational opportunity to learn more and take action to improve Caltrain service and transit policies on the corridor. This evening, between 6 and 7:30pm there will be a San Mateo Taste and Talk discussing the The Solid Link between Transportation and Land Use, presented by: Thomas Kronemeyer from Community Design & Architecture and Jeff Tumlin from Nelson/Nygaard. The location will be the San Mateo Public Library's Oak Room at 55 West 3rd Ave., San Mateo.

In closing my report to the CAC, I advised the CAC that the California State Appeals Court, on July 24th, upheld environmental approval of a broad corridor for bullet trains down the San Francisco Peninsula and through the Pacheco Pass into the central San Joaquin Valley. Peninsula communities, which included the Town of Atherton and the City of Palo Alto, instead, wanted the route to avoid them by going across San Francisco Bay and over the Altamont Pass to the northern San Joaquin Valley.

In Joe's Report to the CAC he updated us on two high profile projects: the Highway One San Pedro Creek Bridge Project in Pacifica, with an advisory on the completion of the demolition of the bridge and the selection of the contractor, Ghilotti Construction for Burlingame' Broadway Interchange Project, which is scheduled to commence in mid to late September.

Immediately following our CAC meeting April Chan, Executive Officer, Planning and Development, finished conducting a Workshop on the upcoming Transportation Authority's (TA) Strategic Plan that had originally began at the CAC meeting of July 1st, securing feedback on Project Selection and Ranking Criteria, Project Delivery and other considerations, including Capital Improvement Programs, Performance Measures and other issues.

Respectfully submitted,

Barbara Arietta

Chair, San Mateo County Transportation Authority, CAC