

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

MINUTES OF MAY 7, 2015

MEMBERS PRESENT: D. Canepa, C. Groom, C. Johnson, K. Matsumoto (Chair),
M.A. Nihart

MEMBERS ABSENT: D. Horsley, T. Nagel

STAFF PRESENT: J. Averill, J. Cassman, A. Chan, S. Gaffney, G. Harrington,
J. Hartnett, R. Haskin, J. Hurley, M Martinez, N. McKenna,
S. Murphy, M. Simon, J. Slavitt, S. van Hoften

Chair Karyl Matsumoto called the meeting to order at 5:06 p.m. and Director Cameron Johnson led the Pledge of Allegiance.

SWEARING IN

Martha Martinez, Authority Secretary, administered the Oath of Office to Mr. Johnson representing City Selection Committee – Southern Judicial Cities.

Director Carole Groom arrived at 5:09 p.m.

CITIZENS ADVISORY COMMITTEE (CAC) REPORT

Barbara Arietta, CAC Chair, reported on the meeting of May 5, 2015 (see attached).

APPROVAL OF CONSENT CALENDAR

- Approval of Minutes of April 2, 2015
- Acceptance of Statement of Revenues and Expenditures for March 2015
- Annual Reaffirmation of the Investment Policy and Reauthorization to Invest Monies with the Local Agency Investment Fund
- Call for Public Hearing for Preliminary Fiscal Year (FY) 2016 Budget on June 4, 2015

Motion/Second: Nihart/Canepa

Ayes: Canepa, Groom, Johnson, Nihart, Matsumoto

Absent: Horsley, Nagel

PUBLIC COMMENT

Greg Conlon, Atherton, said the holdout stations for Atherton and Burlingame Caltrain Stations are not in the Peninsula Corridor Joint Powers Board budget, but should be due to safety concerns.

NOMINATING COMMITTEE REPORT FOR THE CITIZENS ADVISORY COMMITTEE (CANEPA, HORSLEY)

Director David Canepa said the TA received 17 applications to fill six positions on the CAC. He and Director Don Horsley conducted interviews April 23 and recommend Barbara Arietta, incumbent from Pacifica; Diana Bautista, incumbent from Daly City; Philip Rosenblatt from Half Moon Bay; Shaunda Scruggs from Belmont; and

Laurie Simonson, incumbent from Burlingame, to a three-year term ending May 31, 2018, and Paul Young from South San Francisco to a partial term ending May 31, 2016.

Motion/Second: Canepa/Groom

Ayes: Canepa, Groom, Johnson, Nihart, Matsumoto

Absent: Horsley, Nagel

CHAIRPERSON'S REPORT – KARYL MATSUMOTO

Certificate of Appreciation to Former CAC Member Doris Maez

Chair Matsumoto presented a certificate of appreciation to Doris Maez, former CAC member, for 17 years of service on the CAC. Ms. Maez said the CAC members have seasoned information and it was a joy and privilege to serve on the CAC.

SAN MATEO COUNTY TRANSIT DISTRICT LIAISON REPORTS

The May 6 report is in the reading file.

PENINSULA CORRIDOR JOINT POWERS BOARD (JPB) REPORT

The May 7 report is in the reading file.

Presentation on Annual Caltrain Passenger Counts

Jim Hartnett, Executive Director, said this report will be provided at another time. Ridership is up, and not just during peak hours. There has been some shift from peak hours and enhanced ridership at other times of the day.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Hartnett said:

- He has been involved in more than 85 meetings since he started last month.
- There were 17 onramp meters activated on southbound U.S. Highway 101 between the San Francisco County line and California Route 92 for the afternoon peak period of 2:30 p.m. to 8 p.m. On May 12, operations will be expanded to include the morning peak period of 6 a.m. to 10 a.m. California Department of Transportation (Caltrans) will be monitoring the ramp metering with the aim of optimizing it.
- The San Pedro Creek Bridge Replacement Project is back on track after a six-month hiatus due to environmental needs.

FINANCE

Authorize Acceptance of the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended March 31, 2015

Monique Spyke, Public Financial Management Group (PFM), said interest rates generally fell at quarter end due to disappointing economic data and a change in market expectations about the timing of the Federal funds rate hike. The two-year treasury yield fell from 67 basis points to 56 basis points at the end of the quarter. The two-year treasury is a good proxy for the TA's portfolio because it is generally the average maturity range for investments purchased for the portfolio. At quarter end, the yield on the TA's portfolio was 57 basis points. PFM has been trying to keep duration of the portfolio in line with duration of the TA's benchmarks and looking to find the best value on the yield curve, being investments in the 2.5 to 3.5 investment range.

Motion/Second: Nihart/Johnson
Ayes: Canepa, Groom, Johnson, Nihart, Matsumoto
Absent: Horsley, Nagel

Authorize Award of Contract to Vavrinek, Trine, Day & Co., LLP to Provide Financial Audit Services for a Firm-Fixed Price of \$164,860 Over a Five-Year Term, and Requested Additional Financial Auditing Services at the Not-to-Exceed Amount of \$100,000

Gigi Harrington, Deputy CEO, said Bruce Petrozza is the new Director, Contracts and Procurement.

Ms. Harrington said award of this contract will change the auditor. A re-procurement is done every five years to have a fresh set of eyes to look at the procedures and the books.

Mr. Hartnett said should the need arise, the auditor could report directly to the SamTrans Board Audit Committee and bypass the Executive Director and other staff if they feel it is appropriate.

Motion/Second: Canepa/Nihart
Ayes: Canepa, Groom, Johnson, Nihart, Matsumoto
Absent: Horsley, Nagel

Authorize Reallocation of \$700,000 of Measure A Funding from Preparation of a Project Initiation Document to Fund Further Technical Studies Associated with the Highway 101 High Occupancy Vehicle (HOV) Lanes Project

Joe Hurley, Director, TA Program, said the TA, in partnership with the City/County Association of Governments (C/CAG), embarked on an effort to develop and expedite mitigation strategies to deal with congestion on the Highway 101 corridor. A Project Initiation Document was prepared and approved by Caltrans. Some funds remain in the budget and C/CAG requested the residual dollars be made available to advance and continue technical studies associated with HOV lanes. This action will allow the funds to be used now to collect data and analysis six months sooner than the Call for Projects (CFP) process.

Public Comment

Emily Loper, Bay Area Council (Council), said the Council represents 250 of the region's largest employers. Traffic delay is a serious concern for employers. This corridor is the most economically productive 48 miles in California, and the population along the corridor produce nearly a quarter of all the tax revenue in the State. She said HOV and express lanes would improve traffic flow. The Council supports reallocating these funds to further technical studies and move forward with this project.

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce, said C/CAG put up \$85,000 to start the process on alleviating the congestion on Highway 101. He said \$700,000 is a good expenditure to find out what can be done with the possible addition of express lanes. It is a complicated engineering project to figure out how to

get another lane. He said the Chamber of Commerce strongly urges the Board to support this study.

Michael Alba, Global Transportation Program Manager, LinkedIn, said he encourages the Board to advance this project as soon as possible.

Tiffany Seeney, Transportation Manager, Facebook, said Facebook fully supports this reallocation and anything to move this project quickly to get congestion relief.

Greg Conlon, Atherton, said congestion relief should come from Caltrain, and this money should be spent on Caltrain for longer cars.

Motion/Second: Johnson/Nihart

Ayes: Canepa, Groom, Johnson, Nihart, Matsumoto

Absent: Horsley, Nagel

Preliminary FY2016 Budget

Shannon Gaffney, Acting Budget Manager, presented:

- FY2016 revenues total \$80.2 million
 - Sales Tax: \$76 million
 - Interest Income: \$3 million
 - Rental income: \$1.2 million
- Net increase in revenue is \$1.7 million
- Total annual allocations are \$27.7 million
 - Local Streets/Transportation: \$17.1 million
 - Caltrain Improvements – Operating: \$6.1 million
 - Accessible Services/Paratransit: \$3 million
 - San Francisco International Airport Bay Area Rapid Transit (BART) Extension: \$1.5 million
- Total program expenditures are projected to be \$33.5 million
 - Alternative Congestion Relief: \$800,000
 - Dumbarton: \$400,000
 - Caltrain: \$6.1 million
 - Pedestrian and Bicycle: \$2.3 million
 - Local Shuttle: \$3 million
 - Streets and Highways: \$20.9 million
- Total FY2016 expenditures are projected to be \$63.7 million
- Net decrease in expenditures is projected to be \$49.1 million
- Ending fund balance is projected to be \$441.3 million

Director Mary Ann Nihart said the Highway Program is oversubscribed, and asked if that has to do with the number of applications that come in and the amount of appropriations that are already made. Ms. Gaffney said it has to do with the need exceeding the funding that is available.

Director Canepa asked what the source of the rental income is. Ms. Gaffney said the income is from property on the Dumbarton corridor and station rental income, which was purchased in part with Measure A dollars.

Chair Matsumoto asked if the \$441.3 million includes encumbered funding. Ms. Gaffney yes.

PROGRAM

Program Report: Transit – Dumbarton Corridor

April Chan, Executive Officer, Planning and Development, presented:

- History of Project
 - The TA financed the purchase of the Dumbarton right of way for \$14 million in 1994 using Original Measure A funds. The San Mateo County Transit District (District) is the owner of record of Dumbarton Rail Corridor.
 - The TA Board approved the transfer of \$50 million from Grade Separation category to the Caltrain category for the Dumbarton Rapid Rail Project.
 - The New Measure A provided \$30 million for Dumbarton station facilities through East Palo Alto, Menlo Park and Redwood City.

Director Groom asked if East Palo Alto, Menlo Park and Redwood City would have station improvements if the Dumbarton Rail Project continued. Joan Cassman, General Counsel, said the \$30 million cannot be divorced from the Dumbarton Rail Corridor. She said the funding is provided for station facilities and rail corridor improvements in the communities of Redwood City, Menlo Park, and East Palo Alto in conjunction with the Dumbarton Rail Corridor.

- Dumbarton Rail Project and Funding Partners
 - TA
 - Santa Clara Valley Transportation Authority (VTA)
 - Alameda County Transportation Commission (ACTC)
 - Metropolitan Transportation Commission (MTC)
 - Capitol Corridor Joint Powers Authority
 - Original funding commitments have since been redirected to other projects because this project was placed on hold.
- Environmental Review Process
 - Funding partners established a policy advisory committee to review the environmental review process.
 - Caltrain is the project manager and looked at three rail alternatives ranging from \$721 million to \$806 million in 2011 dollars.
 - The process began in 2010, was placed on hold in 2012 when Alameda County sales tax failed, and was suspended due to the lack of a robust funding plan.
- Information Request
 - A subset of the policy advisory committee voted to continue advocacy.
 - City representatives requested information on the restart of the environmental review for the project, which would include \$400,000 to \$500,000 in environmental support and \$40,000 to \$60,000 for staff support.

Chair Matsumoto said the original policy advisory committee has sunset and asked if this group of individuals formed a coalition of their own advocating for the project. Ms. Chan said yes.

- Other Related Planning and Project Efforts
 - The General Plan update in the city of Menlo Park is looking at the land use around the Dumbarton rail corridor, and increasing the density of the area.
 - Facebook is exploring the construction of a bicycle/pedestrian trail along the Dumbarton West Bay rail corridor.
- TA's Considerations
 - TA concludes its work on the project with no additional funding to restart the environmental review.
 - Consider exploring other options.
- Next Steps
 - City representatives meet May 29 to receive updates on the information request.
 - Staff returns to the Board with recommendations at a later meeting.

Director Canepa asked how it would work if there is no willing partner. Alameda County should provide significant funding. He asked what can be done with the excess dollars and if the dollars can be programmed differently. Ms. Chan said ACTC has no money for the Dumbarton Rail Project. They recognize there is a transportation problem across the corridor, and if there is interest on both ends to engage in planning studies to find alternatives, their measure might be flexible enough to find some funding.

Director Johnson asked how much public funding has been spent on the project. Ms. Chan said \$14 million was spent on the environmental document and design, funds coming from MTC, the TA, ACTC, and VTA.

Director Johnson asked if the District owns and paid for the right of way. Ms. Chan said the TA financed the purchase for \$14 million, but it did not make sense for the TA to own transportation assets, so the title was transferred to the District.

Director Nihart asked if there is an actual record that the individuals representing the cities are functioning on behalf of the cities. Mark Simon, Executive Officer, Public Affairs, said they are not acting in a sanctioned way; the city councils they are serving on have not taken a formal position. It is not an official effort and is still in the early stages.

Public Comment

Greg Conlon, Atherton, said someone ran off with the \$90 million for the BART Warm Springs Tunnel, and asked where that money came from and why didn't that money get returned. He said that money could be used for the holdout stations.

Mr. Simon said that was money that was allocated to the region. MTC allocated \$90 million to the BART project because they didn't perceive the Dumbarton Rail Project as going forward. It was initially a loan that was subsequently forgiven.

Director Groom said the staff report states MTC redirected Regional Measure 2 funds originally set aside for the Dumbarton Rail Project to other projects, including \$20 million

for Caltrain electrification and \$14.7 million for the replacement of the Dumbarton Express bus fleet.

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce, said the TA became the regional lead agency for the project. Interest diffused because of the long wait. People are stuck in traffic on the Dumbarton Bridge. He said this is an East Bay problem because East Bay residents work on the Peninsula. It is time for the East Bay to step up and figure out if they have money to continue this operation. If the East Bay can't come up with funding, the \$49 million that was brought over from Caltrain should be used for the San Mateo County local match for electrification.

Rich Hedges, San Mateo, said there has been an effort to move BART to San Jose. There was not a lot of support for Dumbarton Rail Project, but there was a lot of support to get BART in the South Bay.

Presentation on the Highway Program CFP

Joel Slavitt, Manager, Programming and Monitoring, presented:

- Program Overview
 - The program goal is to reduce congestion, improve throughput and safety on the most critical commute corridors.
 - The program receives 27.5 percent of the revenues from Measure A.
- Project Eligibility
 - Capital funding is available for project development, right of way acquisition, and construction to:
 - Key Congested Areas (KCA) on State highways 101, 280, 92, and 1
 - Supplemental Roadways on highways and other roadways
 - Ineligible projects and activities include:
 - Maintenance/rehabilitation
 - Separate pedestrian/bicycle overcrossings
- Proposed Process
 - CFP to be issued May 8, 2015
 - Covers FY2016 and FY2017
 - Up to \$125 million available
 - Proposals will be evaluated by a panel of TA and external agency staff
- Evaluation Criteria
 - Need
 - Effectiveness
 - Readiness
 - Funding leverage
 - Policy consistency and sustainability
- Summary of Proposed Revisions
 - Sponsors are encouraged to coordinate with the TA to better ensure sufficient resources and expertise are in place to improve project delivery.
 - Vary weighting for Need and Effectiveness criteria based on status of environmental clearance.
 - There is no set-aside for KCA planning projects.
 - Resolutions from sponsors are required for all projects.
- Next Steps

- May 8: CFP released
- May 11: CFP workshop
- June 15: Applications due
- September: Draft program of projects to TA CAC and Board
- October: Approval of proposed highway program of projects

Chair Matsumoto asked why Interstate 380 is not listed in the eligible projects. Mr. Slavitt said any highway or roadway can be eligible, and there is a project identified on Interstate 380.

Director Canepa said Interstate 380 is bottled up and he would be interested to see the plan to address it. Mr. Hurley said South San Francisco, in partnership with San Bruno, has sponsored a preliminary planning study to address congestion and safety issues on Interstate 380. He said he will report back to the Board when the study is concluded.

Update on State and Federal Legislative Program

Seamus Murphy, Director, Government and Community Affairs, said reauthorization for Federal surface transportation programs expires at the end of the month. The Highway Trust Fund has enough funding to support programs through the end of July and it is possible to get a short-term extension that would not require any additional revenue. There is a proposal for an extension through the end of the year, but the question is where they will find the \$10 billion needed to support it.

Gus Khouri, Khouri Consulting, said Assembly Bill (AB) 464 by Assemblymember Kevin Mullin raises the local sales tax cap from 2 to 3 percent. It gives the Board the flexibility to ask the voters to entertain another sales tax measure for transportation. This bill has made it through both policy committees. The labor communities, MTC, and other counties are in support of this measure.

Mr. Khouri said AB194 would allow Caltrans and local transportation agencies to submit an application to the California Transportation Commission to implement High Occupancy Toll lane congestion pricing. He is working to make sure C/CAG is referenced in the legislation since they are the congestion management agency for San Mateo County, and the legislation would require MTC to coordinate with C/CAG before an application is submitted.

Mr. Khouri said transportation funding is a complicated issue. Proposition 1B was one-time funding. The gas tax hasn't been adjusted since 1994. The self-help counties make up two-thirds of all available funding in the State for transportation. The conversation has been heightened because of the recognition that there is no more Proposition 1B funding. Speaker Toni Atkins proposed to get funds from the commercial truck weight fees, which was ended under the previous administration. Speaker Atkins also wants to impose a new registration fee of \$52 per vehicle. The Republicans want any increase in the registration fee to go to streets and highways. Several other proposals are in the works and the Legislature has to submit something to the governor by June 15 to be in the budget that is signed and implemented July 1.

Director Nihart said there is a nexus between storm water and highways. The funding sources are completely siloed. She asked if there has been any movement in the budget for that. Mr. Khouri said no. There is not much in the budget to help local transportation agencies. He said he is happy to let State representatives know that is a concern.

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 4, 2015 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

The meeting adjourned at 6:48 p.m.

TA CAC Chair's Report May 7, 2015

Good afternoon Madam Chair and Board members.

I am pleased to report that the CAC was very pleasantly surprised to have our new Executive Director, Jim Hartnett, come and speak to our CAC members at our Tuesday meeting. The CAC was highly enthused to hear Mr. Hartnett's compliments concerning their diligence in performing their tasks as members of the CAC and we look forward to working with him.

In reference to the staff presentations and actions taken by the CAC at Tuesday's meeting, I have the following to report:

(TA Item 5a) The CAC reviewed the TA Board's Minutes of April 2, 2015, without questions or comments.

(TA Item 5b) The CAC supported the action before the Board to accept the Statement of Revenues and Expenditures for March 2015, without questions or comments.

(TA Item 5c) Following both a comprehensive high level overview of our Investment Policy by Carlos Oblites, Manager of PFMS Management, and a robust Q and A session directly following, the CAC voted to support the Annual Reaffirmation of the Investment Policy and Reauthorization to Invest Monies with the Local Agency Investment Fund.

(TA Item 12a) The CAC supported the Board's Acceptance of the Quarterly Investment Report and Fixed income Market Review and Outlook for the Quarter Ended March 31, 2015.

(TA Item 12b) Upon the conclusion of a brief Q and A session with Adwoa Oni, Contract Officer, the CAC supported the Awarding of a Contract to Vavrinek, Trine, Day & Co.,LLP to Provide Financial Audit Services for a Firm-Fixed Price of \$164,860 Over a Five-Year Term, and Requested Additional Auditing Services at the Not-to-Exceed Amount of \$100,000.

(TA Item 12c) The CAC supported the Reallocation of \$700,000 of Measure A Funding from the Preparation of a Project Initiation Document to Fund Further Technical Studies Associated with the Highway 101 High Occupancy Vehicle Lanes Project. The CAC believes that this is an important step in helping to identify and expedite the implementation solutions to the ever increasing traffic congestion on US 101, critical to the economic vitality of the region.

(TA Item 12d) Shannon Gaffney, Acting Budget Manager, delivered a comprehensive overview of the Preliminary FY2016 Budget, which included information on the FY 2016 TA revenue increases and decreases, program expenditures and administrative costs, along with specific details on the annual allocations for local streets/transportation, Caltrain improvements, accessible services/Paratransit, and the SFO BART Extension.

(TA Item 13a) The CAC was very pleased to receive a presentation from April Chan, Executive Director, Planning and Development, on the Dumbarton Rail Update. The update included detailed information on the project's history, the Dumbarton Rail Corridor's Environmental process and the recent request for information on restarting the environmental review process along with information on the Dumbarton PAC status and other related planning and project efforts.

(TA Item 13b) Joel Slavit, Manager, Programming and Monitoring, delivered a comprehensive presentation to the CAC on the Highway Program 2015 Call for Projects, detailing both its significance and background. The presentation overview included information on the project eligibility, the proposed process and evaluation criteria, along with the summary of proposed revisions, as well as the next steps in the schedule timeline.

(TA Item 13c) The CAC was pleased to receive an update from Shweta Bhatnagar, Government Affairs Officer, on Cap and Trade Revenues, and was especially interested to receive information on newly amended bills that the staff continues to monitor and take positions on, including Assemblyman Frazier's Bill AB 194, which authorizes a regional transportation agency to apply for high-occupancy toll lanes, and Senator Jim Beall's Senate Bill SB 16, which introduces legislation that would address the State's \$59 billion backlog in deferred road maintenance through a five year funding plan.

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

I shared the results of MTC's s recently updated Regional Pavement Report.

We said good-bye to CAC member April Vargas, who chose not to re-apply due to career commitments. In the eight years that she has served on our committee, April has proven herself to be a hard-working, dedicated and dynamic member of the CAC, as well as a great representative from the mid-coast where she lives. We shall miss the energy that she brought to the CAC and wish her well on her future career endeavors.

In Joe's report to the CAC, he gave us a brief update on the San Pedro Creek Project in Pacifica stating that work had resumed on April 15th and is due to be completed in October of this year. He also gave the CAC an update on the ramp metering lights which have been activated on southbound US 101.

Respectfully submitted,

BARBARA ARIETTA
Chair, San Mateo County Transportation Authority, CAC