

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

**MINUTES OF FEBRUARY 4, 2016**

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

**MEMBERS ABSENT:** M. Freschet, K. Ibarra

**STAFF PRESENT:** J. Averill, S. Bhatnagar, J. Cassman, A. Chan, G. Harrington,  
J. Hartnett, J. Hurley, A. Ly, M. Martinez, N. McKenna, M. Simon,  
J. Slavitt, S. van Hoften

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

**SWEARING IN OF DON HORSLEY (BOARD OF SUPERVISORS REPRESENTATIVE)**

Martha Martinez, Executive Officer, District Secretary/Executive Administration, administered the Oath of Office to Director Horsley representing the San Mateo County Board of Supervisors.

Director Mary Ann Nihart arrived at 5:05 p.m.

**CITIZENS ADVISORY COMMITTEE (CAC) REPORT**

Barbara Arietta, CAC Chair, reported on the meeting of February 2, 2016 (see attached).

**APPROVAL OF CONSENT CALENDAR**

- a) Approval of Minutes of January 7, 2016
- b) Acceptance of Statement of Revenues and Expenditures for December 2015

Motion/Second: Horsley/Nihart

Ayes: Horsley, Johnson, Matsumoto, Nihart, Groom

Absent: Freschet, Ibarra

**PUBLIC COMMENT**

None

**CHAIRPERSON'S REPORT**

**Resolution of Appreciation to Past Chair Karyl Matsumoto**

Chair Groom presented a Resolution of Appreciation to past chair Matsumoto after two years as chair.

Motion/Second: Horsley/Nihart

Ayes: Horsley, Johnson, Nihart, Groom

Absent: Freschet, Ibarra

Abstain: Matsumoto

**SAN MATEO COUNTY TRANSIT DISTRICT (DISTRICT) LIAISON REPORT – K. MATSUMOTO**

The February 3 report is in the reading file.

**PENINSULA CORRIDOR JOINT POWERS BOARD (JPB) REPORT – J. HARTNETT**

The February 4 report is in the reading file.

**REPORT OF THE EXECUTIVE DIRECTOR – J. HARTNETT**

Jim Hartnett, Executive Director, said:

- Applications for the Local Shuttle Program Call for Projects (CFP) are due on February 12, which will make up to \$10 million of funding available covering Fiscal Year (FY) 2017 and 2018. This is a joint CFP with the City/County Association of Governments (C/CAG) combining Local Transportation Services Program funding and Measure A funding. A recommended program will go to the Board for consideration in April and adoption in May.
- The Board authorized \$16 million for environmental reports on the Highway 101 corridor. On January 29, the 101 Corridor group met, which includes Assembly Member Kevin Mullin, Transportation Secretary Brian Kelly, the California State Department of Transportation (Caltrans), the TA, C/CAG, and representatives of major employers along the corridor. They discussed goals, shared updates on the current approach and efforts to date on the development and analysis to improve mobility. There is a desire to accelerate the implementation of effective and sustainable solutions, and the group is working diligently on it.
- Staff and legal counsel have been working on a resolution to the issue of aviation fuel tax, which arises because of a policy change from the Federal Aviation Administration that could divert local sales tax collected on aviation fuel to solely support aviation programs and operations, which would reduce the amount of Measure A funding that was approved by voters. This and other self-help counties are pursuing a course of action that would exempt the local voter-approved sales tax from this policy change, and the TA has received support from Federal representatives.

**FINANCE**

**Authorize Amendment of FY2016 Budget by \$2.4 Million for a New Total of \$71,937,182**

Gigi Harrington, Deputy CEO, said typically the Board amends the budget at mid-year to reflect changing circumstances. The amendment at this time is to recognize additional sales tax revenue and concurrent program and annual allocations line items.

Motion/Second: Horsley/Nihart

Ayes: Horsley, Johnson, Matsumoto, Nihart, Groom

Absent: Freschet, Ibarra

**Authorize Allocation of \$26,382,300 in Original Measure A Funds to the San Mateo County Transit District for the Peninsula Corridor Electrification Project (PCEP)**

Aandy Ly, Manager, Budgets, said as part of the Nine-Party High-Speed Rail Early Investment Memorandum of Understanding, each of the three JPB members is to contribute \$60 million towards the Caltrain Modernization Program projects. This is to fulfill the District's remaining share.

Motion/Second: Horsley/Johnson  
Ayes: Horsley, Johnson, Matsumoto, Nihart, Groom  
Absent: Freschet, Ibarra

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

Monique Spyke, Public Financial Management Group (PFM), said the Federal funds target rate had been between 0 and 25 basis points since December 2007. In December 2015 the Federal Open Market Committee raised it by 25 basis points to a new range between 25 and 50 basis points. Interest rates in the quarter increased dramatically and there were positive economic reports across the board. Yields on the two-year Treasury increased by 42 basis points. Longer maturities leveled off as the market priced-in moderate growth expectations and assessed the impact of persistently low commodity prices on long-term inflation. This produced a flatter yield curve.

Leslie Murphy, PFM, said PFM saw rates increase dramatically in the fourth quarter, which had a negative short-term impact on the TA portfolio's return. For fixed-income portfolios, as interest rates increase, the market value of the underlying securities in the portfolio will decrease resulting in unrealized market value losses, which will have a negative impact on total return. There were negative total returns across the board for fixed-income portfolios in the fourth quarter. The TA's portfolio had a slight negative return of -0.28 percent. PFM realized rates would increase in the fourth quarter and held the duration short to mitigate the unrealized market value losses. This played out well because the TA's portfolio outperformed the benchmark by about 15 basis points. These periods of negative returns are temporary. Rising rates have a dual impact on performance for fixed-income portfolios. When rates move up, there will be an immediate decrease in market values, but earnings will improve over time as more securities are purchased at higher yields. PFM focused purchases on high-quality securities with maturities ranging from three to four-and-a-half years. PFM purchased \$30 million-worth of U.S. Treasuries and \$1.4 million of a Fannie Mae mortgage backed security.

Ms. Spyke said now that the rates have been increased, the market turned its attention to when the next increase will be. Projections indicate there should be about three or four interest rate increases this year, but that is optimistic and PFM anticipates one or two, perhaps. Short-term yields will trend modestly higher, and the economy will expand at moderate pace.

Ms. Murphy said PFM will continue to maintain a conservative duration bias and look for opportunities to buy longer dated securities in order to bring the duration of the TA's portfolio into closer alignment with the benchmark. In the coming quarter PFM expects to see value in U.S. Treasury and high-quality corporates, but not in traditional Federal agencies.

Motion/Second: Johnson/Nihart  
Ayes: Horsley, Johnson, Matsumoto, Nihart, Groom  
Absent: Freschet, Ibarra

## **Acceptance of the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2015**

Ms. Harrington said no concerns were found by the new external auditors. The SamTrans Audit Ad Hoc Committee met with auditors and spent time to confirm their comfort with how the finances are managed. The internal control report from the auditors found no concerns and will be posted on the website with the CAFR.

Director Nihart asked how often the TA changes auditors. Ms. Harrington said it is a competitive procurement done every five years. The previous auditors did not bid on this contract because it was prudent for the TA to find new auditors. It is a three-year contract with two one-year options.

Chair Groom said she is a member of the SamTrans Audit Ad Hoc Committee and asked the auditors many questions. The auditors were 100 percent positive.

Director Matsumoto said SamTrans Audit Committee is an ad hoc committee, but the Board will be making it a standing committee.

Motion/Second: Horsley/Johnson

Ayes: Horsley, Johnson, Matsumoto, Nihart, Groom

Absent: Freschet, Ibarra

## **PROGRAM**

### **Pedestrian and Bicycle Call for Projects Draft Funding Recommendations**

Joel Slavit, Manager, Programming and Monitoring, presented:

- Program Overview
  - 3 percent of Measure A program
  - Purpose is to fund specific projects to encourage and improve walking and bicycling conditions
  - The 2004 Transportation Expenditure Plan includes a list of bikeways and overcrossings, but other projects can be considered
- Process
  - Funding considerations made through a CFP
  - Project review committees assembled to evaluate applications
  - Projects reviewed based on a set of evaluation criteria
  - Funding recommendations anchored to the evaluation criteria
- Evaluation Criteria
  - Project readiness and need: 35 percent
  - Effectiveness: 35 percent
  - Policy consistency: 10 percent
  - Funding leverage: 10 percent
  - Sustainability: 10 percent
- Summary of Revisions
  - New 10 percent minimum match requirement
  - Projects with an unfunded phase/minimum operable segment over \$1 million:

- Consider allocating Measure A funds conditioned on sponsor securing remaining funds within one year
- Contingency list to be created in case sponsors are not successful in securing remaining funds within one year
- Project Proposals
  - 20 applications submitted from 13 sponsors
  - Over \$9.3 million requested, \$5.7 million available, a revised projected available amount from the \$4.6 million projected in November due to an increase in amount of funds due to an increase in actual revenues and funding that has become available from completed projects that are closed out with remaining balances
  - \$5.7 million of Measure A Pedestrian and Bicycle Program funds will leverage over \$6.4 million in other secured sources
  - 10 requests can be funded and one partially funded
    - Funded and recommended Measure A award
      1. San Mateo Drive Pedestrian and Bicycle Improvement Project - \$200,000
      2. Kennedy Safe Routes to School Project - \$500,000
      3. Highway 101 Undercrossing Project - \$500,000
      4. Middle Avenue Pedestrian and Bicycle Crossing - \$490,000
      5. Highway 101/Holly Street Pedestrian and Bicycle Overcrossing - \$1 million
      6. Enhanced Pedestrian and Bicycle Visibility Project - \$337,500
      7. Complete the Gap Trail - \$300,000
      8. Alameda de las Pulgas Bicycle and Pedestrian Improvements - \$275,000
      9. Belmont Pedestrian and Bicycle Improvements Project - \$882,036
      10. Sunshine Gardens Safety and Connectivity Improvements Project - \$504,000
    - Partially funded and recommended Measure A award
      1. California Drive Bicycle Facilities Improvement Project - \$711,464
  - Contingency list generated
    - Should projects recommended for funding not be able to meet program requirements
    - Should additional funds become available from completed projects with remaining balances
  - If funding becomes available for contingency list projects, staff will request a separate programming and allocation action
  - Projects resulting in construction: \$4.91 million
  - Pre-construction activity: \$0.79 million
- Next Steps
  - February 2016: Information item to CAC and Board
  - March 2016: Board approves proposed program of projects and TA enters into funding agreements with project sponsors

### Public Comment

Steve Schmidt, Menlo Park, said Menlo Park scored number four on the project list. He has always favored some sort of pedestrian and bicycle undercrossing at Caltrain. It is an okay location, but not the best, and it has gone through a number of public viewings and is the location everyone agrees it is going to be. He said he finds troubling the fact that the greatest beneficiary is Stanford University. There is a small public space in the middle of the project that the undercrossing connects to. Since Stanford is the beneficiary of the project, he would like to see Stanford contribute to the planning pot of money. He said Stanford has resisted granting an easement to Menlo Park for this space and resisted putting any money into the planning phase of the project. He suggested the Board talk to Menlo Park to figure out how to bring Stanford into the early phase of the project and have them contribute to the considerable planning burden that is being passed onto the public. Their intention is to have Menlo Park exhaust all public grant and funding options before they contribute any money to planning or construction.

### **Program Report: Highway Program – US 101/Willow Road Interchange**

Joe Hurley, Director, TA Program, presented:

- Purpose
  - Address the operational deficiencies of the interchange by eliminating traffic weaves and provide adequate storage on the off-ramps
- Need
  - The short weaving segments between loop ramps along Highway 101 and on Willow Road over cross reduce speed, cause backups, and create upstream queuing on Highway 101 and Willow Road
  - Improved access and safety are needed through the interchange for bicyclists and pedestrians
- Scope of Work
  - Reconstruct the overcrossing to provide eight lanes, sidewalks, and bike paths
  - Realign and widen the diagonal off-ramps to provide additional storage, high-occupancy vehicle bypass lanes, and construct signalized intersections at the realigned diagonal off-ramp terminals
  - Close the existing loop off-ramps
  - Realign and widen the southbound loop on-ramp to provide two mixed flow lanes
  - Install or modify existing ramp metering system
  - Modify and realign frontage roads adjacent to the overcrossing
- Project Benefits
  - Improving overall operation and safety of the interchange by elimination of the weaving movements, which mitigates the bottleneck that occurs on Highway 101 and Willow Road
  - Travel time on Highway 101 and Willow Road will be reduced
  - Widening the overcrossing, adding signals and eliminating the weaving will improve throughput by controlling and metering traffic
  - The wider overcrossing and realignment of the ramps accommodate protected sidewalks and bike paths
  - Local and regional traffic is improved

- The critical link between the Highway 101 Corridor and the Dumbarton Bridge is improved
- New overcrossing built to current seismic and design standards replaces a 60-year-old structure
- Project Cost
  - Environmental phase: \$3.5 million
  - Design phase: \$5 million
  - Right of way and utility: \$3.2 million
  - Construction management: \$8 million or \$10.4 million
    - State policy requires that Caltrans recover full cost of services provided to others that use non-State funding
    - Senate Bill 45 requires that indirect cost be included as part of the project cost
    - Adds 30 percent or \$2.4 million to the construction management cost when using non-State funding
  - Construction capital: \$56.4 million
  - Total: \$76.1 million or \$78.5 million
- Project Funding Sources
  - State: \$11.7 million (environmental, design, and right of way)
  - Measure A: \$56.4 million (construction capital)
  - To be determined: \$8 million or \$10.4 million (construction management)
- Project Schedule
  - 2012-2013: Environmental
  - December 2013: Environmental clearance
  - 2014-2016: Design and right of way acquisition
  - April 2016: Ready to list
  - 2016-0218: Construction
- Next Step
  - Address funding gap of \$8 million or \$10.4 million
    - Option 1: Advance the Statewide Transportation Improvement Program (STIP) funding – California Transportation Commission (CTC) indicates it would be unlikely to be able to do this
    - Option 2: Enter into a STIP loan agreement – payback would be several years out
    - Option 3: Secure other funding sources – difficult to secure before construction contract
    - Option 4: Allocate additional Measure A funding

Director Cameron Johnson asked what the initial plan was for the construction management costs. Mr. Hurley said it was to seek STIP funding.

Director Johnson asked if this is a reaction to lack of STIP funding. Mr. Hurley said the STIP money for this project is not programmed until next year, so there was the intent to advance that funding.

Director Nihart asked how likely the CTC is to advance the STIP funding. Mr. Hurley said not very likely.

Director Horsley said it is a dangerous intersection. If all other options fail he would be in favor of allocating additional Measure A funding. He asked if the city of Menlo Park has any funding in this project. Mr. Hurley said they are looking for sources of funds.

Nikki Nagaya, Transportation Manager, city of Menlo Park, said the city is looking for sources of funds, but the \$8 million- to \$10 million-gap is more than the city can provide alone. Staff is exploring with the council options in the form of right of way donations at no cost to the project. Staff will continue to work with the TA and C/CAG to explore other funding options.

Director Horsley said he was not implying Menlo Park should fill the entire funding gap, but thanked them for anything they can do.

Chair Groom said if all else fails, the TA should consider options 2 or 4.

### **Approval of the 2016 Legislative Program**

Shweta Bhatnagar, Government Affairs Officer, said this item was presented last month and the changes are:

- Clarifying language supporting the allocation of high-speed rail Proposition 1A bond funding for the Caltrain corridor.
- Removed the reference for the need of a permanent extension of the pre-tax transit commute benefits because it became law after the draft was introduced.
- Advocating for storm water capture components are included in the transportation projects.
- Modified State Transit Assistance Program language to address recent regulatory changes.

Motion/Second: Nihart/Horsley

Ayes: Horsley, Johnson, Matsumoto, Nihart, Groom

Absent: Freschet, Ibarra

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

Ms. Bhatnagar gave the following update:

#### State

The governor's budget proposed \$1.7 billion in 2016-2017 on local streets and roads, transit, investments in train corridors and highway repairs and maintenance. The governor proposes to spend \$3.6 billion in subsequent years. Funding sources include stabilizing the tax on gasoline and increasing the diesel excise tax, implementing a new road improvement charge, and using additional Cap and Trade funds as well as streamlining Caltrans to remove inefficiencies and reduce costs.

Assembly member Jim Frazier also introduced a transportation spending bill and the proposal creates a new funding package totaling almost \$7 billion in new transportation investments on highways, local streets and roads, goods movement, and transit. This bill calls for increasing the excise tax on gasoline for highway maintenance and increasing the diesel fuel tax with funds going directly to the Trade Corridor Improvement Fund. He also wants to increase vehicle registration fees by \$38 annually

for road maintenance and an increase of \$200 million in the Transit and Intercity Rail Cap and Trade Program. He also proposes to increase the zero-emission vehicle fee and restoring truck weight fees.

#### Federal

The president will release his budget on February 9 and staff will be looking for the PCEP to be mentioned for potential funding through the Federal Transportation Administration Core Capacity Program.

The recently passed 2016 omnibus appropriations legislation includes \$500 million for the eighth round of TIGER grant funding. Staff is evaluating projects to see if there are any appropriate to put forth for this funding.

Director Nihart asked if the president is asking for \$3.9 billion over 10 years for self-driving cars. Ms. Bhatnagar said the President wants to propose a pilot program that is doing research in new innovation and technology.

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

Mr. Hartnett said Marian Lee, Chief Officer, Caltrain Planning/CalMod Program, has resigned in order to work for the city of South San Francisco, and Michael Burns will be her replacement. Mr. Burns is the former general manager of Santa Clara Valley Transportation Authority, the former general manager of San Francisco Municipal Transportation Authority, and a former JPB Board member.

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

No discussion.

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

Joan Cassman said there is no need for closed session.

Director Nihart thanked San Mateo County and supervisors Horsley and Groom for being supportive during an emergency in Pacifica when part of the seawall fell. The local, State and Federal officials are taking care of Pacifica.

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

March 3, 2016 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

The meeting adjourned at 6:14 p.m.

# **TA CAC Chair's Report**

## **February 4, 2016**

Good evening Madam Chair and members of the Board,

Here are the results from this past Tuesday's meeting of the CAC :

(TA Item 5a) The CAC reviewed the Minutes of the Board's January 7, 2016 without questions or comments.

(TA Item 5b) The CAC supported the acceptance of the Statement of Revenues and Expenditures for the period ending December 31, 2015.

(TA Item 11a) The CAC supported the adoption of a resolution amending the FY2016 Budget to increase expenditures by \$2.4 million for a revised total budget of \$71,937,182.

(TA Item 11b) The CAC supported the allocation of \$26,382,300 in Original Measure A funds to the San Mateo County Transit District for the Peninsula Corridor Electrification Project.

(TA Item 11c) The CAC supported staff's recommendation to the Board to accept and enter into the record the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter ended December 31, 2015.

(TA Item 11d) The CAC supported the Board's acceptance of the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2015.

(TA Item 12a) Joel Slavit, Manager of Programming and Monitoring gave the CAC an excellent presentation on the TA Pedestrian and Bicycle Program Overview which included information on the process, evaluation criteria, summary of revisions, project proposals and the next steps in the Pedestrian and Bicycle Program Call for Projects. The CAC was pleased to hear that the Call for Projects will now require a 10% minimum match requirement.

(TA Item 12b) As part of a series of program reports focusing on the TA's six program areas - Transit, Highways, Local Streets/Transportation, Grade Separations, Pedestrian & Bicycle, and Alternative Congestion Relief Programs, the CAC was given a comprehensive presentation by

Joe Hurley, TA Program Director, on this month's report which features the Highway Program with specific emphasis on the US 101/Willow Interchange in Menlo Park and East Palo Alto. Joe's presentation included the purpose and need for this project, as well as the scope of work planned, the benefits of the project, the cost estimate, funding sources, schedule and the next steps considered to secure funding for the balance of the project.

(TA Item 12c) The CAC supported the staff's proposal to the Board to adopt the 2016 Legislative Program, which establishes the principles that will guide the San Mateo County Transportation Authority's (TA) legislative and regulatory advocacy efforts through the 2016 calendar year, including the second half of the State legislative session and the second session of the 114th Congress.

(TA Item 12d) The CAC received a comprehensive report from Shweta Bhatnagar, Government Affairs Officer, on Governor Brown's proposed 2016-2017 State Budget that consists of a \$122.6 billion spending plan, which proposes to spend \$1.7 billion in 2016-17 with \$590 million going to local streets and roads, \$409 million for transit, \$211 million for investments in trade corridors and \$515 million for highway repairs. Shweta also advised the CAC on the AB 1591 Bill from Assembly Member Jim Frazier, Chair of the Assembly Transportation Committee, which is an introduction of his own transportation spending plan, as well as that of Senator Beall's SBx1 Bill, which is also a competing major funding proposal for transportation spending.

Shweta additionally reported to the CAC that President Obama's Fiscal Year (FY) 2017 budget is expected to be released next week on February 9, 2016. The CAC was pleased to hear that the Peninsula Corridor Joint Powers Board has requested that the Peninsula Corridor Electrification Project be part of the FY 2017 budget and funded through the Federal Transit Administration Core Capacity Program. However, it was displeased to hear that on the state level, STIP funds are expected to be cut by \$754 million over the next five years, which means that there will be no new projects taken on and some current projects will be closed. It is estimated that the negative impact in San Mateo County could approach \$60 million.

(CAC Chair's Report to the CAC)

In my own report to the CAC, I announced that the CAC "brain drain" continues, this time with the departure of our longest tenured, 22 year CAC member, Randy Hees, who has left us for "greener pastures" in another state.

His new appointment was sudden, but according to Randy "welcome". Randy, a highly respected aficionado of railroad trains and their history, was the previous Manager of Ardenwood Farm and the Patterson House Museum in Fremont before taking an early retirement last year. He has accepted the job of being the Director of the Nevada State Railroad Museum in Boulder City.

Randy has been an outstanding member of the CAC, who possessed an encyclopedic knowledge of not only the TA's programs, but also the entire San Mateo County Transit District's programs and goals. That fact, alone, proved to be an invaluable asset in the CAC's decision making deliberations and recommendations to the Board. He has consistently shown himself to be one of the most erudite members that the CAC has ever had. With his departure, the "institutional knowledge" of the CAC has been greatly diminished.

Randy was the definitive "Senior Statesman". And, is yet another one of our extremely diligent CAC members who shall be succeeded, but never truly replaced.

(Staff Report to the CAC)

In Joe's report to the CAC, he advised that Facebook, in addition to giving a \$1 million dollar grant to the San Mateo County Transit District for the completion of a corridor study on the Dumbarton Corridor, has also given another \$700,000 to complete an EIR on a west bay portion for a pedestrian/bicycle trail.

Joe also reminded the CAC that applications for the Measure A Local Shuttle Program are due on the 12th of February.

Respectfully submitted,

BARBARA ARIETTA  
Chair, San Mateo County Transportation Authority, CAC