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**CITIZENS ADVISORY COMMITTEE
SAN MATEO COUNTY TRANSPORTATION AUTHORITY
1250 San Carlos Avenue, San Carlos CA 94070, Bacciocco Auditorium, 2nd Floor**

AGENDA

June 5, 2012 - Tuesday

4:30 PM

1. Pledge of Allegiance
2. Call to Order/Roll Call
3. Approval of Minutes from May 1, 2012
4. Public Comment
Public testimony by each individual speaker shall be limited to three minutes
5. Presentation: New TA Website Status (R. Haskin)
6. **Transportation Authority Board Meeting Agenda for June 7, 2012**
 - a. Authorize Adoption of the Fiscal Year 2013 Budget in the Amount of \$98,370,230
(TA Item 4a)
 - b. Authorize Adoption of the Appropriations Limit for Fiscal Year 2013 in the Amount of \$548,869,416 **(TA Item 5c)**
 - c. Authorize Approval of Shuttle Projects and Program and Allocate a Total of \$4,513,143 in New Measure A Funds for the Local Shuttle Program for Fiscal Years 2013 and 2014 **(TA Item 12a)**
 - d. Approval of Minutes of May 3, 2012 **(TA Item 5a)**
 - e. Acceptance of Statement of Revenues and Expenditures for April 2012 **(TA Item 5b)**
 - f. SamTrans Liaison Report – May 9, 2012 **(TA Item 9)**
 - g. State and Federal Legislative Update **(TA Item 13a)**
 - h. Capital Projects Quarterly Status Report **(TA Item 13b)**
7. Report of the Chair (B. Arietta)
8. Report from Staff (J. Hurley)
9. Member Comments/Requests

10. Date, Time and Place of Next Meeting: Tuesday, July 31, 2012 at 4:30 p.m., San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA 94070

11. Adjournment

All items on this agenda are subject to action

CAC MEMBERS: Barbara Arietta (Chair) • Jim Bigelow • John Fox • Rich Hedges • Randall Hees • Elizabeth Lasensky • Jeff Londer • Doris Maez • Daniel Mensing • Larry Shaine • Laurie Simonson • April Vargas (Vice Chair) • William Warhurst • James Whittemore • George Zimmerman

INFORMATION TO THE PUBLIC

If you have questions on the agenda, please contact the Assistant District Secretary at 650-508-6223. Assisted listening devices are available upon request. Agendas are available on the Transportation Authority Website at www.smcta.com.

Date and Time of Boards and Advisory Committee Meetings

San Mateo County Transportation Authority (TA) Committees and Board: First Thursday of the month, 5 p.m. Transportation Authority Citizens Advisory Committee (CAC): Tuesday preceding first Thursday of the month, 4:30 p.m. Date, time and location of meetings may be changed as needed.

Location of Meeting

The San Mateo County Transit District Administrative Office is located at 1250 San Carlos Ave., San Carlos, which is one block west of the San Carlos Caltrain Station on El Camino Real, accessible by SamTrans bus Routes: 260, 295, 390, 391, KX.

Public Comment

If you wish to address the Citizens Advisory Committee, please fill out a speaker's card located on the agenda table. If you have anything that you wish distributed to the Citizens Advisory Committee and included for the official record, please hand it to the Assistant Authority Secretary, who will distribute the information to the Committee members and staff.

Members of the public may address the Citizens Advisory Committee on non-agendized items under the Public Comment item on the agenda. Public testimony by each individual speaker shall be limited to three minutes and items raised that require a response will be deferred for staff reply.

Accessibility for Individuals with Disabilities

Upon request, the TA will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and a preferred alternative format or auxiliary aid or service at least two days before the meeting. Requests should be mailed to Nancy McKenna at San Mateo County Transportation Authority, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or email to cacsecretary@smcta.com; or by phone at 650-508-6279, or TDD 650-508-6448.

Availability of Public Records

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070-1306, at the same time that the public records are distributed or made available to the legislative body.

Draft

**CITIZENS ADVISORY COMMITTEE (CAC)
SAN MATEO COUNTY TRANSPORTATION AUTHORITY (TA)
1250 San Carlos Avenue, San Carlos CA 94070
Bacciocco Auditorium, 2nd Floor**

MINUTES OF MAY 1, 2012

MEMBERS PRESENT: B. Arietta (Chair), J. Bigelow, J. Fox, R. Hedges, R. Hees, E. Lasensky, J. Londer, D. Maez, L. Shaine, A. Vargas, B. Warhurst, J. Whittemore, G. Zimmerman

MEMBERS ABSENT: D. Mensing, L. Simonson

STAFF PRESENT: L. Bhuller, C. Chung, E. Goode, J. Hurley, M. Lee, N. McKenna, L. Snow

Chair Barbara Arietta called the meeting to order at 4:32 p.m. and Rich Hedges led the Pledge of Allegiance.

APPROVAL OF MINUTES

A motion (Hedges/Zimmerman) to approve the April 3, 2012 minutes was passed.

PUBLIC COMMENT

None

ITEMS FOR REVIEW – MAY 3, 2012 TA BOARD MEETING

Authorize Approval of High Speed Rail Early Investment Strategy for a Blended System Memorandum of Understanding (MOU) (TA Item 10a)

Jim Whittemore asked what the legal implications of the MOU are in the government sector. Director, Transportation Authority (TA) Program Joe Hurley said he will ask legal counsel.

George Zimmerman asked what happens if the other two counties are not able to contribute their share. Director of Caltrain Modernization Program Marian Lee said each agencies contribution is dependent on the other county's contribution.

Mr. Zimmerman asked for an explanation on the funding plan for the \$106 million Proposition 1A connectivity funds and the \$600 million for Proposition 1A California High Speed Rail Authority (CHSRA). Ms. Lee said under Proposition 1A there are two buckets of funding. There is approximately \$1 billion for the connectivity projects that feed into the High Speed Rail (HSR) system. Caltrain, BART or Santa Clara Valley Transportation Authority (VTA) will be feeder services so a bucket of money has been identified for these agencies. There is a larger bucket of money, \$9 billion that is for HSR infrastructure investment.

Doris Maez asked if the TA is part of the MOU. Ms. Lee said there are nine parties and the Peninsula Corridor Joint Powers Board (JPB) and TA are parties to the MOU.

Ms. Maez asked what the \$20 million listed as Bay Area Air Quality Management District Carl Moyer is for. Manager, Budgets Eva Goode said it is a funding plan of a grant organization for projects that reduce greenhouse gases and emissions.

William Warhurst said the TA is considering \$60 million toward a much larger bucket of \$1.5 billion. He asked if the \$60 million has to be from Proposition 1A. Ms. Lee said the verbiage was pulled from the Measure A Sales Tax Expenditure Plan.

Mr. Warhurst asked if the \$60 million is going to be mixed with a lot of other money that won't be spent on Caltrain electrification or is all of the \$1.5 billion going towards improving signaling and electrification. Ms. Lee said the \$1.5 billion will go towards the Advance Signal System Project and electrification infrastructure which includes both the poles and wires and power facilities, in addition to the vehicles. The TA's \$60 million is a contribution to the total \$1.5 billion that will fund all of these items.

Mr. Warhurst asked if the new infrastructure is something Caltrain cannot use because it is for HSR or for some other purpose besides what is called for in Measure A. Ms. Lee said it has complete independent utility in that it is needed for Caltrain electrification, but it has the added utility of supporting HSR.

Larry Shaine asked if there is any more clarity on when the attorney general is going to act on the legality of the use of Proposition 1A for the blended system. Ms. Lee said there has been a further inquiry by the CHSRA to the attorney general for a position, but have not heard anything and there is no timeframe for when there will be a decision.

Mr. Shaine asked if the MOU can be changed as agencies act upon it. Ms. Lee said it is not recommended, but a change can be proposed by any of the MOU parties.

Mr. Shaine asked that the TA receive the final MOU if there are any revisions. Ms. Lee said yes.

Jeff Londer said he is very concerned about the legality of Proposition 1A and CHSRA not being truth tellers. Their revised Business Plan still has the four-track option in it and he feels the ridership numbers are still based on a faulty model.

Mr. Whittemore asked if the Advanced Signal System is a completely new system. Ms. Lee said it is an overlay of the existing system and compromised of components available in the market but are being packaged together and customized to meet our particular needs of supporting commuter service, freight and other rail tenants.

Mr. Whittemore asked if it is being customized including HSR or customized for the freight and electrification. Ms. Lee said it is being customized for a blended system.

Randy Hees said the Advanced Signal System is required because the JPB got a Federal Railroad Administration (FRA) waiver to use rolling stock that is much lighter weight. To mix rolling stock that is much lighter weight with freight you have to have a signal system that would maintain an absolute separation.

Ms. Lee said regardless of electrification, Positive Train Control (PTC) is an unfunded FRA mandate. There are additional attributes that help improve the efficiency of the corridor and allow for support of more trains in the corridor.

Mr. Whittemore asked what the actual components are for the \$1.5 billion and what part of it includes the Downtown Extension Project. Ms. Lee said the \$1.5 billion breakdown is \$231 million for the Advanced Signal System and the \$1.225 billion is for electrification, poles, wires and infrastructure items and vehicles. The \$1.5 billion is only for these projects and all of the other interrelated projects that would complete the blended system, like the downtown extension, is not included in this total.

Mr. Whittemore asked if the PTC system overlay includes modules that would allow for four-tracks on the Peninsula or is it only being built strictly from a computer software standpoint to handle a two-track blended system. Ms. Lee said there may be adjustments made if infrastructure was added.

Mr. Hedges said there is going to be four-tracks at some locations for passing tracks. The last census showed that seven of the 10 most populous urban areas are in California and the four most populous are in California.

Jim Bigelow said he was at the last CHSRA meeting when they uncertified the Environmental Impact Report/Environmental Impact Study and reapproved it. At this meeting, CHSRA Chair Dan Richard said more detail project level work will focus on the blended system. At a future time more capacity would be added under another funding agreement and HSR connecting at San Jose.

Mr. Hees said the MOU states building a two-track system and in the future a four-track system could be added.

Elizabeth Lasensky said she just came from New York and it is seamless to go from HSR to the subway and pay a flat rate.

Mr. Whittemore asked when the other agencies will be voting on the MOU and what the implications are if the vote is delayed for a month for further study. Ms. Lee said the CHSRA and the Metropolitan Transportation Commission (MTC) approved the MOU in April. On May 3 the JPB, TA and VTA are expected to approve. The remaining agencies will take action in June. She said there are no implications if an agency decides to delay their vote for a month.

A motion (Hedges/Hees) to support approval of High Speed Early Investment Strategy for a Blended System Memorandum of Understanding was approved (Whittemore opposed).

Authorize Acceptance of Quarterly Investment Report and Fixed Income Market Review and Outlook for Quarter Ended March 31, 2012 (TA Item 10b)

Bill Osher, CSI Group of SunTrust Bank, said interest rates rose a bit in the first quarter of the year. In two out of the three months the return on the benchmarks was negative. Over the past year growth in the economy is getting sequentially stronger and inflation is robust. In this type

of environment interest rates rise, but last year they fell because the Federal Reserve pushed interest rates lower and Europe was a mess. When interest rates fall, the bond market has great returns. Mr. Osher said he was pleased with the results of this past quarter. The environment remains challenging, but will continue to manage the portfolio with an eye toward safety first.

Ms. Maez asked what collateralized mortgage obligations are. Mr. Osher said one of the problems with investing is that Wall Street realized they can't make a lot of money unless they make it complicated. Mortgage-backed securities lend themselves to complications and risk. The types of mortgages that failed and caused a phenomenal amount of problem are nothing like what we own in the portfolio. The vast majority of mortgages in this country are government guaranteed and they have no credit risk. The Collateral Mortgage Obligation Market is different than the Collateralized Debt Market where they took these pools of mortgages and cut them up and created something that was even safer and other securities that were riskier. For someone who understands the math and characteristics of bonds, there is a value to owning some mortgage-backed securities. The reason is the people who own just straight bonds don't understand these things so they stay away from them and the people that like to invest in mortgages are looking for a little more risk.

Mr. Shaine asked if there will be any change in the marketplace after the presidential election. Mr. Osher said no one knows what is going to happen. He can't manage the markets, but can manage the risk taken in relationship to the markets. He does think things will change and there will be a massive fiscal shift. There are estimates there will be a 3.5 percent growth hit to the economy. So if nothing happens there is a chance we could go into a recession and interest rates would probably fall and go lower, but he doesn't believe people are going to sit back and do nothing. It looks like there will be a 1.5 percent hit on the economy going into next year.

Mr. Whittemore asked if Federal Reserve Chair Ben Bernanke will unveil QE3 around Labor Day. Mr. Osher said if all of a sudden there are a lot of research reports on the inflationary impact of the type of monetary policy that persist today. There are a lot of people fearful that at some point in time there is a real inflationary event. Chair Bernanke is very concerned about repeats of mistakes that this country made during the Depression. The solution to our debt problem, as a country, is going to take an inflation path than any other path.

Mr. Hedges said assuming all the Bush tax cuts went away would the economy be better off. Mr. Osher said there is a mandate the government has to keep inflation tame and if enough of the fiscal stimulus was removed it is likely the Federal Reserve will ease and engage in QE3 to try to meet those mandates.

A motion (Hees/Whittemore) to support acceptance of Quarterly Investment Report and Fixed Income Market Review and Outlook for quarter ended March 31, 2012 was approved.

Authorize Amendment of the Investment Policy and Reauthorize Investment of Monies with the Local Agency Investment Fund (TA Item 10c)

A motion (Whittemore/Hees) to support amendment of the Investment Policy and reauthorize investment of monies with the Local Agency Investment Fund was approved.

Authorize Amendment of the 2004 Measure A Expenditure Plan Highway Program Regarding Eligible Sponsors (TA Item 10d)

Mr. Warhurst said the City/County Association of Governments (C/CAG) and Redwood City were added and the list still seems sparse of potential sponsors in many locations along the congested areas. He asked if outreach was done to other cities to see if they were interested in being a sponsor. Interim Manager Programming and Development Celia Chung said there is a list of eligible sponsors predefined in the Expenditure Plan. Staff did outreach to the cities to see if they wanted to be a sponsor. The California Department of Transportation (Caltrans) is the main regional sponsor. C/CAG will take on some of the Caltrans projects so the projects can move forward.

Mr. Warhurst said San Carlos was very interested in an interchange. He asked if they are too small of a city to be a sponsor. Ms. Chung said a lot of cities said they don't have the staff and resources to be involved. Mr. Hurley said the new Highway Program is broken into two categories, Key Congestion Corridor and the Supplemental Roadway Projects for any projects not specifically identified in the Expenditure Plan. To help illustrate the point the city of San Carlos is considering doing some modification to the Holly Street Interchange. They are already an eligible sponsor under the Supplemental Roadway Project.

Mr. Londer asked what improvements are included in the Mid-County Highway 101 Improvements projects. Mr. Hurley replied that the reconstruction of the Highway 101/Broadway Interchange, modification of the Highway 101/Peninsula Avenue Interchange and operational improvements of Highway 101 between Hillsdale Boulevard and Route 92. These projects were identified in the 2004 Expenditure Plan.

A motion (Zimmerman/Hees) to support amendment of the 2004 Measure A Expenditure Plan Highway Program regarding eligible sponsors was approved.

Preliminary Fiscal Year 2013 Budget (TA Item 10e)

Manager, Budgets Ladi Bhuller said:

- Total revenues are \$70.1 million.
- Sales tax revenue is projected to increase by \$2 million.
- Annual allocations are:
 - Local Streets/Transportation is \$14.6 million.
 - Caltrain Improvements – Operating is \$5.2 million.
 - Accessible Services/Paratransit is \$2.6 million.
 - The SFO BART Extension is \$1.2 million.
- Total program expenditures are \$73.2 million.
- Total FY2013 expenditures are \$98.4 million, an increase of \$10 million from FY2012.
- The projected FY2013 fund balance is \$377 million.

Mr. Zimmerman said local streets have an allocation of 22.5 percent and asked what oversight the TA has on how the cities maintain their streets. Mr. Hurley said there is an agreement with each of the jurisdictions in San Mateo County for the distribution of the 22.5 percent. The intention is to give the cities a tremendous amount of discretion on how they spend their funds as long as it is for transportation projects or programs. This is a fixed amount of money the cities get and it is in the cities' and TA's best interest to use it as efficiently as possible.

Mr. Shaine asked if the \$2 million increase in sales tax revenue is based on the original budget or the revised budget. Ms. Bhuller said it is based on the revised budget. The FY2012 adopted budget for sales tax was \$61.5 million, it was then revised to \$63 million and for FY2013 staff is projecting \$65 million.

Mr. Warhurst asked where the \$60 million contribution for Caltrain electrification and signaling comes from. Mr. Hurley said it will likely be distributed over several budget cycles. As things are solidified in terms of electrification and signal improvements staff would come back with a Capital Budget amendment when there is a need to ask for Measure A funds.

Mr. Whittemore said there is a \$2.7 million decrease in grant proceeds. He doesn't understand the decline when zero grant proceeds were projected in FY2012. Mr. Hurley said \$2.7 million was received through the Proposition 1B Program in FY2012. Even though we don't show receiving grant proceeds this doesn't mean the projects we are working on don't receive grant proceeds. Staff only budgets grants that come to the TA and then to the project. If they come straight from the grant source to the project it does not get tracked through the budget process.

Update on State and Federal Legislative Program (TA Item 11a)

No report

Mr. Hedges said he would like an update on the State budget for transportation and anything the CAC needs to weigh in on.

Approval of Minutes of April 5, 2012 (TA Item 4a)

No discussion

Acceptance of Statement of Revenues and Expenditures for March 2012 (TA Item 4b)

A motion (Lasensky/Shaine) to support acceptance of the Statement of Revenues and Expenditures for March 2012 was approved.

Sam Trans Liaison Report – April 11, 2012 (TA Item 7)

No discussion

REPORT OF THE CHAIR – BARBARA ARIETTA

Chair Arietta reported:

- Gave an update on CHSRA and recent activities. On Thursday, May 3 the JPB will approve the HSR Early Investment MOU and urged people to write letters or to attend meetings to speak in support of the MOU.
- A car share program is being launched in Redwood City tomorrow, May 2.

Mr. Zimmerman left at 5:48 p.m.

Mr. Bigelow said he was at the CHSRA meeting when they made a request to the Legislature for the \$2.7 billion construction money for the Central Valley. Caltrain has a two year study period to define the blended system. Six months was on the capacity analysis and now staff is into

18 months of the details within the blended system. There is no need to have capital money allocated in the next 18 months until the electrification document is certified.

REPORT FROM STAFF – JOE HURLEY

Mr. Hurley reported the South San Francisco ferry service starts June 4. Chair Arietta asked if the CAC will be invited to the event. Mr. Hurley said the Water Emergency Transportation Authority (WETA) is running the event and Public Affairs staff has contacted WETA regarding a guest list.

Mr. Shaine asked if the Broadway Interchange will affect the new pedestrian/bicycle overpass. Mr. Hurley said no.

Ms. Maez asked if the Broadway Interchange Project will have the same type of impact like other projects. Mr. Hurley said there will be minimal disruption to the mainline, but the new structure will be built north of the existing structure which will reduce the impact to the traveling public.

Mr. Warhurst asked if the TA gets involved with congestion of bikes and is it within the purview of TA projects. Mr. Hurley said these would be funded under the Bike and Ped Call Program. Mr. Warhurst was concerned with new congestion that resulted from some recent bike projects such as sharrows.

COMMITTEE COMMENTS

Mr. Londer said Friday, May 4, the Peninsula Cities Consortium is meeting in Burlingame. Also, Bike to Work Day is Thursday, May 10.

Mr. Bigelow said the Dumbarton CAC will meet on May 9 in Newark. He would like to get an update at the next TA CAC meeting on Dumbarton Rail.

Ms. Maez said she recently drove through East Palo Alto and noticed a lot of people walk in that city, but if you go across the freeway into Palo Alto no one walks.

Date and Time of Next Meeting

Tuesday, June 5, 2012 at 4:30 p.m. at 1250 San Carlos Avenue, Bacciocco Auditorium, 2nd Floor, San Carlos, CA 94070.

The meeting adjourned at 6:10 p.m.