

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

MINUTES OF APRIL 30, 2013

MEMBERS PRESENT: B. Arietta, J. Bigelow, J. Fox, R. Hedges, R. Hees, J. Londer, D. Mensing, L. Shaine, L. Simonson, A. Vargas, B. Warhurst, J. Whittmore, G. Zimmerman

MEMBERS ABSENT: E. Lasensky, D. Maez

STAFF PRESENT: J. Averill, L. Bhuller, A. Chan, M. Choy, E. Goode, G. Harrington, J. Hurley, L. Snow

Chair Barbara Arietta called the meeting to order at 4:35 p.m. and Daniel Mensing led the Pledge of Allegiance.

APPROVAL OF MINUTES OF APRIL 2, 2013

Jim Whittmore said the minutes imply that he was charged to go to Gilroy by not tagging off Caltrain but he was not charged; he was told it could happen.

John Fox arrived at 4:38 p.m.

Laurie Simonson said on page one under approving the minutes of March 5, the sentence reads, "...approve the minutes as amended," but they were not amended, so that wording needs to be deleted. She said on page 5 where she talked about "helpful information to put into the Call for Projects (CFP)," it should say "helpful information for analyzing the Grade Separation CFP."

Jeff Londer said in the last paragraph on page 8 the word "wraps" should be changed to "ramps." He asked to rephrase his statement, "Clipper Card is terrible," to "Clipper Card is a great disappointment," because as he said at a previous meeting, to get instant use of the funds customers have to go to Walgreens and stand in line, but if customers do it online it takes several days for the funds to show up on the Clipper Card.

A motion (Warhurst/Bigelow) to approve the amended April 2, 2013 minutes was approved.

PUBLIC COMMENT

None

ITEMS FOR REVIEW – MAY 2, 2013 TA BOARD MEETING

Authorize Acceptance of Quarterly Investment Report and Fixed Income Market Review Outlook for the Quarter Ended March 31, 2013 (TA Item 11b)

Bill Osher, CSI Group of SunTrust Bank Investment Advisor, said the private economy is growing at a different level than the public economy. He said businesses (the private economy) are growing at about 3 percent. Government (the public economy) is negative because of losing jobs and trimming deficits. He said the stock market is driven by the private economy. He said the government is hurting economic growth, but the country hasn't felt the impact yet. The first quarter grew at about 2.5 percent because there was income accelerated into the 4th quarter from people who wanted to get ahead of the higher tax rates, which boosted Gross Domestic Product (GDP) in the first quarter. He said in the second and third quarter, in order to show growth, there must be even more spending, but that extra income boost is not there. Instead there are higher taxes and sequestration, which is causing less employment. He said after the next couple of quarters, the sequestration issues will be over, the bar will be reset, and the strength of businesses will remain. He said into 2014, the GDP will be picking up over 3 percent and unemployment rates will come down, and once GDP is at 6.5 percent the Federal Reserve (Fed) will raise interest rates, which is needed in order to earn money and get greater returns. He said the portfolio is safe.

Larry Shaine asked what Mr. Osher would do, personally. Mr. Osher said the bond market is expensive and the future looks worse. He said the equity markets look fair, and after a few quarters there likely will be positives. He said from an investment perspective, stocks are probably a better deal.

Ms. Simonson asked what is meant by "the Federal Reserve's current pace of quantitative easing," from page 3 of the staff report. Mr. Osher said the Fed is keeping the level of interest rates artificially low by buying the entire supply of newly issued government bonds. He said this has kept interest rates close to 2 percent lower than where they would be otherwise. He said this is done through a complicated mechanism where the liability of the Fed is currency. He said the Fed is pushing \$1 trillion per year into the system. He said this would normally result in inflation, but it is not right now because money isn't moving through the system like it used to because of this deleveraging environment. He said if the economy gets back to a more normal circulation of money, the concern is whether the Fed will be able to pull all this extra money out in a way that won't cause inflation or harm the economy. Since the portfolio is handled safely, it contains short maturities.

Mr. Whittemore said the goal of quantitative easing was not to keep interest rates down; it was to keep equity markets buoyed. Mr. Osher said the direct effect kept the interest rates down. He said the impact is financial repression, which is a policy that governments use to benefit debtors at the expense of creditors. It creates interest rates that are lower than the rate of inflation, which lowers the rate of currency, which makes goods more valuable internationally and creates more jobs. This is also to push people into riskier investments to help stimulate the economy, and to create a sense of greater wealth so people will spend more.

Mr. Whittemore asked how much of a 90-day move in current interest rates it would take for the portfolio to suffer a 5 percent or greater loss in principal. Mr. Osher said the duration of the portfolio is running about 1.4 percent and earning about 0.5 percent yield, so the exposure is about 1 percent. If there is a 1 percent absolute move in interest rates within a 30-day window, which is a huge move for a quarter, the portfolio would lose about 0.75 percent. Mr. Whittemore said historically in these situations the move has been sudden and massive. Mr. Osher said the mindset isn't there for the Fed to move that quickly, and it would have to telegraph its moves six months in advance.

A motion (Hees/Whittemore) to support the Quarterly Investment Report and Fixed Income Market Review Outlook was approved.

Financial Control Overview (TA Item 11f)

Gigi Harrington, Deputy CEO, reported:

- The three agencies (SamTrans, the TA, and the Peninsula Corridor Joint Powers Board) each have separate sets of books, bank accounts, and financial statements.
- The TA has no cash handling needs other than petty cash, and no credit cards.
- The San Mateo County Transit District (District) has fraud insurance. There has only been one claim for \$50,000 in the last five years.
- Background checks are conducted.
- The budget to actual is reviewed on a monthly basis.
- The TA Investment Policy was first adopted in 1999.
- The Measure A sales tax money comes from a custodian and is reconciled on a monthly basis.
- Dual signatures are required on checks over \$1,000 for the TA.
- There are no signature stamps.
- Petty cash is audited frequently. The TA has an expense policy and anything unusual is flagged for the Deputy CEO's attention.
- Bank of America is the District's bank.
- The Deputy CEO cannot initiate a wire transfer but is the only person who can release a wire transfer over \$1 million.
- Online banking is web based.
- Internal audit function is contracted on an as-needed basis.
- External auditors have issued a clean opinion to the District.

Mr. Shaine said with the New Measure A, this was the first time the TA contributed to JPB operating expenses. He asked if there is opportunity for fare evasion on Caltrain since the honor system has been put into place. Ms. Harrington said Caltrain statistically checks more than needed, but conductors need to use judgment about whether they can safely move throughout the cars. Conductors gate-check in San Francisco, and this avoids much fare evasion.

Richard Hedges asked what the District is doing to make sure people aren't hacking the system, and what the District is doing with credit/debit card ticket vendors to protect riders from losing pin numbers, card numbers, and information. Ms. Harrington said the financial institutions require Payment Card Industry (PCI) compliance. The District must achieve levels of security and conduct vulnerability tests. The District is PCI

compliant. Credit card transactions have been moved to a separate, secure server. Scans are frequently made on the system to comply with the regulations. Mr. Hedges said at some other institutions, numbers were stolen at point of sale by scanners. Ms. Harrington said the only people who can get into the ticket vending machines are the crew from SamTrans and they cannot access the numbers; it is a highly computerized and monitored system.

Bill Warhurst said a huge amount of money has been stolen from the bank accounts of governments and businesses. He said some safety measures for online banking are to use a separate computer and line that are only for online banking, or booting the computer from a live CD so the computer is using a fresh operating system each time. He asked if those procedures are used for online banking control at the District. Ms. Harrington said no, but the bank has a set of security steps that they require the District to implement. She said unique certificates are used by individual computers and individual users. Mr. Warhurst said there are examples where security certificates have been compromised. Ms. Harrington said the District relies on PCI compliance, bank protocols, reconciliations, and red flags.

Ms. Simonson asked what the background check encompasses. Ms. Harrington said they are to confirm no information was falsified, validate college degrees, and check for criminal records.

Mr. Whittemore asked if the reconciliation is automated or manual. Ms. Harrington said it is done by a person, not by a computer.

Mr. Whittemore asked how many intrusion attempts have been made. Ms. Harrington said she doesn't know, but the PCI compliance and the scans that are done are to identify that.

Preliminary Fiscal Year (FY) 2014 Budget (TA Item 11d)

Ladi Bhuller, Manager, Budgets, presented:

- FY2014 revenues total \$75.8 million.
- Net increase in revenue is \$2.3 million.
- Total Annual Allocations is \$24.8 million.
- Total Program Expenditures is projected to be \$86.8 million.
- Total FY2014 Expenditures is projected to be \$113 million.
- Net increase in expenditures is projected to be \$9.9 million.
- Ending fund balance is projected to be \$378.6 million.

Chair Arietta asked if the decrease in administrative expenditures is due to attrition. Ms. Bhuller said District staff is charging less time to the TA.

George Zimmerman asked what the \$47.8 million for Caltrain electrification was for. Eva Goode, Manager, Budgets, said this is part of the Early Investment Program that the TA has committed to fund for electrification, Positive Train Control, and the purchase of electric vehicles. This is the full commitment over the next seven years.

Mr. Shaine asked if there is any Original Measure A funds remaining. Ms. Goode said the funding for the Early Investment Program is Original Measure A funds. She said there is some Original Measure A funding left in the Highway Program, Caltrain money, Dumbarton money, and some Grade Separation money. Mr. Shaine said expenditures can't be compared to revenues since Original Measure A funds are mixed in with the New Measure A.

Mr. Whittemore asked when staff expects to deplete the reserves to \$0 since the TA has been running at a deficit. Ms. Bhuller said there is a deficit for the year, but the TA is tapping into Original Measure A funds and the life of the Measure is 25 years. Assuming there are some balances at the end of 25 years, depending on whether the Measure gets reauthorized and extended, there is no way to answer that question.

Randy Hees asked what steps this will go through. Ms. Bhuller said this will go for Board adoption in June and is effective July 1.

Acceptance of Statements of Revenues and Expenditures for March 2013 (TA Item 4b)

Ms. Simonson said on page 6, Interest on Investment, the Bank of America account has \$446,313.40. She asked if the TA earns interest on that amount. Lori Snow, Manager, Finance Treasury, said the TA was earning less than 10 basis points, which was not covering the cost of the investment sweep, so staff turned off the investment sweep and the account is now getting earnings credits, which are credits against bank fees, and is paying between 20 and 25 basis points.

Mr. Whittemore asked what the other non-transit items are on page 6 under Year to Date Summary, Miscellaneous Income Accounts. Ms. Snow said that is the Lehman Brother's recovery.

A motion (Bigelow/Hedges) to support the Statement of Revenues and Expenditures was approved.

Reaffirming Investment Policy and Authorizing Investment of Monies with the Local Agency Investment Fund (LAIF) (TA Item 11c)

No discussion.

A motion (Hedges/Shaine) to support reaffirming the investment policy and investment of monies with the LAIF was approved.

Program Report: Transit – Ferry-South San Francisco Service (TA Item 12a)

Melanie Choy, Manager, Planning and Development, presented:

- The TA funded the construction of the ferry terminal and some of the shuttle operations that go to the terminal.
- About \$30 million of New Measure A funding goes to the Ferry Program over the life of the Measure A Program.
- The purpose of the Ferry Program was to provide cost-effective ferry service to South San Francisco and Redwood City.
- South San Francisco and Redwood City agreed to a split of \$15 million each.

- In December 2008, the TA allocated \$15 million for construction of the South San Francisco terminal.
- The Funding Agreement was with TA, the city of South San Francisco, and the Water Emergency Transportation Authority (WETA).
- Construction was completed in May 2012.
- The final project cost breakdown was \$51.3 million. WETA brought in additional funding and \$7 million of Measure A funds went unspent and will be returned to the Ferry Program.
- Inaugural sailing was on June 4, 2012.
- There are seven trips daily and it costs \$7 per trip per person.
- Annual operating cost is \$3.4 million. Ninety-two percent of the funds come from Regional Measure 2, 8 percent from fares.
- Average Daily Ridership is 143; average cost per rider is \$78; farebox recovery ratio is 8 percent.
- Funding agency requirements:
 - Metropolitan Transportation Commission (MTC) funds the operating costs; requires the ferry meet 40 percent farebox recovery ratio within three years.
 - TA funds the capital costs; requires the ferry operate service for five years.
- The TA approved \$350,000 and WETA and local employers contribute \$188,350 to fund the shuttles for two fiscal years.
- WETA began a 12-month program based on a survey to add service. They will add a third trip in the evening. They will begin a weekday leisure service from South San Francisco to San Francisco two days a week. They will begin a marketing campaign and will target East Bay residents who work in San Francisco, and mid-day customers around San Francisco.

Mr. Fox said asked what the capacity is of the boats. Ms. Choy said the boats fit 149 to 199 people.

Mr. Fox asked if WETA has received advice on the effectiveness of their marketing to the East Bay and if they are working on the sophistication of the marketing and increasing visibility. Ms. Choy said one of the drivers of the service is to bring people to employment centers, and that is one of the markets that was targeted and why the service was initiated. She said she can't speak on behalf of WETA about these questions.

Mr. Shaine said "costs" is an elusive term and asked if the annual operating costs figure allows for replacement, maintenance, depreciation and other costs. Ms. Choy said it is the cost of running their service, and it is their total budget cost so it includes other items. Mr. Shaine said businesses have to allow for replacement of equipment, maintenance, etc., and it would be helpful to the Board to clarify what that covers.

Jim Bigelow said he sits on the San Mateo County Water Advocates group and they have concern about the ridership with the biotech group. He said in discussions with Genentech, Genentech agreed to pay 100 percent of the ticket cost for any employee who rides the service, and other biotech companies may do the same. Initially, other biotech executives made a commitment to buy a certain number of

tickets to make sure this was successful and they are being reminded of this commitment. WETA is taking measures that worked on other routes to supplement the service. They have three years to meet the 40 percent farebox recovery commitment but the business community needs to step up.

Mr. Hees asked what the projections were when WETA was promoting the service. Ms. Choy said she does not know about the initial opening but for 2035 the projection is about 500 passengers daily. Mr. Hees asked if Redwood City is on hold until South San Francisco is settled. Ms. Choy said that is a question for the Board and WETA. Mr. Hees said the 12 Utah Grand Shuttle riders are getting a \$100 a day subsidy, and if the *San Francisco Chronicle* writes about this, the opinion would question why anyone would pay for public transit.

Mr. Hedges asked if the Utah Grand Shuttle comes from Caltrain. Ms. Choy said one shuttle serves Caltrain and there is a separate shuttle service that serves Utah Grand.

Mr. Mensing asked if the CAC could get a presentation from WETA Manager, Planning and Development Kevin Connolly. Chair Arietta said the group would like this and asked if it could be added to a future agenda.

Mr. Whittemore said the TA does not have to add any more funding to this ferry. He asked if the \$7 million was returned and if the pot is at \$22 million for ferry shuttles. Ms. Choy said the funds haven't been fully collected but that is the projected amount.

Chair Arietta said there is diminished parking in San Francisco so if WETA is contemplating expansion, going to AT&T Park should be considered.

Ms. Simonson asked if Clipper Cards can be used for the ferry. Ms. Choy said yes.

Authorize Allocation of \$1.5 Million in New Measure A Highway Program Funds for the U.S. Highway 101/Holly Street Interchange Project Approval/Environmental Document Phase to the City of San Carlos (TA Item 11a)

Joe Hurley, Director, Transportation Authority Program, said in October the TA allocated or programmed more than \$80 million to highway projects. Some were programmed only conditioned on meeting certain conditions. The condition for this project was to secure approval on a Project Study Report. The condition has been met for the allocation.

A motion (Zimmerman/Bigelow) to support the allocation of \$1.5 million for the U.S. Highway 101/Holly Street Interchange Project was approved.

Update on State and Federal Legislative Program (TA Item 12b)

No discussion.

SamTrans Liaison Report – April 3, 2013 (TA Item 8)

No discussion.

Approval of Minutes of April 4, 2013 (TA Item 4a)

Ms. Simonson said there should be the word "was" on page 2 in the paragraph that starts, "Chair Groom said the TA Board made it clear to WETA..."

REPORT OF THE CHAIR – BARBARA ARIETTA

Chair Arietta reported:

- Presented a Certificate of Appreciation to outgoing CAC member George Zimmerman.
- *See the attachment for Chair Arietta's complete report.*

John Fox left at 6:13 p.m.
April Vargas left at 6:14 p.m.

REPORT FROM STAFF – JOE HURLEY

Mr. Hurley thanked Mr. Zimmerman for his contributions and said San Mateo County is a better place because of the work Mr. Zimmerman has done on the CAC.

MEMBER COMMENTS/REQUESTS

Mr. Zimmerman said he is proud that extending Measure A for 25 years got support from 75 percent of the voters when it was voted for several years ago.

Mr. Shaine said thanked Mr. Zimmerman for his leadership, understanding, and ability to listen.

Mr. Bigelow said Mr. Zimmerman has been good at making the CAC the image it is with the Board by staying focused and keeping the CAC on track.

Chair Arietta said Mr. Zimmerman's experience and expertise will be missed.

Ms. Simonson said Mr. Zimmerman's positive attitude has been a delight.

Mr. Londer said he is disappointed with California High-speed Rail Authority (CHSRA). He said they seem to have changed the way they are going about the bidding process. He said the latest group to receive a contract had the lowest technical score. That group is Tutor Perini, Zachary and Parsons. He said Tutor Perini is owned by Richard Blum, husband of Diane Feinstein. He said they were awarded an \$840 million contract to build Phase 2 of the Third Street Light Rail. He said Parsons is Parsons Brinkerhoff, which CHSRA CEO Jeff Morales used to work for. He said this is a disappointment.

Mr. Whittemore said he still can't find out if the \$180,000 awarded for the Bike Share Program is going to result in Redwood City having bike racks. He said this program is going live in two months and he still doesn't know where bikes will be. He said he is disturbed by the pricing method the program will use to rent bikes.

Mr. Whittemore said last meeting Mr. Shaine suggested CAC members be on Board subcommittees. Mr. Whittemore suggested the chair mention that to the Board in her report.

Mr. Whittmore said there will be a meeting on May 2 in San Mateo about revamping the bridges for electrification. Mr. Hurley said it is not being revamped for electrification; it has to do with structural deficiencies of the Mount Diablo, Tilton, and Poplar bridges.

DATE, TIME AND PLACE OF NEXT MEETING

Tuesday, June 4, 2013 at 4:30 p.m. at 1250 San Carlos Avenue, Bacciocco Auditorium, 2nd Floor, San Carlos, CA 94070

The meeting adjourned at 6:31 p.m.

TA-CAC Chairs Report- April 30, 2013

From: **Barbara Arietta** (barietta@hotmail.com)

Sent: Tue 4/30/13 2:51 PM

To: Barbara Arietta (barietta@hotmail.com)

GEORGE ZIMMERMAN RESIGNS AND RECEIVES CERTIFICATE OF APPRECIATION

1. It is with heavy heart and great disappointment that I announce that one of our bastions of knowledge and long term members, George Zimmerman, has chosen to retire from our TA CAC team. Today April 30th will be his last meeting.

Rather than paraphrase what George gave as his reasons and his observations, I shall read directly from his letter of resignation: (see attached letter)

Again, George was a member of the CAC for 18 years. Both his knowledge and voluminous expertise on any and all transportation subjects will be sorely missed. I personally met George 22 years ago and I have always enjoyed his intelligence and dedication immensely. I will greatly miss his erudite contributions to our CAC meetings.

So, before he makes his final departure this evening, I would like to present a Certificate of Appreciation to George tonite for all of the years that he has spent and for all of the work that he has done on behalf of the San Mateo County Transportation Authority's CAC...

(presentation of Certificate of Appreciation)

On other topics I have the following to report:

2. SAN FRANCISCO BAY FERRY EXPANDED ITS COMMUTER SERVICE YESTERDAY (APRIL 29) BETWEEN EAST BAY AND SOUTH SAN FRANCISCO

There is a new third afternoon commute option between SSF and Oakland Jack London Square and Alameda Main, minor adjustments to its SSF evening schedule and a weekday leiure service between South San Francisco and the City...

3. Two May Events on the future of Caltrain and HSR will be held in San Francisco and the Peninsula.

The Caltrain right of way divides thriving SOMA from emerging Mission Bay. And because of this many questions have surfaced for discussion and debate in SF. Can the Downtown Extension (DTX) and High Speed Rail also help to reconnect the City and enable the creation of new neighborhoods? Should the 4th and King station be moved to make room for development?

The City of SF is considering big changes to how Caltrain and High Speed Rail access and serve San Francisco. There will be a panel discussion and debate on these questions on May 23rd from 12-1:30pm at SPUR headquarters in downtown SF. They are located at 654 Mission Street. Lunch is available for \$11.34. Reservations are requested. Contact SPUR.

San Mateo County meeting:

A meeting looking into new data from Caltrain forecasting the impact of Caltrain electrification and High Speed Rail on the grade crossings in the county, in the short and long term, will be held on May 29th at 7:15 p.m.-9pm at the Arrilaza Familv Recreation Center Oak Room at 700 Alma Street in Menlo Park.

4. SAM TRANS BOARD WILL CONSIDER ADOPTION OF THE SAMTRANS SERVICE PLAN (SSP) AT IT'S MONTHLY MEETING TOMORROW MAY 1ST AT 2PM.

The final recommendations for the SSP represent the culmination of two years of analysis and public outreach on how the agency can deliver transit service that better meets the needs of our customers. The agency has hosted 52 public meetings and received over 1,750 comments from throughout the county.

April 22, 2013

San Mateo County Transportation Authority
Citizens Advisory Committee (CAC)
1250 San Carlos Avenue, San Carlos CA 94070
Attn: Joshua Averill

Dear Josh:

This letter is to inform you and my fellow (CAC) members that my attendance and participation at the April 30th 2013 CAC meeting will be my last meeting as a committee member. Since I have a number of commitments in the near future, I believe it is appropriate to resign from the CAC at this time and not re-apply for another three year term.

It has been an honor for me to have served on the CAC for almost eighteen years. In reflection, I am proud of the Transportation Authority's many accomplishments (with significant input from the CAC) in San Mateo County. These include completion of the many grade separation projects and major improvements along the Route 101 Corridor. Lastly, I wish to commend the CAC and the TA for supporting development of transit oriented housing along major transportation corridors. None of these accomplishments could have occurred without the outstanding contributions from the Transportation Authority staff who also serve the CAC. In particular, it is most appropriate to acknowledge the superb performance and contributions made by Joe Hurley.

In conclusion, my very best wishes to my CAC colleagues, our staff and to members of the Transportation Authority.



George Zimmerman

cc: Barbara Arietta, CAC Chair
Joe Hurley, TA and CAC staff manager