

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

**MINUTES
JUNE 5, 2008**

MEMBERS PRESENT: M. Church, R. Foust (Chair), J. Lee, K. Matsumoto,
R. O'Mahony, J. Vreeland

MEMBERS ABSENT: R. Gordon

STAFF PRESENT: J. Cassman, V. Harrington, C. Harvey, R. Haskin, J. Hurley,
R. Lake, M. Martinez, N. McKenna, L. Millard, D. Miller,
M. Scanlon, M. Simon

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

PUBLIC HEARING FOR PROPOSED FY 2009 OPERATING AND CAPITAL BUDGETS

Manager of Budgets Ladi Millard reported that Section 131262a of the California Public Utilities Code (CPUC) requires all county transportation authorities to adopt an annual budget. Section 131266 of the code requires that a public hearing be held concerning the annual budgets after notifying the public of the time and place of the public hearing by published notice at least 15 days prior to the date of the hearing. In accordance with the law, staff prepared and submitted for review at the May 1, 2008, TA Board meeting the proposed FY09 operating and capital budgets. At that time, a formal presentation was provided. A call for a public hearing was approved and scheduled for this meeting. In today's Board agenda packet are the revised proposed budgets with any changes from the May 1, 2008 presentation highlighted in red.

Chair Foust asked Authority Secretary Martha Martinez to review steps that were taken to inform the public of the hearing.

Ms. Martinez said a separate and distinct advertisement was placed in the Examiner newspaper on May 23, 2008, notifying the public of the proposed FY09 budgets. The agenda was also posted in the San Mateo County Transit District administrative offices' lobby.

No correspondence was received concerning the budgets.

Chair Foust opened the public hearing at 5:05 p.m. and called for public testimony regarding the proposed annual FY09 TA operating and capital budgets.

There were no public comments.

A motion (Church/O'Mahony) was approved to close the public hearing at 5:06 p.m.

Legal Counsel David Miller said the TA Board satisfied all legal requirements, including offering the public an opportunity to comment, relative to a public hearing for the FY09 TA operating and capital

budgets. Both the operating and capital budgets are before the Board for consideration and possible adoption at this meeting.

Ms. Millard presented details of the FY09 operating budget with changes made since the May 1, 2008 presentation.

- Total revenues are projected to be \$83.8 million, including \$65.4 million from sales tax proceeds, 78 percent of total revenue; \$11.9 million interest income, which consists of \$11.1 million from the General and Transportation Systems Management (TSM) funds and \$800,000 from the Paratransit Trust Fund; \$900,000 rental income; and \$5.6 million in grant proceeds for the Dumbarton Rail Corridor Project.
- Revenue changes from FY08 include a decrease of \$8.2 million in interest income and an increase of \$1.5 million in grant proceeds, resulting in a net decrease of \$6.7 million.
- FY09 Expenditures total \$69.6 million, a net increase of \$19.7 million.
- The FY09 Paratransit Trust Fund budget is estimated at \$25 million and the TSM budget is projected to be \$139,000.

TA Programs Director Joe Hurley continued the presentation and provided details on the FY09 capital budget outlined in the TA Board agenda packet.

- The capital budget totals \$46,336,000. There are no proposed changes from the presentation at the May 1, 2008 TA Board meeting.
- Budget categories include: \$31.1 million for Caltrain, which is 67 percent of the capital program; \$12.8 million for Streets & Highways, which includes Route 101 interchanges, Route 101 auxiliary lanes, and Route 84 and Route 1-Fassler Avenue/Westport projects; \$2 million for the Grade Separation Project Study Report; and \$450,000 for Oversight for City/County Area Government (C/CAG) services and the C/CAG Intelligent Transportation System (ITS) Program.
- Budget comparisons between FY09 and FY08: \$31.1 million for Caltrain compared to \$6.6 million in FY08; Grade Separation Program category unchanged at \$2 million; Streets and Highways \$12.8 million from \$9 million in FY08; and Oversight decreases from \$1.2 million in FY08 to \$500,000 in FY09.
- The Caltrain Projects FY09 budget includes \$2.5 million for the San Mateo County Transit District's local share of the Caltrain operating budget; \$6.5 million for the South San Francisco Station project; \$11 million for San Mateo County local safety & access; and \$11 million for Caltrain electrification.

Director Rosalie O'Mahony asked if the highway evaluation program in the Expenditure Plan is for state or local roads and what the program included. Mr. Hurley said it is any highway/roadway system within San Mateo County. The program involves an assessment of the operational benefits of specific projects in anticipation of where congestion spots will occur. The goal is to plan ahead for problems and make infrastructure improvements before congestion becomes an issue.

Director James Vreeland asked what steps need to be taken to get to the point of expending dollars for the Highway 1-Fassler to Westport project.

Mr. Hurley said staff needs to get environmental approval. At that time staff will move into the design phase. Staff will work with the regulatory agencies to secure the necessary permits to do the design work when the environmental approval is completed.

Director Vreeland asked for the project schedule for environmental approval. Mr. Hurley said the draft environmental document is scheduled to be received by the end of this calendar year.

Director Vreeland asked if the permits must be secured before the design work begins. Mr. Hurley said staff will do a certain amount of design and will communicate with the regulatory agencies including the U.S. Army Corp of Engineers, the state Coastal Commission, the U.S. Fish and Wildlife Service and the California Department of Fish and Game. The regulatory agencies will concur with the impacts associated with the project and hopefully issue the necessary permits. Mr. Hurley said it is important to work with the regulatory agencies in the early design phase to confirm staff work is acceptable.

Director Vreeland asked if the regulatory agencies do a Section 7 consultation process. Mr. Hurley said the regulatory agencies will not enter into a formal consultation until a biological assessment is complete.

A motion (Church/Vreeland) to adopt the FY09 TA operating budget was approved.

A motion (O'Mahony/Vreeland) to adopt the FY09 TA capital budget was approved.

Public Comment

Jim Bigelow, Menlo Park and Redwood City/San Mateo County Chambers of Commerce, said TA staff has done a great job providing regional equity and making sure projects keep moving, including the Woodside Road and Willow Road interchanges, at-grade railroad crossings, the grade separation footprint study and Caltrain electrification.

Chair Foust thanked Ms. Millard and Mr. Hurley for the substantial work that went into preparation of the TA budgets and meeting presentations to the TA CAC and Board.

CONSENT CALENDAR

- a. Approval of Minutes of May 1, 2008
- b. Acceptance of Statement of Revenues and Expenses for April 2008
- c. Adoption of Appropriations Limit for FY09 at \$504,634,435

A motion (O'Mahony/Matsumoto) was passed to approve the consent calendar.

PUBLIC COMMENT

Pat Giorni, Burlingame, said she had addressed various transportation agencies to ask for support for a grant funding request led by San Mateo County Parks and Recreation to provide signage for the north/south county bicycle route. She apologized that an error in the proposal disallowed its submission. She promised every effort will be made to perfect future efforts and thanked all for their forbearance.

CITIZENS ADVISORY COMMITTEE (CAC) REPORT

Chair Pat Dixon reported on the meeting of June 3, 2008:

- Welcomed newly appointed member John D. Fox.
- Accepted the resignation of Rick Gomez.
- Finance and Budget Director Trish Reavey answered questions on the FY09 operating budget and June 5 TA agenda item concerning the on-call auditor and technical analysis service resolution.
- TA was awarded an allocation for the Smart Corridor Intelligent System, which was a result of \$3 million in leveraged TA funding.
- TA was one of three finalists for the Tranny awards for the changeable message signage on Highway 101.
- Received an update on outreach scheduling for the Strategic Plan.

Director Karyl Matsumoto asked if the CAC has an orientation or pamphlet for new members. Chair Dixon said each new member receives an orientation session with an excellent PowerPoint presentation by Mr. Hurley explaining all details of Measure A.

Chair Foust said Mr. Gomez will be honored at a future meeting.

CHAIRPERSON'S REPORT

Chair Foust said the Strategic Plan subcommittee (Foust, Church and Lee) met prior to this meeting to discuss outreach. City managers and C/CAG's Technical Advisory Committee have been involved. The TA staff will be planning outreach events through summer months at various locations in San Mateo County. The subcommittee will meet again on July 2.

SAMTRANS LIAISON REPORT – KARYL MATSUMOTO

Available in the agenda packet.

JOINT POWERS BOARD REPORT (JPB)

Executive Director Michael Scanlon reported on the June 5 JPB meeting:

- a. Public Comment:
 - Included issues concerning Caltrain special events, validation of 10-ride tickets, Giants' special service, airbags for trains, electronic signage noting location of bike cars and out-of-service trains due to cracks in the truck assembly.
- b. The Board
 - Approved the minutes of May 1, 2008, and accepted the Statement of Revenues and Expenses for April 2008.
 - Awarded contracts to KPMG, LLP, and Ross Financial-Robert Kuo Consulting, LLC to provide on-call auditor and technical analysis services for an aggregate sum of \$250,000 for a three-year term.
 - Awarded a contract to Southwest Signal Engineering Company to provide on-call railroad signal and communications services for an aggregate not-to-exceed sum of \$7,000,000 for a three-year term.
 - Reappointed incumbents Paul Bendix (San Mateo County representative) and Bruce Jenkins (Santa Clara County representative) to the JPB CAC for three-year terms. A combined total of 35 applications were received for the two positions.

- c. Metropolitan Transportation Commission (MTC) liaison Sue Lempert extended her regrets for being unable to attend today's meeting. She is attending the MTC's Planning Committee field trip in Oregon to view transit oriented development projects. The MTC completed its annual workshop retreat with specific discussions on electrification and Dumbarton rail.
- d. Received a report from Chair Bruce Jenkins on the May CAC meeting.
- e. Chief Operating Officer Chuck Harvey reported on a safety issue in the truck assembly of 14 gallery cars from the 1998 series:
 - The problem originated as a result of a ride-quality complaint from a Caltrain cab car engineer.
 - A crack was discovered in the bolster assembly in the suspension that holds the car to the truck assembly.
 - All 93 passenger cars in the 1985 and 1998 series were inspected with cracks in 14 cars of the 1998 series and a total of 18 bolsters. No cracks were found in the 1985 series or Bombardier equipment.
 - Cars with defective truck assemblies were removed from service; The California Public Utilities Commission (CPUC), Federal Railroad Administration (FRA), Amtrak and the Board were notified; a press release was sent to the media and seat drops were done to notify all customers of the decrease in the number of cars on consists.
 - In-station manual crank lifts will be used for wheelchair lifts on the out-of-service cars.
 - Technical support from railcar consultants, Amtrak staff and certified welders will result in a plan to repair the remaining cars.
 - A policy has been adopted that provides for routine inspections.
 - Inspection intervals will increase to make sure the fix is permanent.
 - The Centralized Equipment Maintenance and Operations Facility (CEMOF) has the specific tools and equipment to inspect and locate problems in the truck assemblies.
 - Repairs and return of affected cars will take several months.
 - Safety is Caltrain's highest concern. Caltrain has third party agencies making sure all issues are addressed and the repair process is well documented for the safety of Caltrain employees and the public.

Mr. Scanlon said the Board unanimously approved a motion ratifying the declaration of an emergency, consistent with rules of the Board and procurement. The Board authorized Mr. Scanlon, as the Executive Director, to proceed with what was necessary to fund and make repairs in the continuing emergency.

Director Lee asked about the average cost per repair for the truck assemblies. Mr. Harvey said it is highly dependent on the bolster assembly with a range of costs from \$2,000 to \$10,000 each.

Director Church asked if there will be a new policy adopted for routine inspections, particularly for the defective part and the entire assembly. Mr. Harvey said the FRA requires a routine series of inspections. Caltrain maintenance staff will do increased inspection cycles and inspect the defective part in far shorter frequencies than required by law.

Director Church asked if metal fatigue or stress fatigue caused the crack in the assembly. Mr. Harvey said this is still to be determined.

Director Church asked what caused the maintenance staff to do this particular inspection.

Mr. Harvey said a Caltrain engineer operating the cab car felt a rough ride. The complaint was immediately called in, which resulted in an inspection of the entire fleet.

Director Matsumoto asked how many cars came from the 1998 series. Mr. Harvey replied 20.

Director O'Mahony asked if the 1998 series cars are still under warranty and if Caltrain could collect insurance. Mr. Miller said there are clearly warranty provisions. Caltrain needs more information as to the underlying cause of the situation. Caltrain will be protecting rights while at the same time looking first and foremost to secure a safe solution.

Director O'Mahony asked if CEMOF maintenance staff could install available spare parts. Mr. Harvey said Caltrain crews can remove the trucks and take the bolster assemblies apart, put new bolster assemblies in and reinstall these on the vehicles. Repairs of the cracks in the bolsters require a welder certified in this kind of work. Caltrain will sub out the welding process to the appropriate party.

Chair Foust thanked Mr. Harvey for emphasizing the primary concerns of safety and transparency. She hopes the Caltrain engineer who recognized the problem will be appropriately recognized. Mr. Scanlon said this was recommended by the JPB at this morning's meeting.

Mr. Harvey said there are many people who deserve recognition beyond the engineer. Caltrain has an outstanding safety record since becoming owners of the railroad in 1992 because of a culture of safety.

- f. Lieutenant Dave Triolo of the San Mateo County Sheriff's Office updated the Board on security enhancement efforts for Giants special service including review of protocols, meetings with the San Francisco Police Department, additional resources, plain clothes officers and a mobile arrest vehicle on scene.
- g. Chief Communications Officer Rita Haskin briefed the Board on the Rail Safety Relay, which emphasized safety along the railroad right of way. Participants included Chair Jim Hartnett, a local school principal, transit police detective and a Caltrain conductor.
- h. A ribbon-cutting ceremony will be held on June 12 to view the construction improvements at the Burlingame Station, which eliminates the hold-out rule, created outside boarding platforms and track capacity, added fencing between the tracks, added custom shelters and improved safety for pedestrians.
- i. CEMOF won the Tranny award, given out annually by the California Transportation Foundation, for Transit Project of the Year.
- j. The reading file includes the Safety and Security report for April 2008 and a Caltrain flyer on "Wait for the Gate."
- k. Approved the FY09 operating budget in the amount of \$95 million with continuing fuel and revenue issues. Fuel is budgeted at \$3 per gallon. Current fuel price is \$2.89 per gallon with a \$2 swing in the price of fuel during the first 48 weeks of this year. Fuel costs in August of 2007 were \$2.45 per gallon versus \$4.25 per gallon the week ending May 22, 2008. The swing on an annualized basis using 4.5 million gallons of fuel per year is \$9 million. Revenue increases are expected for May and June, which will be used to increase the fuel budget. A fare increase has been budgeted for January of 2008, which is consistent with long range plans for fare increases

about every three years. A twenty-five cent increase in fares would only cover about half of the increased cost of fuel in the FY09 budget.

1. Performance Statistics:

April 2008 compared to April 2007:

- Total Ridership was 1,058,315, an increase of 15.8 percent.
- Average Weekday Ridership was 39,936, an increase of 13.5 percent.
- Farebox Revenue was \$3,564,346, an increase of 17.5 percent.
- On-time Performance was 95.1 percent, an increase of 0.4 percent.
- Caltrain Shuttle Ridership was 6,201, an increase of 14.3 percent.

- m. Received a review of the preliminary FY09 capital budget in the amount of \$150 million, which excludes funding for electrification.
- n. Legal Counsel convened to a close session to discuss a real estate matter involving a Real Property Ownership agreement. Legal Counsel David Miller reported that a Board vote was taken after the closed session authorizing the JPB and the Executive Director to execute an agreement that provides payback to SamTrans for money advanced for the right of way purchase. VTA has approved the agreement with approvals to come from San Francisco County Board of Supervisors.

Director O'Mahony announced the Burlingame Centennial Gala to be held next Friday evening. She said the people of Burlingame are absolutely enamored with the beautiful train station. She recognized Harry Chin for his efforts on the project.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Scanlon reported:

- The California Transportation Foundation presented CEMOF with the Tranny Award for Transit Project of the Year. The TA was awarded the Traffic Operations Project of the Year for the Commuter Travel Time Information System on Highway 101.
- The California Transportation Commission approved an allocation of \$10 million to San Mateo County for the Smart Corridor Project – Intelligent Transportation System, which will deal with signal coordination and other issues in the event of an incident on Highway 101. TA funds in the amount of \$3 million were leveraged to secure this funding.

C/CAG Executive Director Rich Napier thanked the TA for partnering with C/CAG on the two phases of the Smart Corridor Project. The first phase was a grant award from the Traffic Light Synchronization Program (TLSP) for \$10 million, which amounted to 10 percent of the total funds available. Mr. Napier said it was instrumental that Chair Foust attended the February CTC meeting. The second phase of collaboration with the TA involved some modifications to the State Transportation Improvement Program (STIP). The Smart Corridor Program was initially eliminated from STIP but this was reversed and C/CAG received \$10 million for a total of \$20 million. The MTC intends to make C/CAG's Smart Corridor Project a model for the region.

FINANCE

Authorize Award of Contract to KPMG, LLP and Ross Financial-Robert Kuo Consulting, LLC to Provide On-call Auditor and Technical Analysis for Services for an Aggregate Not-to-Exceed Sum of \$250,000 for a Three-Year Term

Chief Financial Officer Gigi Harrington said staff issued a request for proposals for the TA, JPB and San Mateo County Transit District for an array of financial consulting services to be available on an on-call basis. These are the first two proposed contracts for the TA. Staff will submit a resolution at the

next Board meeting for additional services including a request to authorize a contract with a financial advisor, which would complete financing transactions and financial analyst services. These services would be used to the extent that staff wanted to look at how a grantee was complying with their grant or to the extent that staff wanted to confirm that the TA has everything allocated between the original Measure A and the reauthorized Measure A. KPMG is a tier-one auditing firm. Ross Financial and Robert Kuo would provide simpler work at a lower fee.

Director Matsumoto asked who comprised the evaluation committee. Ms. Harrington said staff from the Administrative and Finance Departments.

A motion (Church/O'Mahony) to award the contracts was approved.

PROGRAM

Capital Project Status Report – 3rd Quarter FY08

Mr. Hurley asked if there were any questions on the report. He extended an invitation to meet with Board members off-line to discuss details.

REQUESTS FROM THE AUTHORITY

Chair Foust said there is a written request from the Authority in the reading file concerning the South San Francisco Ferry Service, which will be on the next TA agenda. The Strategic Plan subcommittee has discussed this issue.

WRITTEN COMMUNICATIONS TO AUTHORITY

No additional communications.

REPORT OF LEGAL COUNSEL

None.

DATE AND PLACE OF NEXT MEETING

A motion (Church/O'Mahony) to cancel the July 3 meeting was approved.

The next meeting will be Thursday, August 7, 2008 at 5 p.m. in the Bacciocco Auditorium, Second Floor, 1250 San Carlos Avenue, San Carlos, CA 94070.

The meeting adjourned at 6:13 p.m.