

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

MINUTES – AUGUST 6, 2009

MEMBERS PRESENT: R. Foust (Chair), C. Groom, J. Lee, K. Matsumoto, R. O’Mahony

MEMBERS ABSENT: R. Gordon, J. Vreeland

STAFF PRESENT: G. Harrington, C. Harvey, R. Haskin, J. Hurley, R. Lake, M. Martinez,
N. McKenna, D. Miller, M. Scanlon

Chair Rosanne Foust called the meeting to order at 5:05 p.m., and led the Pledge of Allegiance.

CONSENT CALENDAR

- a. Approval of Minutes of May 21, 2009
- b. Acceptance of Statement of Revenues and Expenses for April 2009
- c. Acceptance of Statement of Revenues and Expenses for May 2009
- d. Information on Statement of Revenues and Expenses for the Period Ending June 30, 2009

A motion (Groom/O’Mahony) was passed to approve the consent calendar.

PUBLIC COMMENT

Jim Bigelow, Menlo Park Chamber of Commerce, distributed a section of the California High Speed Rail (CAHSR) Program Summary Report that reports on \$8 billion in federal stimulus funding that will help High Speed Rail (HSR) and Caltrain construct HSR. Stimulus funding cannot be used for a HSR rail tunnel but would fund grade separations and a positive train control system. Stimulus funding would preserve TA sales tax dollars. Environmental clearance work is ongoing on the San Francisco-to-San Jose section and construction can begin in 2012.

Pat Giorni, Burlingame, asked the Board to consider changing public comment from one to two minutes.

Ms. Giorni said there is a shuttle that takes airport employees from the Millbrae Intermodal station to the San Francisco International Airport (SFO). She asked how SFO is funding the shuttle.

CITIZENS ADVISORY COMMITTEE (CAC) REPORT

Chair Pat Dixon reported on the August 4, 2009 meeting:

- Two new CAC members were introduced and shared their interest in the CAC.
- The CAC received a presentation on the TA Highway Program.
- Discussed items on today’s TA agenda.
- Received details on the District’s reorganization.

CHAIRPERSON’S REPORT – ROSANNE FOUST

1. Policy Discussion: South San Francisco Request for Funding of Ferry Service:
Executive Officer for Planning and Development Marian Lee reported that the TA, Water Emergency Transportation Authority (WETA) Board and the City of South San Francisco have signed a three-party agreement for Measure A sales tax funds to support the ferry project. WETA is finalizing a

business plan, which is being reviewed by TA staff for distribution to the Board in mid-August. WETA will provide details of the upcoming ribbon-cutting celebration in October.

Director John Lee asked if there were any problems with the agreement. Ms. Lee said 90 percent of the information is complete and staff is waiting for additional information on ridership. The business plan focuses on a five-year effort and staff wants to ensure ridership projections are correct.

Director Karyl Matsumoto asked how passengers will be dispersed from the dock area because there is no shuttle service. Ms. Lee said the business plan includes an access plan, which is being reviewed by staff.

2. Congratulated Gigi Harrington and Chuck Harvey on their new roles as Deputy Chief Executive Officers for the District and Ms. Lee for her new role as Executive Officer for Planning and Development.

SAMTRANS LIAISON REPORT – KARYL MATSUMOTO

The May 13, June 10 and July 8, 2009 reports are in the agenda packet.

JOINT POWERS BOARD REPORT (JPB)

Executive Director Mr. Scanlon reported on the following:

- July 2 Board meeting:
 - a. Adopted the Fiscal Year 2010 operating budget in the amount of \$97.1 million and the capital budget in the amount of \$82.3 million, which includes funding for the State of Good Repair program but does not include electrification or positive train control for Caltrain 2015. Each Caltrain partner agency has pledged \$60 million for electrification. State Transit Assistance funding has been zeroed out by the governor for the next four years.
 - b. Approved service cuts that took the weekday 98-train schedule to 90 trains by reducing midday service from half-hourly to hourly.
 - c. Approved daily parking rates from \$2 to \$3 and from \$20 per month to \$30 per month effective August 31. The GO Pass purchased by employers increased from \$112 to \$140 per employee.
 - d. Efforts by the finance and operations departments closed the \$10 million budget gap.
- August 6 Board meeting:
 - e. TA CAC member Jim Bigelow distributed part of a California High Speed Rail (CAHSR) Program Summary Report with details on Phase 1 funding for High Speed Rail (HSR).
 - f. The federal government will be dispersing \$8 billion in Track 2 American Recovery and Reinvestment Act (ARRA) funding this fall, which includes \$100 million nationally for HSR projects.
 - g. Mr. Harvey presented information on train horn modifications including relocation of horns to the top of the vehicle and changes in sound levels.
 - h. Approved the Minutes of July 2, 2009 and Information on the Statement of Revenues and Expenses for June 2009.
 - i. Authorized Entering into a Real Property Transfer Agreement with Santa Clara Valley Transportation Authority.
 - j. Appointed John Hronowski as the San Francisco County representative to the CAC and Cat Tucker as the Santa Clara County representative.
 - k. Received a report from CAC Chair Gerald Graham.

REPORT OF THE EXECUTIVE DIRECTOR

- Monthly Performance Statistics – June 2009
 - a. Total Ridership was 1,032,309, a decrease of 9.9 percent.
 - b. Average Weekday Ridership was 38,979, a decrease of 11.7 percent.
 - c. Total Revenue was \$3,694,926, a decrease of 5.9 percent
 - d. On-time Performance was 93.1 percent, an increase of 6.1 percent.
 - e. Caltrain Shuttle Ridership was 5,807, a decrease of 11.2 percent.
- Year-to-date Performance Statistics ending June 2009
 - a. Total Ridership was 12,691,612, an increase of 6.1 percent.
 - b. Average Weekday Ridership was 40,066, an increase of 5.8 percent.
 - c. Total Revenue was \$43,352,156, an increase of 8.1 percent.
 - d. On-time Performance was 95.1 percent, an increase of 2.4 percent.
 - e. Caltrain Shuttle Ridership was 6,093, an increase of 11.7 percent.
- Accepted the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended June 30, 2009.
- Giants special service averaged 3,700 riders in July. Special service carried 8,600 riders for a Kenny Chesney Concert at AT&T Park.
- Expanded bicycle capacity has been completed on 27 gallery cab cars and seven Bombardier cars to provide eight additional bike slots on all 34 of those cars and provides 272 additional bike spaces in the fleet. Train consists will have two bike cars during peak hours.
- A community group is being formed to deal with issues of trespasser fatalities.
- Staff is working on implementation of Caltrain service changes and parking increases.
- Delivered a three-point message on the Peninsula Rail Program:
 - a. Caltrain has been selected for HSR between San Francisco and San Jose, but neither the horizontal nor the vertical alignments have been determined and track profiles have not been selected.
 - b. Survival of Caltrain is best achieved through electrification and positive train control.
 - c. Everyone is invited to a respectful dialogue on what HSR should be and how to get there.
- Ms. Harrington finalized a contract with Deutsche Bank on fuel hedging to cap the price of fuel at \$2 per gallon for 5 million gallons, half the annual amount used by Caltrain. The contract cost is \$0.14 per gallon.
- Received an update on state and federal legislative issues.
- Legal Counsel David Miller explained details of a grade crossing to be opened at Common Street in San Francisco with modifications that must be approved by the California Public Utilities Commission (CPUC). Caltrain staff will be assisting with the work. Conveyance of property rights at the crossing require resolution.

Director Rosalie O'Mahony asked how Ms. Harrington managed to secure a \$2 per gallon fuel hedging price. Ms. Harrington said SamTrans and Caltrain received proposals from a wide variety of AA rated banks that considered downgrades and transaction risks. Documents were approved and Ms. Harrington entered into a competitively procured financial transaction to hedge fuel called a cap. It is an 11-month, one-time transaction. SamTrans and Caltrain will pay \$2 if fuel goes above \$2 per gallon and the actual fuel price if it goes below \$2 per gallon. Staff will approach the Board in spring to consider continuation of the program in FY2011.

Director O'Mahony congratulated Ms. Harrington on this great achievement. Ms. Harrington said the District was paying \$3.50 per gallon for fuel this time last year.

Director O'Mahony asked if the sound decibels on trains have been increased, which has made the horn blast longer. Mr. Harvey said engineers must sound the horn at grade crossings with a specific length of long and short blasts. In order to meet federal law, the horns had to be moved, resulting in an increase in the noise levels by a factor of between two and four times.

Director O'Mahony asked if the decibels are at a higher setting. Mr. Harvey replied that the horns remain within the range of federal law, which requires sound levels between 96 to 100 decibels. The Caltrain standard is to set the horns at approximately 98 decibels to be slightly above the federal minimum to account for fluctuations in the noise levels of each piece of equipment. The horns must remain on the top of the train rather than underneath in order for one to do the sequential operation correctly. The horns will be adjusted to the same decibel level, but they will be at the top of trains, which means the sound will travel farther. Thirty to 40 percent of horns have been adjusted and it will take another couple of weeks to get all horns back to the 98 decibel range.

Chair Foust asked about Caltrain reinventing itself when it currently has no sustainable economic model. She asked how Caltrain could experience \$30 million budget deficits over the years without imploding. Mr. Scanlon clarified the \$30 million deficit is SamTrans' deficit, which has been reduced to \$28.4 million. He said \$25 million of that amount is debt service until approximately 2034. SamTrans will be conducting public hearings on service cuts and there will be a public hearing at the August 12 SamTrans board meeting. The District has set aside some sale of bonds that could perhaps sustain the District for two to four years. Staff is looking at all responsible means to chip away at the structural deficit and look for a more permanent solution to the problem. Mr. Scanlon said SamTrans could not continue in its partnership with the ~~TA~~ JPB beyond what the TA Board provides. He said it is time for action and time to figure what level of service can be provided and what that service will be.

- As a result of the agency reorganization, Mr. Harvey has taken on responsibilities for operations, engineering and construction. Ms. Harrington will be in charge of administration and finance. Peninsula Rail Program Director Bob Doty will report to Mr. Scanlon and to Executive Director of CAHSR Mehdi Morshed. District Secretary Martha Martinez's position remains unchanged. Three executive officers have been named: Marian Lee for Planning and Development; Rita Haskin for Customer Service and Marketing and Mark Simon for Public Affairs. Chief Development Officer Ian McAvoy and Chief Administrative Officer George Cameron have moved to the private sector.

Ms. Lee presented an update on details of the Strategic Plan:

- a. Staff has been focusing on FY10 capital and operating budget approval.
- b. Current focus is on new Measure A funds. Programs are being funded with agreements already in place and with programs where there were commitments made in the Expenditure Plan. The best example of this is the Local Streets and Bicycle programs.
- c. The TA has been funding operating projects that were committed in the original Measure A including paratransit, shuttles and Transportation Systems Management (TSM).
- d. The Board will be asked to allocate TSM funding requests at today's meeting.
- e. A new process is being developed for the call for projects with a goal to begin in 2010; programming and allocation would be able to begin in FY11. A consultant is involved with staff and all partners necessary to have a transparent process for the call for projects. Project selection criteria and performance monitoring programs are being identified. It is anticipated there will be a greater need for projects than money available.

- f. There will be multiple project sponsors with a planned outreach in September and October. Groups including the TA CAC, City/County Association of Governments/Technical Advisory Committee (C/CAG/TAC) and the City Managers Ad Hoc Committee will be engaged to assist with the process.
- g. The Board will be asked for input on project activities in upcoming months.

FINANCE

Acceptance of the Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended June 30, 2009

Bill Osher, Chief Economist and Head of Fixed Income for Tamalpais Wealth Advisors (TWA) reported:

- The second quarter for the financial markets was described as a quarter of healing.
- There was a rise in U.S. Treasury yields, mortgage-backed securities and agency securities. Corporate bonds fell. This signals that the market believes the recession is flattening out.
- The economy will grow about 2.5 percent in the second half of the year due to the inventory cycle and the need for increased production.
- In this quarter the portfolio saw a tremendous recovery in the corporate bond market without any credit risk. All bonds in the portfolio are guaranteed by the Federal Deposit Insurance Corporation (FDIC), which carries the backing and full faith of the U.S. government.
- The portfolio is being managed carefully with consideration of federal behavior. Interest rates will impact the price of portfolio bonds and TWAs will pay close attention to this.
- The management goal is to keep up with markets and good counts and take a lot less risk with capital preservation first, high level liquidity second and return third.

Director Matsumoto asked what the purpose is for a lot of high level liquidity. Mr. Osher said it is in the California Code and if there is a need for money, it is available.

Director Groom said California has the lowest tax rate and highest unemployment rate in years and asked when these numbers might change. Mr. Osher said unemployment can only decline if California is growing faster than 2 to 2.5 percent, which will be very difficult with lack of money to borrow for investments in businesses and homes. He said there will probably not be a great improvement in the unemployment rate for perhaps a decade.

Chair Foust asked how the federal deficit will impact this. Mr. Osher said there may be a bit more taxation. In the next three to five years policy makers must make choices in the face of budget and trade deficits and in the way society spends money, which could mean inflation less than 2 percent and anemic growth or inflation of 3 percent with more growth.

A motion (O'Mahony/Lee) to accept the report was approved.

Authorize Allocation of Measure A Transportation Systems Management (TSM)/Alternative Congestion Relief (ACR) Funds to the City of Menlo Park in the Amount of \$59,487 and to the Peninsula Traffic Congestion Relief Alliance up to the Amount of \$398,103 for Funding for Fiscal Year 2010

Director of TA Programs Joe Hurley said this is part of the TA's commitment to congestion relief programs. Mr. Hurley acknowledged Chip Taylor, transportation program manager from the City of Menlo Park and Redwood City Vice Mayor Diane Howard representing the Alliance.

Public Comment

Alliance Chair Diane Howard thanked the Board of Directors on behalf of Executive Director Christine Maley-Grubl for consideration of continued funding to the Alliance.

Jim Bigelow, Menlo Park and Redwood City San Mateo Chambers of Commerce, said the new Measure A has double the TSM funding of the original Measure A and the business community appreciates the renewed funding and outstanding foresight.

A motion (O'Mahony/Groom) to allocate funding was approved.

Authorize Allocation of \$5,534,020 to the Peninsula Corridor Joint Powers Board for San Mateo County's Local Share for the Caltrain Systemwide Capital Improvement Program for Fiscal Year 2010

Mr. Hurley said Caltrain's FY10 improvement program includes State of Good Repair projects for track improvements, bridge rehabilitation, communication and signal upgrades, station upgrades, safety and access improvement and rolling stock overhauls, which includes more than \$65 million of federal, state and other grant funding. The funds require a local match of \$16,602,060 and San Mateo County's share is one-third of that amount.

A motion (Groom/Lee) to allocate San Mateo County's local share to Caltrain was approved.

PROGRAM

Verbal Update on State and Federal Legislative Program

Government Affairs Manager Seamus Murphy reported:

State

A budget act was passed, which included 100 percent of the highway users tax account. One-hundred percent of State Transit Assistance (STA) funding was diverted but a State Appeals Court ruled in a California Transit Association (CTA) lawsuit that the state cannot divert any funds from the public transportation account and use them for purposes that are not transportation related. The state will most likely appeal the decision to the Supreme Court. If the appeal is not upheld it could mean that future diversions of transportation monies are illegal and unconstitutional and past funds that were diverted may be recoverable.

Mr. Murphy said the TA is required by Caltrans to repay \$3.5 million that was borrowed for the purchase of the Dumbarton right of way. Staff worked out an agreement with Caltrans to defer that payment for five years.

Federal

Mr. Murphy introduced Eve O'Toole of Holland & Knight who represents the TA on federal issues in Washington, D.C.

Ms. O'Toole reported:

- The House has recessed for the month of August.
- The Senate confirmed the nomination of Sonia Sotomayor to the Supreme Court.
- FY10 appropriations included:
 - a. \$1 million in the Senate for positive train control.
 - b. \$4 billion for HSR in the House bill and \$1.2 billion in the Senate bill.
 - c. The House and Senate are interested in funding \$150 million for a new sustainability initiative.

- Congress included \$7 million to plug the gap in the highway program concerning a solvency issue.
- House Transportation Committee passed a bill for \$450 million for reauthorization of SAFETEA-LU. The Senate advocates believes there should be an 18-month extension of the reauthorization bill.
- California's pre-application for HSR funding was due July 10. Funding is divided into four tracks and the District is focused on Track 2, which is for projects not necessarily shovel-ready. Final applications are due October 2. California submitted a total of 108 projects to the tune of \$38 billion and the District has eight projects on the table.
- When Congress returns in September they will focus on healthcare, the Climate Change Bill and reauthorization of SAFETEA-LU.

Chair Foust asked for an update on funding issues regarding the California Environmental Quality Act (CEQA) certification of California projects because CEQA is a higher standard than the National Environmental Quality Act (NEPA). Ms. O'Toole said this is definitely a difficulty, which has not been resolved and it will be difficult to suspend a NEPA process politically. This was a major issue when Senator Barbara Boxer met recently with the League of California Cities. She said there is a SAFETEA-LU streamlining program, which allows the state to have authorization of CEQA and NEPA together. This only applies to highways and not transit. The next authorization will renew and expand for faster expedition.

Capital Projects Status Report – 3rd Quarter Fiscal Year 2009

No comments

Presentation on the Highway Program

Mr. Hurley reported:

- The original Measure A Expenditure Plan provides funding for transit, local entities, TSM, bicycles, highways and paratransit. Highways received 29.2 percent of the funding. The new Measure A provides 27.5 percent for highways.
- San Mateo County has 214 road miles, including Highways 1, 280, 101 and 380, and more than 900 lane miles with more than a million vehicles travelling on a daily basis. Highway 1 can experience as few as 5,000 vehicles per day in unincorporated areas and as high as 126,000 vehicles per day in the north end of the county. Highway 101 can have more than 249,000 vehicles per day.
- Completed projects involving TA funding include Route 84 – Willow to Marsh improvements; Route 92 – Route 1, North Main in Half Moon Bay and Pilarcitos to Route 35. Highway 101 projects include the Oyster Point interchange, Brittan Avenue ramps, Marsh Road interchange, University East, and auxiliary lanes including Highway 92 to 3rd Avenue; Hillsdale Avenue to Ralston Avenue; and Ralston Avenue to Marsh Road. Highway 280 projects include the D Street overcrossing and the Eastmoor off ramp.
- The TA has expended approximately \$1.26 million of TA funding to leverage an additional \$99 million for a total project completion on the highway program of \$225 million.
- Projects in the design phase or under construction include the 3rd Avenue to Millbrae Avenue auxiliary lane project and the Marsh to Santa Clara County line auxiliary lane project, both on Highway 101. These two projects will cost approximately one-quarter of a billion dollars, which indicates the magnitude of investment in the highway program.
- Projects in the environmental phase include the Route 1 Calera Project and the Highway 101 Broadway interchange.
- Projects in preliminary engineering or alternative analysis include Candlestick Point and Woodside Road interchanges and Woodside Road widening.

- Highway 101 auxiliary lanes projects between the Santa Clara County line and Route 92 will reduce travel time per day by 7,100 hours and result in 5,600 gallons of fuel saved per day.
- The 3rd Avenue to Millbrae Avenue auxiliary lane project includes reconstruction of the Peninsula Avenue interchange and Monte Diablo pedestrian overcrossing and construction of the new Broadway pedestrian overcrossing. A concrete barrier was designed along the auxiliary lane to permit viewing of the estuary along Highway 101. The TA funded 57 percent of the auxiliary lane project. Targeted completion is summer of 2010.

Mr. Hurley reiterated that the TA and Caltrans enjoy an excellent partnership. He recognized Caltrans engineers involved with the 3rd Avenue to Millbrae Avenue Auxiliary Lane Project: Senior Engineer Mo Shokrollahi and Resident Engineer Fernando Abela. Special thanks were given to staff Senior Engineer Jim McKim, who has been at the helm of this project.

Director O'Mahony said the City of Burlingame thanked Mr. Hurley immensely for the auxiliary lane work with Caltrans and mitigation of problems with Caltrans staff.

Mr. Hurley thanked the city staffs of Burlingame and San Mateo on behalf of Jim McKim for their cooperation during the work on the auxiliary lane project.

Director Lee thanked all involved in the work on the auxiliary lane project and especially the Monte Diablo overcrossing.

Director Foust said it is an honor to sit on the board that was instrumental in approval of the auxiliary lane project.

REQUESTS FROM THE AUTHORITY

No requests.

WRITTEN COMMUNICATIONS TO AUTHORITY

In the correspondence file

OF LEGAL COUNSEL

No report

DATE AND PLACE OF NEXT MEETING

The next meeting is scheduled for Thursday, September 3, 2009 at 5 p.m. at the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos CA 94070. Staff will notify the Board and public of any date change due to the July 4 holiday.

The meeting adjourned at 6:48 p.m.