

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

MINUTES OF MAY 3, 2012

MEMBERS PRESENT: C. Groom (Chair), D. Horsley, K. Matsumoto, T. Nagel,
N. Patridge, S. Richardson

MEMBERS ABSENT: R. Foust

STAFF PRESENT: J. Ackemann, L. Bhuller, G. Harrington, C. Harvey, R. Haskin,
A. Hughes, J. Hurley, M. Lee, M. Martinez, N. McKenna,
D. Miller, M. Simon

Chair Carole Groom called the meeting to order at 5:05 p.m. and led the Pledge of Allegiance.

CITIZENS ADVISORY COMMITTEE (CAC) REPORT

CAC Chair Barbara Arietta reported on the April 1 meeting. The CAC:

- Supported the approval of the Memorandum of Understanding (MOU) with the California High Speed Rail Authority (CHSRA) early investment strategy for a blended system.
- Supported the Quarterly Investment Report.
- Supported the amendment of the Investment Policy and reauthorize investment of monies with the Local Agency Investment Fund.
- Supported the minor amendments of the 2004 Measure A Expenditure Plan Highway Program regarding eligible sponsors.
- Received a presentation on the preliminary Fiscal Year (FY) 2013 budget.
- Received an update on events that have occurred at the (CHSRA) over the last month and the launch of Zipcar in Redwood City.
- Received an update on the launch of ferry service from South San Francisco beginning in June.

CONSENT CALENDAR

- a) Approval of Minutes of April 5, 2012
- b) Acceptance of Statement of Revenues and Expenditures for March 2012

A motion (Horsley/Nagel) to approve the Consent Calendar was unanimously passed.

PUBLIC COMMENT

None

CHAIRPERSON'S REPORT – CAROLE GROOM

No report

SAMTRANS LIAISON REPORT – KARYL MATSUMOTO

The April 11, 2012 SamTrans report is included in the agenda packet. No comments.

JOINT POWERS BOARD (JPB) REPORT

Deputy CEO Chuck Harvey reported on the meeting of May 3, 2012:

- Monthly Performance Statistics – March 2012 compared to March 2011
 - Total Ridership was 1,176,392, an increase of 12.2 percent.
 - Average Weekday Ridership was 42,907, an increase of 14.4 percent.
 - Total Revenue was \$4,904,115, an increase of 18.6 percent.
 - On-time Performance was 92.6 percent, a decrease of 1 percent.
 - Caltrain Shuttle Ridership was 7,130, an increase of 24.2 percent.
- Year-to-Date Performance Statistics – March 2012 compared to March 2011
 - Total Ridership was 10,274,294, an increase of 10.9 percent.
 - Average Weekday Ridership was 42,801, an increase of 9.7 percent.
 - Total Revenue was \$43,242,832, an increase of 23.4 percent.
 - On-time Performance was 93.5, a decrease of 0.4 percent.
 - Caltrain Shuttle Ridership was 7,016, an increase of 31.7 percent.
- The Bicycle Advisory Committee will meet on May 17.
- Bike to Work Day is May 10
- The transition to the new rail operator continues and new engineers are being certified on the right of way after revenue hours.
- The three-day weekend of May 26 is the transition to the new rail operator, during which activities will include Giants baseball and the Golden Gate Bridge 75th Anniversary. Extra service will be provided through the weekend.
- Caltrain has a team participating in the Out of the Darkness suicide awareness and prevention walk June 9-10.
- There was a car sharing program event on May 2 in Redwood City.
- Staff has received proposals from two developers for property at the Hayward Park Caltrain Station.
- An open house was held in the Bayview community in San Francisco on future construction work.
- The reading file contains the Safety & Security Report and various Take Ones.
- The Board:
 - Approved the Consent Calendar.
 - Approved the Statement of Revenues and Expenses for March.
 - Approved the High Speed Rail Early Investment Strategy for a Blended System Memorandum of Understanding (MOU).
 - Received a preliminary balanced FY2013 Operating Budget and the possible service change of adding six additional trains to address overcrowding.
 - Received a preliminary FY2013 Capital Budget presentation.
 - Approved the Fuel Hedging Program for FY2013
 - Received a State and Federal legislative update.
 - Met in closed session to discuss a property transfer related to the San Bruno Grade Separation Project.

Director Horsley asked if the special event trains pay for themselves. Mr. Harvey said it is close to break-even.

Director Horsley asked what the percentage of boardings is in Santa Clara and San Francisco counties. Mr. Harvey said San Francisco is 11 percent and the remaining boardings are split between San Mateo and Santa Clara counties with Santa Clara being a bit higher.

Director Terry Nagel asked what the increase in shuttles is attributed to. Mr. Harvey said it is economy recovery but the Marguerite Shuttle has contributed to a large percentage of the growth.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Harvey reported:

- Staff just learned that former Director John Lee has stage four cancer and that he is dying.

Director Sepi Richardson said she spoke to Mr. Lee prior to the meeting and he is very weak.

Mr. Harvey continued:

- There will be a ribbon cutting on June 4 at 10 a.m. for the South San Francisco Ferry Service and Chair Groom will be speaking at the event.
- Streets Alive in San Mateo County is on May 6.
- Staff opened bids for the University Avenue and Embarcadero Road Auxiliary Lane Project. Eight bids were received and the lowest bid was \$6.2 million. Once this project is completed there will be continuous auxiliary lanes on Highway 101 from Oyster Point in South San Francisco to the Santa Clara County line.
- On May 17 there will be a Highway Call for Projects (CFP) workshop here in San Carlos.
- Congratulated Director Naomi Patridge for receiving the Bev Miller Civic Achievement Award from the Half Moon Bay Chamber of Commerce.

FINANCE

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

Director of Caltrain Modernization Program Marian Lee said this item was an informational item at the April meeting. The MOU reflects regional and local consensus for a blended system on the Peninsula corridor. The MOU has nine parties and each party has a planning, funding, construction or operations role in making the blended system happen. The MOU clearly states that it is about the blended system only, meaning what is being pursued is primarily a two-track rail system and not a four-track rail system. This system is to support Caltrain, HSR, freight and commuter tenants, including ACE and Capitol Corridor. In the MOU is a conceptual definition of the list of interrelated projects that are needed to make the blended system happen. The projects are electrification of Caltrain, which includes the advanced signal system, Communications Based Overlay Signal System (CBOSS)/Positive Train Control (PTC); the Downtown Extension (DTX) Project which will connect Caltrain to downtown San Francisco and to HSR stations in downtown San Francisco, Millbrae and San Jose Diridon; and core capacity projects such as at-grade crossing upgrades and potential passing tracks. Of the

interrelated projects the MOU identifies HSR early investment for the blended system projects totaling approximately \$1.5 billion. Approximately half will come from Proposition 1A and the other half will come from locally secured funding from various sources which are identified in the MOU. The two projects are the advanced signal system, including PTC, which is mandated by the Federal Railroad Administration to be installed by 2015, and Caltrain electrification which will be in revenue service by 2019. The electrification of the system will allow for immediate benefits to our customers to provide more, quieter and greener service to the region. Both projects have independent utility for our local needs and are needed to support HSR service in the corridor.

Ms. Lee said this morning the JPB approved this item with support from all the members. By approving the MOU and adopting the resolution, the JPB committed to making project investments limited to infrastructure necessary to support a blended system only. As the owner of the corridor, the JPB committed to protect the corridor for the benefits of its constituents, to be the lead agency in implementing the project, to advance the project in a way that respects the community partners, and to update and recirculate the Caltrain Electrification Environmental Document. She told JPB she has heard concerns from the cities we were going to be short-cutting the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) process. The MOU, the JPB staff report and the resolution is the commitment to follow all CEQA and NEPA regulations. Lastly, the JPB committed to continue seeking funds for all the interrelated projects. The \$1.5 billion is the first increment and additional funding is needed to complete the blended system.

Ms. Lee said with the JPB commitments confirmed this morning and those commitments also included in the TA resolution, staff is asking the Board to approve investing \$60 million of Measure A sales tax funding as outlined in the Measure A Expenditure Plan for the Caltrain Program to this early investment proposal. The \$60 million is the same amount to be committed from Santa Clara and San Francisco counties.

Ms. Lee said staff is very confident the parameters and conditions laid out in the MOU and the TA resolution protect the interest of our communities as we move forward with realizing our local vision to modernize the Caltrain corridor. If this is approved the next steps involve the remainder of the parties also approving the MOU, and then staff will have to closely watch the State Legislature and the California Transportation Committee (CTC) actions as they will be making decisions about allocation of Proposition 1A funding.

Director Richardson asked if her approval of the resolution puts Brisbane in any danger of having the maintenance facility in their city. Ms. Lee said there isn't any maintenance facility in the MOU. Caltrain staff has been asking the CHSRA if there is going to be a maintenance facility and have not received an answer and also if there needs to be one where, what size and the various locations being considered.

Director Richardson said Ms. Lee has brought a tremendous amount of trust back to Caltrain.

Director Nagel said people have questioned the language that it is substantially within the right of way and primarily a two-track system. Ms. Lee said we say "primarily" because the

infrastructure is mostly a two-track system, but there are four-track sections. We also say “primarily” because we do not yet know if passing tracks will be needed and where they will be.

Director Horsley asked if the Downtown Extension (DTX) Project is on the drawing board now. Ms. Lee said the Transbay Terminal Project is moving forward. The DTX Project is the connection between that terminal and the 4th and King Station and San Francisco is struggling with funding because it is an expensive project. They are trying to compete for New Starts Funding which is one of the largest Federal funding sources for large capital projects.

Director Horsley asked if it will go underground from the 4th and King Station. Ms. Lee said yes.

Director Richardson asked if the next agenda could have the presentation that she received at C/CGAG on the Transbay Terminal as the terminal is impacting Brisbane. Mr. Harvey said staff can give an update on the status of the real estate acquisitions and the construction of the Transbay Terminal center and the DTX Project between the 4th and King Caltrain Station and the Transbay Terminal. None of this is anywhere close to the San Mateo County line, but there is a lot of planning going on in the southern part of the city near the border that does impact Brisbane around the redevelopment of the Schlage Lock property. Mr. Harvey asked if the request is for an update on the DTX or what may be going on around the Brisbane/Bayshore Area. City/County Association of Governments’ Executive Director Rich Napier clarified at their recent meeting they had a presentation on the multimodal corridor station tie, the Third Street Light Rail, Caltrain and what is going on with the area.

Public Comment

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce and Menlo Park Chamber of Commerce, congratulated Ms. Lee on her presentation. He is very sensitive to the concerns of some of the cities about the four-track San Francisco to San Jose. He attended the CHSRA meeting and he specifically brought this up after they decertified the program level document from the Bay Area to the Central Valley. He was very specific that in the program level document revised in 2012 it would be very wise to include language that directed only the blended system in the project level work.

Director Richardson said in San Mateo County almost all the stations are named after the city they are in, except in Brisbane, where it is called Bayshore. She would like to request, as part of all this work, that the Bayshore Station be changed to Brisbane Station.

Chair Groom said that is probably not the decision of the TA, but could refer this request to the JPB. Mr. Harvey said there are a number of stations along the line not named after a city, including 22nd Street and Lawrence.

A motion (Horsley/Richardson) to authorize approval of HSR early investment strategy for a blended system MOU was approved unanimously.

Director Nagel said this is a positive step forward toward the vision of future transportation in the county and rather than trying to anticipate every problem that we may have going forward

with this project we should work together to have one voice in our county to get funding for this project.

Director Naomi Patridge said since Ms. Lee has taken the lead on this project it has really been a different tone. She said she agrees with Director Nagel that we in San Mateo County need to stop fighting this project. We need to start working together to get the funding for this project.

Director Horsley said this is an exciting time for the county with this project moving forward and he appreciates Ms. Lee's work and presentations.

Authorize Acceptance of Quarterly Investment Report and Fixed Income Market Review and Outlook for Quarter Ended March 31, 2012

Mr. Osher said last quarter he was concerned interest rates might rise. The portfolio was positioned for a rise in interest rates and two out of the three months rates rose and the benchmark actually declined in value, but the portfolio rose in value every single month. There was some positive news in the economy during the quarter and that is what boosted interest rates. Looking forward there are some headwinds he is concerned about and it means he wants to continue to keep the portfolio safe, but also not a bad time to add a little yield to the portfolio.

Mr. Osher said a question was raised about why the size of the portfolio had shrunk recently, particularly relative to the County Pool. Every day when he looks at the markets he has to make a decision on whether to invest and what are the options. Sometimes the options are to look to other sources that are actually better for the TA. At the end of last year and the beginning of this year, interest rates had fallen so far a two-year Treasury yielded in one day 0.16 percent. There was no way that he could invest better than what a stable net asset value from the County Pool or the Local Agency Investment Funds (LAIF) could provide. They were providing about 0.38 percent, but without any risks of a change in the value of the fund.

Director Karyl Matsumoto asked if there is a limit on what can be pulled from the County Pool. Mr. Osher said there is credit risk in the County Pool that does not exist in this portfolio and it does make sense to diversify. Given the economic environment he felt it was the best thing to do by investing in the County Pool.

Director Nagel said she has been tracking the County Pool and the portfolio and wondered the reason for the shift in funds. Mr. Osher said it was the best thing to do.

A motion (Richardson/Nagel) to accept the Quarterly Investment Report and fixed income market review and outlook for the quarter ended March 31, 2012 was approved unanimously.

Authorize Amendment of the Local Investment Policy and Reauthorize Investment of Monies with the Local Agency Investment Fund

Deputy CEO Gigi Harrington said this request is to amend the Investment Policy to include the requirement for an annual audit, which is already being done. The TA has a clean set of books, but there was discussion at a previous meeting about codifying the audit.

Director Nagel said we hear a lot about special districts with embezzlement problems and she has been speaking to a number of people and she has proposed there be a Council of Cities program on this issue so everyone is aware of the oversight for these different funds. She said one comment she hears is we should change auditors every few years and is this being done for the TA. Ms. Harrington said currently we have a three-year contract with two one-year options. At the end of this period staff will do a competitive procurement. The current auditors were changed about two years ago. She said the TA has pieces of people so the duties are very carefully segregated and she does a lot of internal controls and the financial system is in the process of being reset which will automate more of the controls.

Director Nagel asked if there are two signatures on everything over a certain dollar amount. Ms. Harrington said she signs everything over \$1,000 and personally authorizes any wire transfers over \$1 million.

A motion (Nagel/Horsley) to authorize amendment of the Local Investment Policy and reauthorize investment of monies with the LAIF was approved unanimously.

Authorize Minor Amendment of the 2004 Measure A Expenditure Plan Highway Program Regarding Eligible Sponsors

Interim Executive Officer Planning and Development Aidan Hughes said staff is recommending changes to the eligible sponsor list for the new Highway Program. The new Measure A Transportation Expenditure Plan specifies eligible sponsors for five Key Congested Areas (KCA) and for Supplemental Roadways (SR). In preparing for the upcoming Call for Projects (CFP) staff was concerned the list of sponsors might be too restrictive and could discourage a robust response to the CFP. Primarily for the KCA, the only regional level sponsor is the California Department of Transportation (Caltrans) and in recent years Caltrans has taken a less active approach to the planning of projects. For this reason and to provide more flexibility, the proposal is to add C/CAG as a regional sponsor under the KCA categories. At the same time and for similar reasons staff is also proposing C/CAG be added as a potential sponsor for the SR to capture the regional level sponsor. The other proposal is a recommendation to add the City of Redwood City to the KCA category for the Highway 101 South category. This is specific to that category because this is an ongoing project under the original Measure A and there is a concern to have an eligible sponsor under the new Measure A in order to maintain continuity. These changes are a minor amendment to the Expenditure Plan and both C/CAG and the City of Redwood City have submitted letters requesting they be added as eligible sponsors.

Director Matsumoto asked for examples of what SR would include. Mr. Hughes said staff anticipates cities would apply for SR projects and they can be of a regional nature, but most of the regional projects are captured within the KCA categories so they are more likely to be of a local nature.

Legal Counsel David Miller said there are two major Highway Projects categories in the Expenditure Plan the voters approved. The KCA has a specific list of projects, but the SR category was purposely left wide open. While there are examples of projects or candidate projects in the Measure, the way this category is defined is that SR projects may include any type

of roadway, local, collector, arterial or state route anywhere in the county and a partial list of possible projects is in the Plan.

Director Patridge thanked staff for doing this. The C/CAG it will definitely help the smaller cities.

Public Comment

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce and Menlo Park Chamber of Commerce, said they support the addition of C/CAG and Redwood City to the program. Redwood City and Caltrans have had a lot of issues on Woodside Road Interchange and Whipple Avenue. C/CAG had the Gateway 2020 Study done from Dumbarton Bridge over to Highway 101 through East Palo Alto, Menlo Park and Redwood City so they bring a lot to the table.

Director Horsley said a Highway 1 Mobility Study is being done on the Coastside and does this fit in with Coastside highway improvements. Mr. Napier said that would fit into SR.

Director Patridge said Coastside highway projects are in the unincorporated areas and are actual safety improvements on Highway 1. Highway 1 is not being expanded, but right and left turn lanes are being added for safety.

Mr. Harvey said the study work is identifying potential projects and improvements that then has to be translated into somebody filling out a project application for funding for the various improvements.

A motion (Patridge/Matsumoto) to authorize minor amendment of the 2004 Measure A Expenditure Plan Highway Program regarding eligible sponsors was approved unanimously.

Preliminary Fiscal Year 2013 Budget

Manager of Budgets Ladi Bhuller reported:

- Total revenues are projected to be \$70.1 million.
- Total annual allocations are projected to be \$23.7 million.
- Total program expenditures are projected to be \$73.2 million.
- Total expenditures are projected to be \$98.4 million.
- The projected fund balance is \$377 million.

Director Nagel asked if the decrease in interest by \$810,000 is because overall revenues are down. Ms. Bhuller said this has to do with a decrease in the interest rate projections. The investment portfolio interest return was budgeted at 1 percent compared to 1.25 percent last year and the County Pool interest return is budgeted at 0.8 percent compared to 1.25 percent last year.

Director Matsumoto said the grant proceeds wipe out the \$2 million gain in sales tax and is that because of what is not coming out of Washington D.C. Ms. Bhuller said the budget was revised earlier this year and in the revised budget was an amendment to increase the grant proceeds from \$2.7 million for the State-Local Partnership Program (SLPP) funds and in FY2013 this is not being projected. Director, Transportation Authority Programs Joe Hurley said the TA was the

recipient of SLPP funds as part of the Proposition 1B funding. He said it is important to point out staff only tracks money that is received by the TA and then spent on a project. There are several other grants that the project receives but it doesn't pass through the TA.

Director Patridge asked for auditing purposes, where are those funds shown. Mr. Hurley said the Highway 101 Auxiliary Lane Project is a recipient of State Transportation Improvement Plan (STIP) funds. The TA contributed so the STIP funds go directly to Caltrans and does not pass through the TA so it is not tracked on our budget. Mr. Harvey said we received the \$2.7 million SLLP grant and it was applied to a project and the reason next year's budget is down is because we are not applying for a SLLP grant for a similar project.

Call for Public Hearing for Proposed Fiscal Year 2013 Budget on June 7, 2012

Ms. Bhuller said staff requests the Authority establish a public hearing on June 7, 2012 to consider adoption of the proposed Fiscal Year 2013 budget.

A motion (Horsley/Matsumoto) call for public hearing for proposed Fiscal Year 2013 Budget on June 7, 2012 was approved unanimously.

PROGRAM

State and Federal Legislative Update

Government Affairs Officer Jayme Ackemann said with the passing of the MOU and new CASRA Business Plan, the Legislature is now tasked with considering how to approach funding the project, including the early investment for the bookends. The most recent budget request from the governor would appropriate Proposition 1A HSR funding for the Central Valley section and would appropriate all the remaining Proposition 1A connectivity funding to start work on the early investment, including Caltrain modernization. The CTC is now working on a new list of projects for the connectivity funding and staff did submit requests consistent with the funding plan in the MOU. During various hearings several of the legislators asked the governor to consider appropriating the Proposition 1A funding this year for the bookends rather than wait for the next fiscal year cycle.

Ms. Ackemann said on the Federal level the House passed a 90-day extension on the reauthorization. This gives them time to meet in committee and this is something that hasn't happened since SAFETEA-LU expired in 2009. This is a positive step forward, however there is no consensus on legislation on which they are meeting in committee. California members participating in that committee, include Senator Barbara Boxer and Congressman Henry Waxman.

REQUESTS FROM THE AUTHORITY

Director Nagel said she just came from a conference in Rohnert Park and there were numerous topics on sustainability and she asked if it would be possible to have a discussion on how the county is getting ready for charging stations. She said Google is going to have a conference on July 31 and will be the first event on workplace charging.

WRITTEN COMMUNICATIONS TO THE AUTHORITY

None

REPORT OF LEGAL COUNSEL

Mr. Miller said at the JPB meeting there was some correspondence received suggesting the MOU matter be delayed. The issue raised in some of these communications had to do with wanting an iron clad agreement with HSR relative to assurances the blended system is part of the MOU. Many years ago those involved in the acquisition of the right of way deliberated on whether to outright purchase the right of way from Southern Pacific. Should it be an easement, a lease, or a fee? The decision ultimately made to purchase the entire corridor was based on one central theme and the word was control.

DATE AND PLACE OF NEXT MEETING

June 7, 2012 at 5 p.m. in the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd floor, 1250 San Carlos Avenue, San Carlos CA 94070.

The meeting adjourned at 6:30 p.m.