

**CITIZENS ADVISORY COMMITTEE (CAC)
SAN MATEO COUNTY TRANSPORTATION AUTHORITY (TA)**

1250 San Carlos Avenue, San Carlos CA 94070
Bacciocco Auditorium, 2nd Floor

MINUTES OF DECEMBER 3, 2013

MEMBERS PRESENT: B. Arietta, J. Baker, J. Bigelow, J. Fox, R. Hedges, R. Hees, J. Londer, D. Maez, L. Simonson, A. Vargas, W. Warhurst, J. Whittemore

MEMBERS ABSENT: D. Lujan, L Shaine

STAFF PRESENT: J. Averill, S. Bhatnagar, A. Chan, C. Harvey, R. Haskin, J. Hurley, J. McKim, J. Slavitt

Chair Barbara Arietta called the meeting to order at 4:30 p.m. and John Baker led the Pledge of Allegiance.

APPROVAL OF MINUTES OF NOVEMBER 5, 2013

Jim Whittemore said on page six under member comments where he spoke about Clipper Card, his intention was to express that the policy issues he referred to were not disclosed on their website and that this lack of point-of-sale disclosure is unethical and misleading.

A motion (Hees/Bigelow) to approve the November 5, 2013 minutes as amended was approved.

PUBLIC COMMENT

Director Karyl Matsumoto left a public comment card to be read to the CAC thanking the members for their service and wishing them happy holidays.

REVIEW QUARTERLY INVESTMENT REPORT AND FIXED INCOME MARKET REVIEW OUTLOOK FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (TA BOARD OF DIRECTORS NOVEMBER 7, 2013 MEETING ITEM 10A)

John Fox, Rich Hedges, and Laurie Simonson arrived at 4:36 p.m.

Bill Osher, CSI Investment, said the portfolio continues to cruise at a modest pace in line with low interest rates and is staying very safe. It was experiencing higher interest rates for a short time, a sign that things were getting better and people were hopeful with the economy. The rates fell in September due to the government shutdown. The economy is not growing as fast as it could because of uncertainty coming out of Washington D.C. He said there is underlying strength in the economy and he is hopeful to see improvements in employment and economic growth starting in the middle of next year. At that time, interest rates will start to go up again and the TA will start earning more money on the portfolio.

Doris Maez said the government might shut down again in January. Mr. Osher said there is hope the government is near an agreement on a budget and they're going to avoid a second round of sequestration. If that can go through both houses of congress it would be positive but there is concern about the equity markets. He said some people believe the economy would weaken but the data looks quite good.

William Warhurst asked what other factors besides what the Federal Reserve will do to manipulate the market such as world affairs or embargos would affect the economy. Mr. Osher said these are called exogenous events. He said he expects the economy to do fine in 2014. He said there are a greater number of positives than negatives such as Europe coming out of their recession. The global economy seems to be okay. He said the biggest underlying fundamental is the interference from the Federal government creating a fountainhead of uncertainty. He said economists will know what's working by the middle of next year and the budget and debt ceiling issues will be resolved.

Mr. Whittemore said the government expenditures as a part of Gross Domestic Product are down because of the expiration of the Bush tax cuts and the force of sequestration on Federal spending. He said if there is another government shutdown it will come about because of a subgroup of republicans who are adamant about increasing defense spending.

Mr. Whittemore asked why the portfolio is constantly underperforming the benchmark. Mr. Osher said when the market is down the TA is not down as much because it has less interest-rate sensitivity. He said the TA portfolio does better than market when interest rates are rising.

ITEMS FOR REVIEW – DECEMBER 5, 2013 TA BOARD MEETING

Acceptance of Statement of Revenues and Expenditures for October 2013 (TA Item 4b)

A motion (Whittemore/Hees) to accept the statement of revenues and expenditures for October 2013 was approved.

Program report: Highway 101/Broadway Interchange (TA Item 10a)

Jim McKim, Project Manager, presented:

- The project is intended to improve the ramps and existing circuitous movements of the interchange, accommodate future traffic growth, and increase bicycle and pedestrian access.
- The total project cost estimate is \$83 million, which includes \$60 million for construction and \$12 million for the right of way and utilities.
- Construction funding includes \$32.4 million or 54 percent from Measure A, \$19 million from the State, and the balance from local and Federal funds.
- Measure A will fund 62 percent of the total project costs.
- Approved permits have been issued by the San Francisco Water Quality Regional Control Board, the Army Corps of Engineers, the California Department of Fish and Wildlife, and the San Francisco Bay Conservation and Development Commission.
- Fifteen parcels are needed for the project. Twelve parcels have been acquired, and the TA has orders of possession on the remaining three while they are in the condemnation process.

- Notices to relocate and all the agreements with the utility companies have been executed. Affected utilities include Pacific Gas and Electric, American Telephone and Telegraph, Comcast, Sprint, Burlingame sewer and water, and Millbrae sewer.
- The project is in the Ready to List phase of the California Department of Transportation (Caltrans) development process.
- Key milestones include advertising the project in January, opening bidding in March, beginning construction in April, and completing construction in spring of 2017.

Ms. Maez asked what kind of impact drivers can expect in delays, reroutes, and traffic. Mr. McKim said throughout a number of different stages traffic will be continuously shifted while crews rebuild the overpass. He said there will be delays but the construction crew will be trying to minimize them. Joe Hurley, Director, Transportation Authority Program, said crews will try to minimize the effects on residents and businesses.

Jeff Londer asked if the bridge will be closed. Mr. McKim said there will be late-night closures at various stages and there will be lots of notifications. He said during regular hours the roads and bridges will still be accessible. Mr. Londer asked if the old bridge will be destroyed. Mr. McKim said yes, it will be completely replaced.

Ms. Simonson asked if there will be a bike lane on the overpass or if bicyclists should only use the bike bridge. Mr. McKim said the bike bridge will remain and there will be a new sidewalk on the north side of the new overpass and bike lanes on both sides.

Mr. Whittemore asked if staff expects to come in on budget for acquiring the three remaining parcels for the right of way. Mr. McKim said it will be fairly close and there should be no big surprises.

Update on New Measure A Pedestrian and Bicycle Program Criteria for the 2013 Call for Projects (CFP) (TA Item 10b)

Joel Slavit, Manager, Programming and Monitoring, presented:

- Three percent of Measure A funds is set aside for this program.
- The purpose of the program is to fund projects that encourage and improve walking and bicycling conditions.
- Eligible activities include funding for the project development, right of way acquisition, and construction of facilities for pedestrians and bicyclists. Eligible projects include paths, trails and bridges over roads and highways, and pedestrian/bicycle components of a larger multi-modal project, but do not include general citywide planning or maintenance or rehabilitation.
- The CFP will be issued in December and will cover Fiscal Years 2014 and 2015. Five million four hundred thousand dollars will be available. Sponsors are limited to a maximum of three applications up to \$1 million.
- Proposals will be evaluated by a staff panel and will include a City/County Association of Governments (C/CAG) Bicycle and Pedestrian Advisory Committee (BPAC) member.

- The expenditure period has been reduced from five years to two years for preconstruction-only activities, three years for construction activities, or five years if the project includes both preconstruction and construction.
- Evaluation criteria:
 - Project readiness and need – 35 percent. The proposal is clear and complete, the right of way certification is complete, permits, agreements and/or environmental clearances have been obtained, the project meets commuter and/or recreational purposes, fulfills an identified pedestrian or bicycle need, or there is a safety improvement or enhancement.
 - Effectiveness – 35 percent. The project accommodates multiple transportation modes, provides connectivity to pedestrian and bicycle systems, closes gaps in the countywide pedestrian and bicycle network, enhances connectivity to schools, transit stations and other activity centers, the benefit relative to cost should support high-impact/low-cost projects, and the project will serve low-income and/or transit-dependent populations.
 - Policy consistency – 10 percent. The project fits into the TA Expenditure Plan, the Countywide Transportation Plan, or other plans.
 - Sustainability – 10 percent. The project reduces emissions, improves air quality, improves links for pedestrian and/or bike access between transit and other activity centers, and can support existing economic development and help spur new development.
 - Funding – 10 percent. The sponsor is able to leverage funds.
- Proposed revisions include refining eligibility requirements, changing the timely use of funds, promoting geographic equity by limiting the number of applications and the total dollar amount per project sponsor or city, and adding an effectiveness category that includes pedestrian and bicycle accommodation, value, and serving low-income or transit-dependent populations.
- Applications are due in mid-January, the CAC and Board will receive the draft Program of Projects in March, and the Board will approve the proposed Program of Projects in April.

April Vargas asked what happens if the preconstruction is not completed after the two-year timeframe. Mr. Slavitt said the sponsor can request a time extension and get an amendment if they have sufficient justification.

Ms. Vargas asked what the thinking is in terms of ensuring the projects have geographic equity. Mr. Slavitt said with the restriction of three applications and \$1 million per sponsor staff hopes to spread the projects throughout the county.

Chair Arietta said with 3 percent of the sustainability criterion dedicated to transit-oriented development (TOD) and there not being TOD opportunities on the coast, Pacifica would be at a disadvantage in that category. Mr. Slavitt said there is an emphasis linking to transit and TODs, but there are other areas where Pacifica could pick up points and there will still be good opportunities and other factors that will go into the merit of the project.

Mr. Warhurst asked why there is so little time between the announcement and the due date of the applications and what the reason is for the small window of time for a city to provide so much detail. Mr. Slavit said there are five weeks built in and that is typical for a CFP. Mr. Warhurst said typical may not be adequate. Mr. Slavit said the last call from C/CAG was highly oversubscribed so staff anticipates a number of potential sponsors will resubmit under this CFP and there are a number of projects that cities have ready to go. Mr. Hurley said this is not the first time cities will have heard about this CFP. This was presented to the C/CAG Technical Advisory Committee for outreach so city public works directors know this is coming and they are getting geared up. Cities know this process is the refinement of the criteria and they should already be preparing and not waiting for the CFP. He said the time is a reasonable amount.

Mr. Fox said he has served as a commissioner for a city and he knows that cities always have things ready to go and they know what will be coming, and this timescale is not unreasonable. He said he compliments staff for adding the value category and this is a good approach for the CFP.

Mr. Whittemore asked if staff looked back to see what the effect of adding the new criteria would have had on previous CFPs. Mr. Slavit said from the last CFP two cities took over 45 percent of funds and this new criteria will prevent that.

Update on State and Federal Legislative Program (TA Item 10c)

Shweta Bhatnagar, Government Affairs Officer, said:

State

The California Legislature is still out on recess and is scheduled to reconvene on January 6. Once they reconvene, the Legislature will be considering legislation that determines how fuel related cap-and-trade revenues will be allocated to help achieve the State's greenhouse gas reduction goals.

The Metropolitan Transportation Commission (MTC) is anticipating that \$3.1 billion will be made available to advance the implementation of Plan Bay Area and other related regional policies if the Legislature approves a cap-and-trade funding plan similar to what is specified in Assembly Bill 574. The MTC has developed an allocation framework of these funds consisting of five investment categories that have a strong link to emissions reductions and benefits for disadvantaged communities. Of these five categories, three would be available to help fund public transportation projects, programs and services.

The first is the One Bay Area Grants Program where over \$1 billion would be available for TOD, affordable housing, complete streets and bike and pedestrian improvements.

The second would contain \$450 million under the Transit Operating Efficiency Program for expanded transit operations and capital investments that improve transit service and attract more riders.

The third category is the Climate Initiatives which would provide \$400 million for transportation projects that reduce emissions. Seventy-five million dollars will be reserved for Safe Routes to Schools.

The two remaining categories, Core Capacity Challenge Grants and Good Movements, are more specifically allocated funds for designated transit agencies and projects.

The full Commission is scheduled to consider the proposal at their December 18 meeting.

Federal

Unless Congress acts quickly, tax benefits for transit commuters will be cut in half at the end of the year. Earlier this year Congress made commuting to work more affordable for those who rely on public transportation by enacting Transit Parity. This law provides equal tax benefits for commuters who drive and for those who use public transit. Under this act, public transportation users and people who drive their cars to work and pay for parking have been able to set aside \$245 pre-tax dollars a month in wages tax free if they're used for commuting costs or workplace parking. Employers are also able to pay workers' transit and parking costs as part of a benefits program. However, since Congress has not taken any action to make the transit parity permanent, on January 1, the transit benefit maximum will be cut to \$130 per month, while the monthly parking maximum will increase to \$250 per month. Essentially this will give commuters more incentive to drive than to take public transportation, increasing greenhouse gases, traffic congestion, and gridlock. This year two bills were introduced in the House and the Senate to preserve the transit parity and would make transit and parking benefits equal on a permanent basis, but no hearings have been scheduled for either bill. TA Board Chair Carole Groom has written an op-ed piece on this topic that will be printed in Roll Call later this month.

Mr. Hedges asked why people are spending time worrying about cap and trade when there is not an extraction tax in the State. He said some drilling is on public land and the State gets nothing out of it. Ms. Bhatnagar said that is one subject that has come up in discussions.

Jim Bigelow said he hopes the 2014 TA Legislative Program will have an emphasis on the parity issue. Ms. Bhatnagar said there is bipartisan support for commuter benefits but there has been opposition to link them together.

Capital Projects Quarterly Status Report – 1st Quarter Fiscal Year 2014 (TA Item 10d)

Mr. Warhurst said the forecast was moved back by five months for the finish date on Project 629, the Highway 101 auxiliary Lanes. Mr. McKim said crews were able to move much quicker and got the project compressed to four months and finished segment two a year ago. Now the landscaping contract is underway.

Mr. Whittemore asked how Expended to Date went down by \$4 million for the San Pedro Creek Bridge Replacement Project. Mr. Hurley said the amount expended to date for planning and administration went down from the previous quarter. He said the

reason is that the quarterly statements include projections and are "trued up" on the subsequent quarter. This is the case with this project.

Laurie Simonson said Project 737, the electrification of Caltrain, shows no issues regarding funding. Mr. Hurley said this report covers up through September only and the judgments about that project were released recently.

Mr. Whittemore said he compliments staff since every project is green. He asked why the Federal portion went down from previous reporting period on Project 782, page 17, the San Pedro Creek Bridge Replacement Project. Mr. Hurley said he will look into it.

Approval of Minutes of November 7, 2013 (TA Item 4a)

No discussion.

REPORT OF THE CHAIR – BARBARA ARIETTA

Chair Arietta said Daniel Mensing is no longer on the CAC so there is a vacancy on the committee.

Chair Arietta appointed Mr. Londer, Mr. Hedges, and Mr. Whittemore to the nominating subcommittee for the 2014 officer elections.

See attachment for Chair Arietta's complete report.

REPORT FROM STAFF – JOE HURLEY

Mr. Hurley said in 2013, the TA CAC played a role in:

- Supporting the allocation of more than \$11 million to five highway projects for preliminary planning, environmental and construction work.
- Reviewing and approving guiding principles for the Grade Separation Program, which led to the allocation of more than \$5 million for three grade separation studies.
- Supporting the allocation of \$15.6 million to Caltrain for capital and operating expenses.
- Reviewing and recommending approval of a \$133 million budget that included almost \$3 million in support of paratransit service and \$15 million in allocations to 21 different jurisdictions to help fund local transportation projects and programs.

Mr. Hurley said in 2014:

- The Highway 101/Broadway Interchange, the San Pedro Creek Bridge Replacement Project and several capital improvements on the Caltrain line will begin construction.
- The next wave of CFP for the bike, pedestrian and shuttle programs will begin.

Mr. Hurley said the CAC helped to make San Mateo County a better place and he said he appreciated their contribution.

MEMBER COMMENTS/REQUESTS

Mr. Whittemore asked when the Comprehensive Annual Financial Report will be posted. Mr. Hurley said he will get back to him.

Mr. Whittmore said he would like to see a presentation on disaster planning as a contingency if Caltrain does not get electrification. He would like to know if there has been thought to convert trains to natural gas.

Randy Hees said he thinks it would be appropriate to get a report on Caltrain modernization.

DATE, TIME AND PLACE OF NEXT MEETING

Tuesday, January 7, 2014 at 4:30 p.m. at 1250 San Carlos Avenue, Bacciocco Auditorium, 2nd Floor, San Carlos, CA 94070

The meeting adjourned at 6:18 p.m.

From: Barbara Arietta <barietta@hotmail.com>
Sent: Tuesday, December 03, 2013 2:14 PM
To: Averill, Joshua
Subject: FW: CAC CHAIR'S REPORT - DECEMBER 3, 2013

1. REMINDER: CALTRAIN CELEBRATES 150TH ANNIVERSARY ON JANUARY 18, 2014

On January 18, 2014 Caltrain will be celebrating its 150th anniversary of passenger rail service at the Santa Clara Rail Station at 11 a.m. In addition to speeches from community leaders, there will be exhibits from other regional partners celebrating the spirit of innovation and progress for which this region is known.

To RSVP or ask questions about the event, please contact Casey Fromson at 650-508-6493 or email fromsonc@samtrans.com.

2. CALTRAIN ELECTRIFICATION FUNDING AT RISK- HELP DEVELOP STRATEGIC PLAN AT DECEMBER 16TH MEETING IN SAN CARLOS

A Sacramento Judge's ruling on 11/25th invalidated the High Speed Rail Authority's funding plan and put Caltrain's electrification funding at risk. About half of the funds for Caltrain electrification come from HSR. The High Speed Rail Authority will run out of money in April unless something changes.

Caltrain has enough money in hand to complete preparing for electrification through 2015, while backup plans are being worked on. Caltrain will need more money for implementation after 2015.

The High Speed Rail Authority can appeal and will be looking for other sources of funds, such as Cap and Trade. If High Speed Rail is unable to backfill a funding plan soon, the federal government could choose to redirect money directly to Caltrain electrification.

Requests are being made of the public to help ensure that our state and/or federal legislators include Caltrain electrification in the backup plans.

The public is being invited to participate in the development of Caltrain's Strategic Plan for the next decade at a Friends of Caltrain-hosted session on December 16, 7pm, at San Carlos Library, 610 Elm Street. Caltrain staff will be present to share the latest on funding and hear your thoughts on Caltrain's future service, customer experience, first and last mile connections and its relationship to the rest of the Bay Area transit a decade from now

3. CAN DOWNTOWN EXTENSION TO TRANSBAY TERMINAL BE BUILT BY 2022?

At a recent meeting of the Transbay Joint Powers Authority, the Transbay staff presented a proposal intended to connect the Caltrain tracks to the Transbay Terminal by 2022--two years ahead and a half a billion dollars below expectation--by creating a Public Private Partnership that would toll Caltrain riders \$1.25 for the last stop to the financial district and maintain the tunnel.

This announcement has created a big stir with the board in SF which has raised many questions with the proposal. The funding in the proposal includes multiple items that aren't yet confirmed, including: a City of San Francisco sales

tax increase which is different from the funding program that the Mayor's task force has put together; contributions from a Mello Roos special property tax assessment district from properties around Transbay which has yet to be approved; and future High Speed Rail funds, at a time when there are some legal issues adding risks to current High Speed Rail funds.

Board members also asked how the proposal for the Transbay operator to toll passengers would work with the operations of Caltrain and High Speed Rail. There is a proposal exploring an option to create a contract not only to Design-Build-Finance-Maintain the tunnel, but to Design-Build-Finance-Maintain and Operate, including the potential for a joint venture with Caltrain and/or High Speed Rail. This sort of contract would be much larger in scope, and a major change for how Caltrain is run.

Why this project being done is so critical? There are 180,000 jobs within 1/2 mile of Transbay and the project is forecast to increase Caltrain riders into San Francisco by more than 50%. However, there remains many important questions about how the Downtown Extension will be financed and built, and how the rail service will be managed in the age of electrification, DTX and the blended system. There will be many important upcoming debates about how the rail line will be extended downtown, how it will be paid for, and how the overall system will be managed.

Respectfully submitted,

Barbara Arietta
Chair, SMCTA/CAC