



AGENDA

PENINSULA CORRIDOR JOINT POWERS BOARD

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

October 4, 2007 - Thursday

10:00 AM

1. Pledge of Allegiance
2. Call to Order/Roll Call
3. Public Comment
4. Consent Calendar RESOLUTION
 Members of the public or Board may request that an item under the Consent Calendar be considered separately
 - a) Approval of Minutes of September 6, 2007
 - b) Acceptance of the Statement of Revenue and Expenses, June 2007- Unaudited
 - c) Acceptance of the Statement of Revenues and Expenses, August 2007
 - d) Authorization to Enter into a Five-Year Lease with Sprint Communications Company, LP for Property near Page Mill Road in Palo Alto
5. Chairperson’s Report
6. MTC Liaison Report (Sue Lempert)
7. Report of the Citizens Advisory Committee
8. Report of the Executive Director
 - a) Caltrain Performance Report – August 2007
9. Approval of 2007 Series A Farebox Revenue Bonds Debt Financing Structure and Financing Documents for an Amount Not to Exceed \$27 Million RESOLUTION
10. Authorization to Enter into a Contract with Bombardier Transit Corporation for the Purchase of Six Bi-Level Passenger Coaches, Two Bi-Level Cab Cars and Spare Parts for an Amount Not to Exceed \$19,169,771 RESOLUTION
11. Correspondence
12. Board Member Requests
13. Report Legal Counsel
14. Date/Time of Next Meeting
 Thursday, November 1, 2007, 10AM at San Mateo County Transit District Administrative Building, 1250 San Carlos Avenue, San Carlos, CA 94070
15. Adjourn

INFORMATION FOR THE PUBLIC

All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

If you have questions on the agenda, please contact the JPB Secretary at 650.508.6242. Assisted listening devices are available upon request. Agendas are available on the JPB Website at www.caltrain.com.

Location, Date and Time of Regular Meetings

Regular meetings are held at the San Mateo County Transit District Administrative Building located at 1250 San Carlos Ave., San Carlos, which is located one block west of the San Carlos Caltrain Station on El Camino Real. The building is also accessible by SamTrans bus Routes: 260, 295, 390, 391, and KX.

The JPB meets regularly on the first Thursday of the month at 10 PM. The JPB Citizens Advisory Committee meets regularly on the third Wednesday of the month at 6 PM at the same location. Date, time and place may change as necessary.

Public Comment

If you wish to address the Board, please fill out a speaker's card located on the agenda table and hand it to the JPB Secretary. If you have anything that you wish distributed to the Board and included for the official record, please hand it to the JPB Secretary, who will distribute the information to the Board members and staff.

Members of the public may address the Board on non-agendized items under the Public Comment item on the agenda. Public testimony by each individual speaker shall be limited to one minute and items raised that require a response will be deferred for staff reply.

Action

All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the board.

Accessibility for Individuals with Disabilities

Upon request, the JPB will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and a preferred alternative format or auxiliary aid or service at least two days before the meeting. Requests should be mailed to the JPB Secretary at Peninsula Corridor Joint Powers Board, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or emailed to board@caltrain.com; or by phone at 650.508.6242, or TDD 650.508.6448.

**Peninsula Corridor Joint Powers Board
Board of Directors Meeting
1250 San Carlos Avenue, San Carlos CA 94070**

Draft

**Minutes
September 6, 2007**

MEMBERS PRESENT: J. Cisneros (Chair), D. Gage, J. Hartnett, J. Hill, A. Lloyd,
S. Maxwell, F. Williams

MEMBERS ABSENT: N. Ford, K. Yeager

MTC LIAISON PRESENT: S. Lempert

STAFF PRESENT: M. Bouchard, G. Cameron, B. Carson, J. Cassman, C. Cavitt,
C. Harvey, R. Haskin, B. Kelleher, R. Lake, I. McAvoy, M. Martinez,
D. Miller, M. Scanlon, M. Simon

Chair José Cisneros, called the meeting to order at 10:03 a.m. and led the Pledge of Allegiance.

PUBLIC COMMENT

Vaughn Wolffe asked if a bus shuttle is being considered for Caltrain riders traveling from Millbrae or Broadway in Burlingame to SFO, once the BART Millbrae/SFO connection is discontinued.

Jeff Carter, Burlingame, said a bus shuttle should be available for Caltrain riders to get from Millbrae or Broadway to SFO. He asked for recent numbers of Caltrain riders going from Millbrae to SFO. Mr. Carter also said the Caltrain electronic message boards are about a minute and a half fast.

CONSENT CALENDAR

The Board approved the items under the Consent Calendar as follows:

- a) Approval of Minutes of August 2, 2007
- b) Acceptance of the Statement of Revenues and Expenses, July 2007
- c) Approval of Change Order, Not-to-Exceed \$62,000 to Contract with Petroleum Telcom, Inc. for VHF Radio Antenna Installation at Four Tunnels.

CHAIRPERSON'S REPORT

None.

MTC LIAISON REPORT

Sue Lempert reported on the Metropolitan Transportation Commission Regional Rail workshops:

- Attendees were pleased with the presentation, which showed a robust future for Caltrain electrification.
- BART will maintain its current service with the San Jose extension, with no future BART extensions planned. BART is concentrating on getting another tube across the Bay.
- High Speed Rail (HSR) alternatives to the Bay Area were discussed including the Pacheco Pass and Altamont Pass alignment alternatives, and a combination of both.

REPORT OF THE CITIZENS ADVISORY COMMITTEE (CAC)

Michael Kiesling, Chair of the CAC, reported that the Committee had a presentation on the Centralized Equipment Maintenance and Operations Facility (CEMOF) in San Jose, which will have a grand opening on September 29. The Committee plans to schedule a fall or winter meeting in San Francisco and Santa Clara counties. A CAC member commented on a Monday morning train running five minutes late.

REPORT OF THE EXECUTIVE DIRECTOR

Michael Scanlon reported on the following:

- Replied to Mr. Carter and Mr. Wolffe concerning the BART Millbrae/SFO extension. The Millbrae connection will be discontinued in January 2008. BART schedules have just been received for review. Options being studied for a SFO connection may involve rerouting SamTrans service into SFO and to the Millbrae station but this may not be as fast as doing a cross-platform transfer.
- Regional Rail will require changing focus, governance and funding to build, develop and sustain a regional system.
- San Mateo County's Historical Society publication, *La Peninsula*, describes the opening of the road from San Mateo to San Jose in 1864. Similar reports in 2050 may detail the work of visionaries that were responsible for bringing Regional and HSR to California. The publication is included in the Board reading file.
- Overcrowding on Caltrain has resulted from game activities and Barry Bonds' effort to break Hank Aaron's home run record.
- Performance Statistics for July 2007 compared to July 2006 and Year-to-Date Statistics:
 - a. Total Ridership was 1,034,689, an increase of 11.8 percent.
 - b. Average Weekday Ridership was 39,301, an increase of 9.4 percent.
 - c. Farebox Revenue was \$3,543,000, an increase of 16.4 percent.
 - d. On-time Performance was 93.4 percent, an increase of 0.8 percent.
 - e. Caltrain Shuttle Ridership was 5,022, an increase of 7.5 percent.

Public Comment

Jeff Carter, Burlingame, said All Star game ridership figures varied in different reports. Mr. Scanlon said approximate numbers are reported. Manager of Rail Transportation Michelle Bouchard will provide Mr. Carter with exact numbers.

Ed DeLanoy, San Carlos, commented on Caltrain on-time performance. He said shorter trains during off peak hours will provide better service for the elderly who are more likely to travel then and this will reduce dwell times.

HIGH SPEED RAIL (HSR) SUPPORT

Ian McAvoy, Chief Development Officer, said staff recommends that the Board reaffirm its support for the Pacheco Pass HSR alternative and place on the November 2008 ballot a bond measure that would finance the construction of the HSR system. A decision is imminent concerning the final alignment of HSR from the Central Valley to the Bay Area via either the Pacheco Pass or Altamont Pass. The Pacheco Pass alignment would utilize the Caltrain right of way and would make the Peninsula a central element of the HSR system. The Board has been on record, most recently in 2005, for support of the Pacheco Pass for three key reasons: to assist in acceleration of the modernization of the Caltrain system including full grade separation and electrification, which will

provide a platform for a world-class rapid system to serve San Francisco, San Mateo and Santa Clara counties; to connect San Francisco and Silicon Valley with the Central Valley and southern California and more effectively link California's major airports; and the Altamont Pass alternative will not provide the same level of benefits to the Caltrain system for the three counties or the modernization of Caltrain. Reaffirmation of Board support for the Pacheco Pass alternative would demonstrate the vision of the Peninsula to be part of the transformational efforts to provide a local, regional and statewide world-class rail system.

Public Comment

Michael Kiesling, San Francisco, said the Board had voted incorrectly in the past to extend Caltrain to Beale Street and to purchase more gallery cars rather than Bombardier cars. He encouraged the Board to vote in favor of the Pacheco Pass alignment alternative.

Vaughn Wolffe said if a BART extension is going to be built to San Jose riders can come into San Jose from the Pacheco Pass alignment and travel to Oakland on BART, there would be no reason to build the HSR Altamont Pass alignment to access Oakland. Mr. Wolffe said \$135 billion would be spent in the next 40 years and HSR should only go to Los Angeles, Bakersfield and San Francisco until it is proven to work.

Jeff Carter said the Board should not commit to the Pacheco Pass or Altamont Pass alignment alternatives until all details of studies are reviewed. He said both alternatives would benefit Caltrain. Mr. Carter said primary destinations for HSR would be Los Angeles and San Francisco.

Margaret Okazumi, Bay Rail Alliance, said the Bay Rail Alliance and the environmental community supports the Altamont Pass alignment. She said Caltrain's plans are independent of HSR. The Caltrain line is going to be saturated and it will not be necessary to build a four-track system between Redwood City and Santa Clara. She said the plans proposed to deal with constraints at the Diridon station by double-decking the station are highly implausible. Ms. Okazumi said the Altamont Pass alignment is best for riders traveling to Sacramento, for the environment and for dealing with constraints on the Caltrain line.

Pat Dixon, Foster City, said the Pacheco Pass alignment alternative is a viable project that should come up the Central Valley to Modesto and cut across to Union City with a new line to Redwood City. She emphasized that the project should be moved along or it will be lost.

Director Don Gage asked how many votes have been taken on the HSR project. Director Art Lloyd said it was the third or fourth. Mr. Scanlon said the project is before the Board again because it's being restudied again. Caltrain believes the Pacheco Pass alignment is better for Caltrain. He said a line to the East Bay won't be completed until the system ties the Los Angeles, San Jose and San Francisco airports together. He encouraged reaffirmation of the Pacheco Pass alternative and getting the bond on the ballot, which would fare better with the Pacheco alignment than with the Altamont Pass alignment.

Director Gage said data indicates Oakland and San Francisco airports will be maxed out because of physical constraints and San Jose airport will have more traffic than both airports combined. He was concerned about costs to bring the Altamont Pass alignment across the Bay. Director Gage said it is important to take action now to keep HSR a viable project.

Ms. Lempert said when bridge tolls were raised for transportation improvements including Dumbarton Rail and BART, money was set aside for regional rail study and HSR. She said the governor is against the November 2008 bond for HSR because it will compete against other bonds.

Director Forrest Williams said San Jose is the largest city in the Bay Area and population will continue to increase. Silicon Valley is the technology capitol of the world and will continue to offer opportunities for economic growth and jobs. He said the Pacheco Pass alignment would be the best economic alternative for the Bay Area.

Director Jim Hartnett said if the Board adopts the resolution to support HSR this would encourage the Legislature to fund the HSR Authority. He said San Francisco, San Mateo and Santa Clara counties, as well as Caltrain, would be well served by HSR.

A resolution (Gage/Lloyd) to support the Pacheco Pass HSR alignment, to urge funding for the California HSR Authority, and to place on the November 2008 ballot a bond measure that would finance the construction of the HSR system was approved, by roll call.

Mr. Scanlon also reported:

- The CEMOF grand opening will begin at 10:30 a.m. on Saturday, September 29. Speakers include Directors Cisneros and Yeager, Chuck Reed, San Jose Mayor, Leslie Rogers, Federal Transit Administration (FTA) Region 9 Administrator, Jim Bourgart, California Deputy Secretary of Transportation and Infrastructure and Alexander Kummant, Amtrak President/CEO.
- Caltrain will host the Federal Railroad Administration (FRA) and other railroad agency personnel in October for a best practices session for rail safety.
- Discussions will continue with the FRA in September to seek an exemption to operate the lightweight electric multiple units (EMUs).
- Caltrain staff met with Amtrak's Brotherhood of Locomotive Engineers regarding concerns about the safety of Bombardier cars.
- Special service for baseball averaged 4,300 riders through August. Special service for the Rock the Bells concert at AT&T Park on August 18 resulted in 8,000 riders.
- There were two Spare the Air days on August 29 and 30. Caltrain, BART, Golden Gate and public ferries offered free rides until 1:00 p.m. SamTrans and Muni offered free rides all day.
- Fuel prices were at \$2.39 per gallon for the first nine weeks of FY 2008 which is under the \$2.40 per gallon budgeted amount.
- The Safety and Security Report is included in the Board reading file.
- The Amtrak Signal Department was commended for 13,003 injury free days.

Director Jerry Hill asked what the ridership change was on the Spare the Air days. Mr. Scanlon said ridership appears to have increased 50 to 55 percent.

AWARD OF OUTBOARD PLATFORM IMPROVEMENTS AT PALO ALTO AND CALIFORNIA AVENUE PROJECT TO SHIMMICK CONSTRUCTION COMPANY, INC. FOR \$18,990,000

Cheryl Cavitt, Director of Contracts and Procurement, said Staff Coordinating Council (SCC) is recommending that the Board award the subject contract for outboard platform improvements at the Palo Alto and California Avenue stations to Shimmick Construction Company of Hayward, California for \$18,990,000 and to authorize the Executive Director or his designee to execute that contract.

The public works project consists, in general, of furnishing all materials, labor, tools, plants, supplies, equipment, transportation and superintendence necessary to reconstruct platforms at both the California Avenue and Palo Alto Caltrain stations, and repair various bridges and culverts.

The work includes reconstructing the Palo Alto station to make it accessible to people with disabilities by reworking the ramps and platforms; reconstructing the California Avenue station to eliminate the hold-out rule by providing a pedestrian underpass; and repairing various bridge decks and culverts in the Palo Alto area. Construction is anticipated to begin in September 2007 with completion anticipated in December 2008.

Funding for this construction project includes a larger-than-normal share of local and state funds because both the underpasses at California Avenue and Palo Alto will be covered by Santa Clara Measures A and B transportation improvement program funds.

A competing bidder alleged the Shimmick bid presented an organization conflict of interest with a subcontractor. Staff reviewed all bids and a conflict of interest issue appeared to impact the second and third low bids as well. Legal counsel and staff conducted a thorough investigation to determine the nature and scope of the apparent conflict in Shimmick's bid. Staff and legal counsel concluded that Shimmick did not obtain an unfair advantage of any kind over other bidders for this project.

The resolution (Williams/Hartnett) to award the contract was approved, by roll call.

Mr. Scanlon commended the procurement and legal staffs for their energy, time and creativity in finalizing the details of the award contract.

APPROVAL FOR A CHANGE ORDER, NOT-TO-EXCEED \$738,000 TO CONTRACT WITH SHIMMICK/OBAYASHI A JOINT VENTURE TO PROVIDE NECESSARY MAINTENANCE AT CENTRALIZED MAINTENANCE EQUIPMENT AND OPERATIONS FACILITY (CEMOF)

Brian Kelleher, Manager of Capital Contracts, said SCC recommends that the Board approve a contract change order to the contract with Shimmick/Obayashi to provide necessary maintenance at CEMOF, and to authorize the Executive Director or his designee to execute such change order. The purpose of the change order is to ensure that warranties on equipment and buildings remain valid by adding maintenance to the contract to protect the overall capital investment at CEMOF. Maintenance includes such things as heating, ventilation, air conditioning, fire protection, sewage, and electrical as well as specialty apparatus.

The budget for the proposed change order is part of the rail maintenance line item and the adopted FY 2008 operating budget.

Director Hill asked why the change order for such a large amount was created rather than going out for a separate bid. Mr. Kelleher said the current contractor is familiar with facilities and is already mobilized on the site, factors that reduce cost, and Shimmick is responsible for maintaining the warranties for the first year of operation to ensure the warranties remain valid.

A resolution (Lloyd/Hill) to approve the change order was approved, by roll call.

REJECTION OF SINGLE BID FOR RIGHT OF WAY FENCING PROJECT

Ms. Cavitt said SCC recommends that the Board reject the single bid submitted in response to the JPB solicitation for the Right of Way Fencing Project and authorize staff to re-solicit with clarified specifications and revised requirements for year-to-year bonding as a means to assure the JPB of qualified contractors for the project, especially from disadvantaged business enterprises and minority businesses.

The specifications issued prompted some uncertainties among bidders. This, combined with a requirement to furnish a three-year performance bond, determined that the project attracted a lower than expected number of bidders.

Director Hill asked if the contractor is different from the current fencing contractor. Ms. Cavitt said it is a different contractor.

Director Hill asked if different specifications were used in the initial bidding process. Chief Operating Officer Chuck Harvey said Caltrain used an on-call contract that was in place with Amtrak for the initial fencing that was installed. Caltrain then went forward with this bidding project to put together a three-year program.

Director Williams said he understood that the rejection of the bid deals primarily with bonding requirements rather than the specifications of the fencing. Ms. Cavitt said both issues were a factor. Director Williams asked what was unique about the fencing specifications that required additional clarification. Ms. Cavitt said that exact requirements for the fencing were different at different locations in the specifications.

Director Hartnett asked when this item would come back to the Board for contract approval if the Board adopts the recommendation. Ms. Cavitt said staff is currently working on specifications and expects the turnaround to be several months. Mr. Scanlon said staff hopes to have the item on the December Board agenda. He said that the fencing contractors work year-round and winter weather would not slow progress of the project.

A motion (Hartnett/Gage) to reject the single bid was approved.

REJECTION OF ALL PROPOSALS FOR THE CALTRAIN WIRELESS NETWORK SERVICES

George Cameron, Chief Administrative Officer, said SCC recommends that the Board reject both proposals submitted in response to the JPB solicitation for Caltrain Wireless Network Services. After careful review and analysis, staff concluded that neither proposal met all the critical objectives that are cited in the report.

A motion (Gage/Hill) to reject all proposals was approved.

QUARTERLY CAPITAL PROGRAM STATUS AND ELECTRIFICATION REPORT – SECOND QUARTER

Mr. McAvoy said the report was submitted to the Board under separate cover.

DISADVANTAGED BUSINESS ENTERPRISE (DBE) STATUS REPORT

Bill Carson, Manager of Employee Relations and Civil Rights, presented the following details of the 2007 annual DBE update:

- Purpose of the DBE program.
- DBE certification requirements.
- DBE achievement goal was exceeded for FY 2007.
- Certification activities; firms certified and recertified, annual reviews for eligibility, on site reviews and firms denied or removed.
- Twelve percent increase in percentage of DBEs as registrants in the vendor/contractor notification program.
- Outreach efforts include trade shows, conferences, workshops and a SamTrans/Caltrain calling card distributed to view contracts, receive email invitations and download bid documents.
- Packaging strategy in collaboration with the Development Division that includes a DBE availability advisory in the front of DEB documents explaining bonding issues, separation of bid items, bid items in \$500k increments and insurance.
- Public meetings with contractors, American Public Transportation Association (APTA), chambers of commerce, vendor fairs, business fairs.
- Vision 2007-2008-Adapt to legal environment: Caltrain Board of Directors approved a DBE availability and utilization study.
- Vision 2007-2008-Strategies: outreach, host Caltrain vendor fair, formulate advisory committee with trade associations and community based organizations, review small business enterprise program strategies and continue to address adverse factors.

Chair Cisneros thanked Mr. Carson for the excellent presentation.

CORRESPONDENCE

Available in the reading file.

BOARD MEMBER REQUESTS

None.

REPORT OF LEGAL COUNSEL

Legal Counsel David Miller said he reported last month on plans to compile a proposal to Union Pacific to deal with the hazardous material issues at the CEMOF site. He said Caltrain has done that with the great assistance of staff, including Joe Siino of the Development Division. Caltrain is scheduled to meet with Union Pacific tomorrow. That meeting may be postponed until next week to give Union Pacific a chance to look at Caltrain's offer. Legal counsel will be reporting back with details.

DATE/TIME OF NEXT MEETING

Thursday, October 4, 2007, 10 a.m. at San Mateo County Transit District Administrative Building, 1250 San Carlos Avenue, San Carlos CA 94070.

ADJOURNED

The meeting adjourned at 11:29 a.m.

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director

FROM: Virginia Harrington
Chief Financial Officer

SUBJECT: **STATEMENT OF REVENUE AND EXPENSE FOR THE PERIOD
ENDING JUNE 30, 2007 AND SUPPLEMENTAL INFORMATION:
YEAR END RESULTS - UNAUDITED**

ACTION

Staff proposes that the Board of Directors accept and enter into the record the Statement of Revenue and Expense for the month of June 2007 and supplemental information.

SIGNIFICANCE

Year End Revenues – Unaudited: Actual *Total Operating Revenue* (line 7) **exceeded** the Annual Revised Budget by \$1,729,049 or 4.3 percent, with *Farebox Revenue* (line 1) at 1,777,625 or 5.4 percent **better** than budget. Compared to prior year, *Total Operating Revenue* (line 7) is **better** by \$4,669,803 or 12.7 percent, driven by an increase in *Farebox Revenue* (line 1) of \$4,479,012 or 14.8 percent. Revenue increases are the result of increased growth in ridership due to new Caltrain service.

Year End Expenses - Unaudited: Actual *Total Operating Expense* (line 34) is \$5,077,370 or 6.8 percent **better** than the Annual Revised Budget. *Grand Total Expense* (line 49) shows an overall favorable variance of \$7,205,465 or 8.5 percent **better** than budget. *Contract Operating and Maintenance* (line 26) provides the majority of the savings at \$4,018,419 or 7.5 percent **better** than budget. Compared to prior year, *Grand Total Expense* (line 49) is \$4,755,785 or 6.5 percent **worse** overall as *Total Operating Expense* (line 34) **increased** \$3,589,544 or 5.5 percent and *Total Administrative Expense* (line 43) **increased** \$1,151,491 or 16.5 percent.

Final Year End Results: Staff will update this report and distribute it in conjunction with the Fiscal Year 2007 Comprehensive Annual Financial Report (CAFR), which will include the results of the annual external audit.

Prepared by: Ladi Millard, Manager, Budgets
Marilyn Tirona, Senior Accountant

650-508-7755
650-508-6334

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENT OF REVENUE AND EXPENSE

FISCAL YEAR 2007

JUNE 2007

		% OF YEAR ELAPSED							100.0%	
		MONTH	YEAR TO DATE			ANNUAL				
		CURRENT	PRIOR	CURRENT	REVISED	% REV	APPROVED	REVISED	% REV	
		ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
		(AS PROJECTED)								
REVENUE										
OPERATIONS:										
1	Farebox Revenue*	3,346,140	30,365,616	34,844,628	33,067,003	105.4%	33,067,003	33,067,003	105.4%	1
2	Parking Revenue	158,031	1,613,189	1,879,036	1,783,000	105.4%	1,783,000	1,783,000	105.4%	2
3	Shuttles	58,679	1,019,497	1,002,014	1,147,768	87.3%	1,147,768	1,147,768	87.3%	3
4	Rental Income	119,512	1,309,631	1,484,472	1,263,600	117.5%	1,263,600	1,263,600	117.5%	4
5	Other Income	17,586	2,509,563	2,277,149	2,496,880	91.2%	2,496,880	2,496,880	91.2%	5
6										6
7	TOTAL OPERATING REVENUE	3,699,948	36,817,497	41,487,300	39,758,251	104.3%	39,758,251	39,758,251	104.3%	7
8										8
CONTRIBUTIONS:										
10	AB-434-Peninsula Feeder Shuttle	86,196	1,037,677	1,030,399	1,024,576	100.6%	1,024,576	1,024,576	100.6%	10
11	FTA Section 8 Planning Grant	33,821	0	34,096	41,200	82.8%	41,200	41,200	82.8%	11
12	FTA Bicycle Plan Grant	33,316	0	33,316	221,325	15.1%	221,325	221,325	15.1%	12
13	STA Operating Grant	273,850	0	3,286,204	3,286,204	100.0%	3,286,204	3,286,204	100.0%	13
14	Preventive Maintenance	0	3,100,000	0	0	0.0%	0	0	0.0%	14
15	JPB Member Agencies	3,096,159	36,071,759	37,153,912	37,153,912	100.0%	37,153,912	37,153,912	100.0%	15
16	Other Sources	0	0	3,625,251	3,625,251	100.0%	3,625,251	3,625,251	100.0%	16
17										17
18	TOTAL REQUIRED REVENUE	3,523,343	40,209,436	45,163,178	45,352,468	99.6%	45,352,468	45,352,468	99.6%	18
19										19
20	GRAND TOTAL REVENUE	7,223,291	77,026,933	86,650,478	85,110,719	101.8%	85,110,719	85,110,719	101.8%	20
21										21
22										22
EXPENSE										
OPERATING EXPENSE:										
26	Contract Operating & Maintenance	5,080,908	46,129,759	49,303,891	53,322,310	92.5%	54,814,110	53,322,310	92.5%	26
27	Shuttles (Including Peninsula Pass)	124,790	2,706,213	2,637,674	2,929,231	90.0%	2,929,231	2,929,231	90.0%	27
28	Fuel	1,093,777	10,452,971	10,876,247	11,647,799	93.4%	11,647,799	11,647,799	93.4%	28
29	Timetables & Tickets	29,388	245,972	162,855	275,000	59.2%	275,000	275,000	59.2%	29
30	Insurance	1,221,423	2,938,256	4,171,668	3,810,078	109.5%	3,810,078	3,810,078	109.5%	30
31	Facilities and Equipment Maintenance	382,261	2,630,236	1,332,406	1,565,950	85.1%	1,546,600	1,565,950	85.1%	31
32	Utilities	130,967	717,308	925,517	937,260	98.7%	937,260	937,260	98.7%	32
33										33
34	TOTAL OPERATING EXPENSE	8,063,513	65,820,714	69,410,258	74,487,628	93.2%	75,960,078	74,487,628	93.2%	34
35										35
ADMINISTRATIVE EXPENSE:										
37	Wages & Benefits	457,161	3,965,784	4,718,748	5,021,605	94.0%	5,009,905	5,021,605	94.0%	37
38	Board Of Directors	1,182	12,310	12,897	19,300	66.8%	19,300	19,300	66.8%	38
39	Professional Services	351,123	925,426	1,179,605	1,515,568	77.8%	1,572,568	1,515,568	77.8%	39
40	Communications/Marketing	102,183	280,467	208,068	298,400	69.7%	298,400	298,400	69.7%	40
41	Other Office Expense and Services	383,432	1,781,570	1,997,730	1,902,028	105.0%	1,884,278	1,902,028	105.0%	41
42										42
43	TOTAL ADMINISTRATIVE EXPENSE	1,295,082	6,965,556	8,117,047	8,756,901	92.7%	8,784,451	8,756,901	92.7%	43
44										44
45	Head End Power (HEP) Debt Service	30,638	363,199	366,182	366,190	100.0%	366,190	366,190	100.0%	45
46										46
47	CEMOF Transition Costs - Startup Expenses**	11,767	-	11,767	1,500,000	0.8%	-	1,500,000	0.8%	47
48										48
49	GRAND TOTAL EXPENSE	9,401,000	73,149,469	77,905,254	85,110,719	91.5%	85,110,719	85,110,719	91.5%	49

"% OF YEAR ELAPSED" provides a general measure for evaluating overall progress against the annual budget. When comparing it to the amounts shown in the "% REV BUDGET" column, please note that the individual line items reflect variations due to seasonal activities during the year.

*Fare revenue of \$138,987 was billed to MTC on May 16 for free rides on April 30 due to the Maze meltdown on the I-580 freeway closure. This revenue is reflected in the May Farebox revenue.

**CEMOP Startup Expenses moved from Contract Operating & Maintenance (Line 26) approved by Board Resolution #2007-24 on May 3, 2007. These funds will function as an operating project budget line item, with any unused appropriation authority carrying into FY2008.

NOTE: The statement shows a surplus of \$8.7 million which includes \$4.6 million that was programmed and approved by the Board to make up for the budget shortfall in FY08 and \$1.5 million of remaining CEMOF operating project budget that will be carried forward to FY08. In addition, management proposed a year end transfer of \$1.5 million in farebox revenue from operating to the bond fund to cover the principal payments to date. This leaves a final surplus of \$1.2 million to fund reserves.



PENINSULA CORRIDOR JOINT POWERS BOARD

INVESTMENT PORTFOLIO

AS OF JUNE 30, 2007

TYPE OF SECURITY	MATURITY DATE	INTEREST RATE	PURCHASE PRICE	MARKET RATE
County Pool # 3 (Capital projects, other)	Liquid Cash	4.59%	18,667,927	18,510,912
County Pool # 3 (Restricted)	Liquid Cash	4.59%	2,000,000	1,983,178
			20,667,927	20,494,090

Accrued Earnings for June 2007	\$88,195.63 (1)
Cumulative Earnings FY2007	\$1,226,894.18

(1) Earnings do not include prior period adjustments

* County Pool average yield for the month ending June 30, 2007 was 4.59%. As of June 30, 2007, the amortized cost of the Total Pool was \$2,797,895,734.24 and the fair market value per San Mateo County Treasurer's Office was \$2,774,362,831.37.

** The Portfolio and this Investment Report comply with the Investment Policy and the provisions of SB 564. The Joint Powers Board has the ability to meet its expenditure requirements for the next six months.

PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT

TO: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director

FROM: Virginia Harrington
Chief Financial Officer

SUBJECT: **STATEMENT OF REVENUE AND EXPENSE FOR THE PERIOD
ENDING AUGUST 31, 2007 AND SUPPLEMENTAL INFORMATION**

ACTION

Staff proposes that the Board of Directors accept and enter into the record the Statement of Revenue and Expense for the month of August 2007 and supplemental information.

SIGNIFICANCE

Revenue: In the second month of fiscal year 2008, *Total Operating Revenue* (line 7) is **better** than budget by \$894,764 or 11.9 percent. This is mainly due to higher than anticipated *Farebox Revenue* (line 1), *Parking Revenue* (line 2), *Rental Income* (line 4) and *Other Income* (line 5) which together were \$904,851 or 12.4 percent **better** than budget. This was offset by *Shuttle* (line 3), which is **worse** than budget by \$10,088 or 5.6 percent. Compared to the prior year, *Total Operating Revenue* (line 7) is \$1,197,653 or 16.7 percent **better**.

Expense: *Grand Total Expense* (line 47) shows a favorable variance at \$861,362 or 5.9 percent **better** than budget. *Fuel* (line 26) costs are \$128,555 or 6.8 percent **worse** than budget due to additional mileage incurred from special events like the All Star Game and Barry Bonds Home Run Record chase games. The fuel costs were budgeted at \$2.40 per gallon and the average price for August was \$2.38 per gallon. *Contract Operating & Maintenance* (line 24) and *Facilities and Equipment Maintenance* (line 29) are **better** than budget and responsible for the overall result. *Grand Total Expense* (line 47) is \$841,384 or 6.6 percent **worse** than the prior year. The increased expenses year-over-year are mainly due to *Contract Operating & Maintenance* (line 24), which has gone up because of contractual increases in the rail operations contract.

Budget Revisions: There are no changes to budget totals this month.

Prepared by: Ladi Millard, Manager, Budgets
Marilyn Tirona, Senior Accountant

650-508-7755
650-508-6334

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENT OF REVENUE AND EXPENSE

FISCAL YEAR 2008

AUGUST 2007

% OF YEAR ELAPSED **16.7%**

	MONTH		YEAR TO DATE			ANNUAL			
	CURRENT ACTUAL	PRIOR ACTUAL	CURRENT ACTUAL	REVISED BUDGET	% REV BUDGET	APPROVED BUDGET	REVISED BUDGET	% REV BUDGET	
(AS PROJECTED)									
REVENUE									
OPERATIONS:									
1	Farebox Revenue	3,678,083	6,202,560	7,221,483	6,414,184	112.6%	36,686,340	36,686,340	19.7%
2	Parking Revenue	150,088	204,594	343,442	306,820	111.9%	1,841,000	1,841,000	18.7%
3	Shuttles	89,772	163,953	170,820	180,908	94.4%	1,085,509	1,085,509	15.7%
4	Rental Income	122,231	241,693	248,876	234,670	106.1%	1,401,210	1,401,210	17.8%
5	Other Income	191,236	376,343	402,174	355,450	113.1%	2,129,670	2,129,670	18.9%
6									
7	TOTAL OPERATING REVENUE	4,231,410	7,189,143	8,386,796	7,492,032	111.9%	43,143,729	43,143,729	19.4%
8									
9	CONTRIBUTIONS:								
10	AB-434-Peninsula Feeder Shuttle	86,196	176,566	172,393	172,393	100.0%	1,034,355	1,034,355	16.7%
11	FTA Operating/Planning Grant	0	0	0	29,500	0.0%	193,000	193,000	0.0%
12	STA Operating Grant	0	0	0	12,960	0.0%	78,000	78,000	0.0%
13	JPB Member Agencies	3,189,044	5,449,936	10,188,090	9,528,090	106.9%	38,268,530	38,268,530	26.6%
14	Other Sources *	16,316	0	156,549	156,549	100.0%	5,359,964	5,359,964	2.9%
15									
16	TOTAL REQUIRED REVENUE	3,291,556	5,626,502	10,517,032	9,899,492	106.2%	44,933,849	44,933,849	23.4%
17									
18	GRAND TOTAL REVENUE	7,522,966	12,815,645	18,903,827	17,391,524	108.7%	88,077,578	88,077,578	21.5%
19									
20	EXPENSE								
21	OPERATING EXPENSE:								
22									
23	Contract Operating & Maintenance	4,300,135	8,221,405	8,683,579	8,997,907	96.5%	55,847,740	54,359,507	16.0%
24	Shuttles (Including Peninsula Pass)	239,444	461,217	464,692	472,423	98.4%	2,834,540	2,834,540	16.4%
25	Fuel	1,079,620	2,041,184	2,030,540	1,901,985	106.8%	11,411,992	11,411,992	17.8%
26	Timetables & Tickets	4,355	5,987	4,355	32,833	13.3%	223,000	223,000	2.0%
27	Insurance	388,848	567,708	634,996	634,996	100.0%	3,810,000	3,810,000	16.7%
28	Facilities and Equipment Maintenance	72,501	145,815	143,475	394,349	36.4%	2,393,440	2,393,440	6.0%
29	Utilities	112,187	174,156	188,658	285,284	66.1%	1,712,700	1,712,700	11.0%
30	Services	100,605	0	164,820	192,513	85.6%	1,162,660	1,162,660	14.2%
31									
32	TOTAL OPERATING EXPENSE	6,297,694	11,617,471	12,315,115	12,912,290	95.4%	79,396,072	77,907,839	15.8%
33									
34	ADMINISTRATIVE EXPENSE:								
35	Wages & Benefits	423,450	635,328	793,356	907,523	87.4%	5,466,425	5,442,942	14.6%
36	Board Of Directors	948	2,219	1,121	2,717	41.3%	16,300	16,300	6.9%
37	Professional Services	70,915	181,566	136,051	253,418	53.7%	1,519,350	1,523,208	8.9%
38	Communications/Marketing	1,860	25,823	8,680	43,500	20.0%	331,500	333,000	2.6%
39	Other Office Expense and Services	84,231	292,700	184,882	181,284	102.0%	981,272	999,397	18.5%
40									
41	TOTAL ADMINISTRATIVE EXPENSE	581,405	1,137,635	1,124,090	1,388,442	81.0%	8,314,847	8,314,847	13.5%
42									
43	Head End Power (HEP) Debt Service	30,638	60,539	61,276	61,110	100.3%	366,659	366,659	16.7%
44									
45	CEMOF - Startup Expenses	16,316	-	156,549	156,549	100.0%	-	1,488,233	10.5%
46									
47	GRAND TOTAL EXPENSE	6,926,053	12,815,645	13,657,029	14,518,391	94.1%	88,077,578	88,077,578	15.5%

"% OF YEAR ELAPSED" provides a general measure for evaluating overall progress against the annual budget. When comparing it to the amounts shown in the "% REV BUDGET" column, please note that individual line items reflect variations due to seasonal activities during the year.

* Included are the CEMOF - Startup Expenses



PENINSULA CORRIDOR JOINT POWERS BOARD

INVESTMENT PORTFOLIO

AS OF AUGUST 31, 2007

TYPE OF SECURITY	MATURITY DATE	INTEREST RATE	PURCHASE PRICE	MARKET RATE
County Pool # 3 (Capital projects, other)	Liquid Cash	4.62%	18,610,443	18,470,387
County Pool # 3 (Restricted)	Liquid Cash	4.62%	2,000,000	1,984,949
			20,610,443	20,455,336

Accrued Earnings for August 2007	\$92,089.73 (1)
Cumulative Earnings FY2008	\$183,274.89

(1) Earnings do not include prior period adjustments

* County Pool average yield for the month ending August 31, 2007 was 4.62%. As of August 31, 2007, the amortized cost of the Total Pool was \$2,534,816,855.05 and the fair market value per San Mateo County Treasurer's Office was \$2,515,740,645.18.

** The Portfolio and this Investment Report comply with the Investment Policy and the provisions of SB 564. The Joint Powers Board has the ability to meet its expenditure requirements for the next six months.

**PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT**

TO: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director

FROM: Ian B. McAvoy
Chief Development Officer

**SUBJECT: AUTHORIZATION TO ENTER INTO A FIVE-YEAR LEASE OF JOINT
POWERS BOARD RAILROAD PROPERTY LOCATED NEAR PAGE
MILL ROAD IN PALO ALTO**

ACTION

Staff Coordinating Council (SCC) recommends the Board authorize the Executive Director to enter into a five-year agreement to lease 8,906 square feet of railroad property near Page Mill Road in Palo Alto to Sprint Communications Company, L.P. (Sprint).

SIGNIFICANCE

The lease replaces a previous lease with Sprint, and includes a rental increase to current market rates and will be in the agency's current standard lease form, which includes updated insurance and indemnification requirements.

BUDGET IMPACT

The rental rate for the first year will be \$7,296 per month, which represents the current market rent as determined by a fiber optics consultant, and will increase yearly by the Consumer Price Index (CPI). Total rent over the initial five-year term of the lease will be approximately \$464,812 (assuming consumer price index (CPI) increases in lease years two through five).

BACKGROUND

The proposed lease area is comprised of 8,906 square feet of railroad property, on which Sprint has constructed certain improvements associated with a Point of Presence communications site consisting of a 1,296 square feet communications building, a 275 KW standby generator, a 2,000 gallon diesel storage tank, and 255 lineal feet of an underground utility.

In 1999, JPB and Sprint entered in a month-to-month agreement for the rental of the property. The agreement called for Sprint to pay the JPB \$1,710 per month, increasing yearly by the CPI. In February 2007, JPB increased the monthly rental rate from \$2,106 a month to \$6,080 a month.

Sprint representatives request that any new lease provide more than a month-to-month term. Both parties subsequently agreed to a five-year lease with the agency having the right to terminate for any transit-related activities upon 180-day written notice to Sprint and the lessee's waiver of relocation benefits. The new monthly rental rate of \$7,296 will be retroactively effective as of October 1, 2007. JPB staff and Sprint representatives agree that the negotiated terms of the new lease are fair and equitable for both parties.

Prepared by:	Gary A. Cardona, Senior Real Estate Agent	650.508.6353
	Brian W. Fitzpatrick, Real Estate Department Manager	650.508.7781

RESOLUTION NO. 2007 -

**BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA**

* * *

**AUTHORIZING FIVE-YEAR COMMERCIAL LEASE
OF RAILROAD PROPERTY NEAR PAGE MILL ROAD IN PALO ALTO TO
SPRINT COMMUNICATIONS COMPANY, L.P.**

WHEREAS, Sprint Communications Company, L.P. (“Sprint”) has expressed a desire to lease 8,906 square feet of the Peninsula Corridor Joint Powers Board (“JPB”) railroad property near Page Mill Road in Palo Alto, California (“Property”) for operation of Point of Presence communications site (“POP”); and

WHEREAS, Sprint has expressed a desire to enter into a written five-year lease agreement with the JPB, under which Sprint will pay the JPB rent of \$7,296 per month with annual CPI rental increases; and

WHEREAS, JPB legal counsel has reviewed and approved as to form the proposed lease agreement; and

WHEREAS, staff recommends that the Board of Directors authorize the Executive Director to execute a five-year lease with Sprint for the Property.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby authorizes the Executive Director to execute a five-year lease agreement with Sprint for the railroad property located near Page Mill Road in Palo Alto for a Point of Presence communication site commencing on October 1, 2007 pursuant to the terms and conditions set forth above; and

BE IT FURTHER RESOLVED THAT the Executive Director is authorized to take such further actions as may be needed to give effect to this resolution.

Regularly passed and adopted this 4th day of October 2007 by the following vote:

AYES:

NOES:

ABSENT:

Chair, Peninsula Corridor Joint Powers Board

ATTEST:

JPB Secretary

**PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT**

TO: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director

FROM: C.H. (Chuck) Harvey
Chief Operating Officer

**SUBJECT: KEY CALTRAIN PERFORMANCE STATISTICS - AUGUST 2007
(TABLE A, GRAPH A)**

Table A shows performance indicators for August 2007 and Graph A shows average weekday ridership for the past 13 months as compared to the rolling average.

For August 2007, Caltrain average weekday ridership increased by 6.7 percent when compared to August 2006. Average weekday ridership based on ticket sales was 39,383 for August 2007, an increase of 2,470 over August 2006. The total number of passengers for the month of August was 1,076,125. This is a 6.8 percent increase compared to last year's August total of 1,007,897. There were two Spare-the-Air days in August, for which the ridership and revenue figures have been included.

For August 2007, on-time performance was 93.7 percent. This represents a decrease of 4.0 percent from the previous year and a difference of 1.3 percent compared with our goal of 95 percent on-time performance. For the last 5 months on-time performance has been below our 95 percent goal. This is attributed to a variety of causes including mechanical issues, accidents, and police actions, as well as a 50 percent increase in dwell time delays due to increased ridership.

Weekday shuttles provided 5,387 average daily trips in August, a 9.6 percent increase from August 2006. The Broadway-Millbrae Caltrain Shuttle had an average weekday ridership of 86. The Tamien weekend shuttle service carried 90 passengers per average service day.

Caltrain August 2007 Promotions

Play Ball! – Ridership to AT&T Park to see the Giants is up 19 percent compared to last year's record ridership. This year's television portion of the campaign features the testimonials of dozens of baseball/Caltrain fans encouraging others to "take Caltrain to the ballgame!" The message to ride Caltrain also is being delivered inside AT&T Park – with scoreboard commercials and an ad on the Giants scorecard. The timing for the Caltrain scoreboard commercial could not have been better as it was shown on the day Barry Bonds broke Hank Aaron's record of 755 career homeruns.

Caltrain Safety Public Service Announcements – In an effort to eliminate trespasser fatalities and inform the public about rail safety, Caltrain launched its safety campaign with a commercial on various Comcast television networks. The PSA's numbered more than 470 and targeted primarily youths; however, the importance of the message was relevant to all viewers. The stations used for the PSA were as diverse as the Bay Area itself with spots on the Food Network, Spike TV and the Fox Sports Network.

Rock the Bells – Hip-Hop royalty from throughout the nation converged on San Francisco's AT&T Park's parking lot for the Rock the Bells concert Saturday, August 18 bringing with them more than 40,000 fans. Caltrain carried more than 11,000 riders to the day-long event which had even less parking than usual AT&T events due to its location in the parking lot. The concert was promoted with links between the Caltrain and AT&T Park Websites and ads in the *SF Weekly* and *San Jose Metro* newspapers. There also was a listing of the event in the Caltrain *Weekend Edition* brochure.

Prepared by: Éva Goode, Senior Accountant

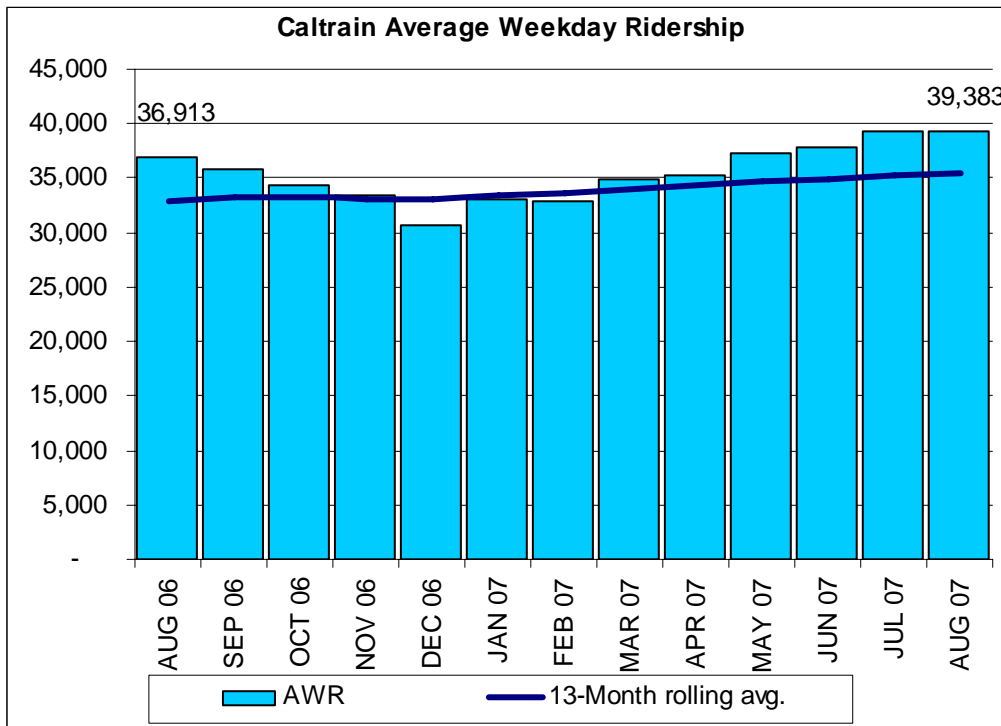
650.508.6431

Table A

August 2007				
	FY 07	FY 08	%Change	
Total Ridership	1,007,897	1,076,125	6.8%	
Average Weekday Ridership	36,913	39,383	6.7%	
Total Revenue	\$ 3,156,140	\$ 3,678,083	16.5%	
On Time Performance	97.6%	93.7%	-4.0%	
Caltrain Shuttle Ridership	4,915	5,387	9.6%	

Year to Date				
	FY 07	FY 08	%Change	
Total Ridership	1,933,391	2,110,814	9.2%	
Average Weekday Ridership	36,415	39,342	8.0%	
Total Revenue	\$6,200,454	\$7,221,083	16.5%	
On Time Performance	95.3%	93.6%	-1.7%	
Caltrain Shuttle Ridership	4,793	5,205	8.6%	

GRAPH A



**PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT**

TO: Joint Powers Board

THROUGH: Michael J. Scanlon
Executive Director

FROM: Virginia Harrington
Chief Financial Officer

SUBJECT: **APPROVAL OF 2007 SERIES A FAREBOX REVENUE BONDS DEBT
FINANCING STRUCTURE AND FINANCING DOCUMENTS FOR AN
AMOUNT NOT TO EXCEED \$27 MILLION**

ACTION

Staff Coordinating Council (SCC) proposes that the Board:

1. Approve the 2007 Series A Farebox Revenue Bonds (“2007 Bonds”) debt financing structure recommended by staff in an amount not to exceed \$27 million; and
2. Approve the substantially final forms of financing documents provided with this staff report, including the Trust Agreement, the First Supplemental Trust Agreement, the Escrow Agreement, the Bond Purchase Agreement, the Official Statement, and the Continuing Disclosure Agreement; and
3. Authorize the Chair, the Vice Chair, Executive Director or the Chief Financial Officer to execute these financing documents at the appropriate time.

SIGNIFICANCE

The 2007 Bonds will provide financing for Caltrain to acquire eight passenger rail vehicles that will allow Caltrain to increase passenger capacity during peak-service hours and allow for increasing ridership as well as allow Caltrain to refund its 1999 Series A Farebox Revenue Bonds (“1999 Bonds”) and issue the new debt in one transaction to minimize the burden of debt administration and to issue the debt pursuant to a new trust agreement which reflects current market standards. On the date of the bond sale, Citigroup Global Markets Inc., the underwriter, will purchase the 2007 Bonds and resell them to investors.

BUDGET IMPACT

Execution of the 2007 Bonds is expected to result in an increase of annual debt service of approximately \$0.1 million in FY2008, \$0.7 million from FY2009 through FY2014 and an average of \$1.7 million from FY2015 through FY2038. These estimates are subject to change based on changes in interest rates between now and when the 2007 Bonds are priced in late-October 2007. The debt service will be funded by the JPB's operating budget. Therefore the 2007 Bond issuance is not anticipated to have an impact on the member agencies.

BACKGROUND

Public Hearings

Pursuant to California Government Code Section 6586.5, each Member Agency is required to hold a public hearing to approve the financing and to make a finding of significant public benefit in accordance with the criteria specified in Section 6586 before the Joint Powers Board can approve the proposed financing. The City and County of San Francisco Board of Supervisors held a public hearing and approved the financing on August 14, 2007. Santa Clara Valley Transportation Authority held a public hearing on August 16, 2007 and approved the financing on August 30, 2007. The San Mateo County Transit District held a public hearing and approved the financing on September 12, 2007.

1999 Bonds

The JPB currently has \$2.1 million in outstanding farebox revenue bonds resulting from a bond sale that occurred in 1999 primarily to fund the purchase of head-end power units. The interest rates on the long-term maturities associated with the 1999 Bonds are in the mid-4 to mid-5 percent range. The JPB's FY2008 projected debt service expense (principal and interest) is approximately \$0.5 million, of which \$0.3 million is attributable to the JPB's 1999 Bonds. The JPB's outstanding 1999 Bonds mature in FY2014.

Objectives in Structuring 2007 Bonds

In designing the structure of the 2007 Bond Financing, staff and the JPB's financing team had the following objectives:

- Design a financing structure that can be executed quickly;
- Maximize cash flow savings in the near-term and medium-term while utilizing a traditional fixed rate financing structure;
- Call the 1999 Bonds to streamline the bond administration process and provide for execution of a trust agreement which reflects current market provisions;
- Secure a strong underlying bond rating (in the "A" category) which reflects the JPB's current financial performance; and
- Qualify the bond issue for bond insurance and a debt service reserve fund surety.

Recommended 2007 Bond Financing Structure

Staff, the JPB's financial advisors and the JPB's underwriter reviewed several options for how the 2007 Bonds could be structured utilizing a traditional fixed-rate approach. The 2007 Bond structure recommended by staff has the following major elements:

- It involves the issuance of approximately \$2.1 million to refund the 1999 Bonds. Following the 2007 Bond issuance, the JPB will only have one series of bonds outstanding.
- The final maturity of the 2007 Bond is expected to be October 1, 2037.
- It increases debt service from approximately \$0.4 million per year to approximately \$1.1 million per year from FY2009 through FY2018 and between \$1.3 to \$1.9 million during the period from FY2019 through FY2038.

Please note that these estimates may change due to market changes between now and the time the 2007 Bonds are priced, which is expected to occur later this month.

Staff, the JPB's financial advisors, and the JPB's underwriter believe that the recommended 2007 Bond financing structure would meet the objectives for the financing outlined above.

Mechanics of the Financing

Currently, the JPB pays the debt service expenses associated with the 1999 Bonds from its annual operating budget.

- In order to refund the 1999 Bonds, we need to issue the 2007 Bonds and use a portion of the proceeds to pay the outstanding principal and accrued interest to call date.
- Upon the issuance of the 2007 Bonds, the 1999 Bonds will be considered defeased and will no longer be treated as outstanding debt of the JPB. The JPB will pay debt service only on the new 2007 Bonds.

Overview of Financing Documents

SCC is requesting Board approval of the substantially final form of several financing documents that are required to execute the 2007 Bonds. Each of these financing documents either has been prepared by the JPB's bond counsel, Orrick, Herrington & Sutcliffe, LLP, or has been reviewed by Orrick. All financing documents also have been reviewed by the JPB's General Counsel and the JPB's financing team. Each of these financing documents is described briefly below.

Trust Agreement

The Trust Agreement dated October 1, 2007 between the JPB and U.S. Bank National Association ("U.S. Bank") as Trustee, sets forth the basic terms and conditions for the issuance of farebox revenue bonds, authorizes the issuance of one or more series of farebox revenue bonds, creates the farebox revenue pledge and security features, establishes the flow of funds,

identifies provisions for the issuance of parity debt, establishes the duties of the bond trustee and contains related provisions.

The First Supplemental Trust Agreement

The First Supplemental Trust Agreement between the JPB and U.S. Bank National Association (“U.S. Bank”) as Trustee sets forth the terms of the 2007 Bonds and authorizes their issuance.

Preliminary Official Statement

The Preliminary Official Statement is the document that is distributed to potential investors to solicit their interest in purchasing the JPB’s 2007 Bonds. It provides the information concerning the bond issue and background information concerning the JPB. As required by the U.S. Securities and Exchange Commission, the document must be true and correct in all material respects, and may not contain any untrue statement of material fact or omit any material fact. Subsequent to pricing of the 2007 Bonds, the Preliminary Official Statement will be reissued to include the pricing terms and will be distributed to all purchasers of the 2007 Bonds.

Escrow Agreement

The Escrow Agreement between the JPB and U.S. Bank as Escrow Agent (which also is the JPB’s bond trustee) creates the escrow fund into which a portion of the 2007 Bond proceeds will be deposited to defease the 1999 Bonds.

Bond Purchase Agreement

This is an Agreement between the JPB and the Underwriter of the 2007 Bonds, under which the Underwriter will purchase the 2007 Bonds from the JPB and resell those bonds to investors. Under this Agreement, the Underwriter would receive compensation based on a formula of approximately \$3.00 per \$1,000 of bonds issued, plus actual expenses for underwriter’s legal counsel and other costs directly related to the transaction. This level of compensation is favorable as compared with other comparably-sized bond transactions that have recently been completed. For a \$27 million bond issue, based on this formula, the underwriter’s discount would be approximately \$81,000, excluding expenses. The compensation and expense reimbursement is contingent upon the closing of the transaction.

Continuing Disclosure Agreement

This is an Agreement between the JPB and U.S. Bank, serving as Dissemination Agent, under which the JPB agrees to provide certain updated financial and operating information on an annual basis and agrees to provide notices of certain specified events to the marketplace for the life of the 2007 Bonds.

Not to Exceed Bond Authorization

The requested not to exceed amount of bond authorization for the 2007 bonds is \$27.0 million. At this time, staff anticipates issuing approximately \$22.3 million in bonds. However, the maximum authorization level has been set higher in order to provide flexibility in structuring the bonds themselves (e.g. utilizing either “premium” or “discount” bonds), and in choosing the most cost-effective manner of funding the debt service reserve fund associated with the bonds (either by purchasing a surety policy from an insurer or depositing bond proceeds into the reserve fund). This flexibility will allow staff and the JPB’s finance team to respond appropriately to any changes in market conditions that may occur between now and the date of the bond sale. See the table below for detail of the not to exceed amount requested.

Uses of Funds	Amount (in 000's)
Bombardier contract for Rail Cars	\$ 19,200
Other Rail Car Project Costs	800
Rail Car Project Contingency	800
1999 Bond Refunding	2,100
Underwriter's Discount	100
Cost of Issuance	300
Bond Insurance	200 *
Contingency for market changes and funding debt service reserve with bond proceeds if more economical	<u>3,500</u>
	<u><u>\$ 27,000</u></u>

* Bond insurance to be purchased only if it makes economic sense.

Costs of Issuance Associated With 2007 Bond Issuance

The JPB will incur an estimated \$338,000 in costs associated with the 2007 Bond issuance, which are known as “costs of issuance.” The majority of these expenses will be paid from the proceeds of the bond issue. These costs include:

- Up to \$124,000 for Orrick, Herrington & Sutcliffe, LLP, to serve as the District’s bond counsel for this transaction. Their appointment was approved by the Board on April 5, 2007. Orrick’s compensation is not contingent upon the closing of the transaction.
- Up to \$73,000 will be paid to the JPB’s financial advisors, Ross Financial and Robert Kuo Consulting, LLC. This amount is contingent upon the closing of the transaction.
- Estimated \$60,000 will be needed for rating agency fees, trustee/escrow agent fees, bond printer, verification agent and other miscellaneous costs.

- Up to \$81,000 will be paid to CitiGroup Global Markets Inc. for acting as underwriter on the transaction. This amount is contingent upon the closing of the transaction.

In addition, the JPB also expects to be incurring costs for a bond insurance policy and may be incurring costs for a debt service reserve fund surety policy. Obtaining bond insurance and, if applicable, the debt service fund surety policy will reduce the JPB's overall borrowing costs.

Remaining Steps in 2007 Bond Issuance

If the Board approves the SCC recommendation, staff and its financing team will proceed as quickly as possible to take the financing to market. The following steps will occur prior to the closing of the 2007 Bond Issuance, which is currently scheduled for October 31, 2007 (subject to change based on market conditions):

- Finalization of the Preliminary Official Statement, and distribution of the document to potential investors;
- Pricing of the 2007 Bonds and signing of the Bond Purchase Agreement;
- Closing of the financing.

Staff expects to report back to the Board on the final results of the 2007 Bond Issuance at the December 2007 Board meeting.

Prepared by: Gigi Harrington, Chief Financial Officer, 650.508.7950

To obtain hard copies of the financing documents, please contact JPB Secretary at 650.508.6242.

RESOLUTION NO. 2007 - _

BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD

STATE OF CALIFORNIA

**AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$27,000,000
AGGREGATE PRINCIPAL AMOUNT OF PENINSULA CORRIDOR JOINT POWERS
BOARD FAREBOX REVENUE BONDS, THE EXECUTION AND DELIVERY OF A
TRUST AGREEMENT AND A FIRST SUPPLEMENTAL TRUST AGREEMENT
THERETO, AN ESCROW AGREEMENT, A BOND PURCHASE AGREEMENT, AN
OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE AGREEMENT AND
THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION WITH THE
ISSUANCE AND SALE OF SUCH FAREBOX REVENUE BONDS**

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and the Joint Exercise of Powers Agreement-Peninsula Corridor Project, made and entered into as of October 3, 1996 (the "JPA Agreement"), among the Santa Clara Valley Transportation Authority, formerly known as the Santa Clara County Transit District, the City and County of San Francisco and the San Mateo County Transit District (each, a "Member Agency," and, hereinafter collectively referred to as the "Member Agencies"), creating the Peninsula Corridor Joint Powers Board (the "JPB"), the JPB is authorized to issue bonds, including revenue bonds, from time to time to finance the costs of public capital improvements, including mass transit facilities and vehicles, whenever there are significant public benefits (as such term is defined in the Act) from doing so;

WHEREAS, the JPB proposes to finance the costs of certain public capital improvements, to be comprised of passenger rail cars (the acquisition of such passenger rail cars being hereinafter referred to as the "Project") to be used in connection with the Caltrain commuter rail service operated by the JPB;

WHEREAS, the public capital improvements which comprise the Project will be utilized to provide Caltrain commuter rail service within the geographic boundaries of each of the Member Agencies and will constitute public capital improvements which will result in significant public benefits, including more efficient delivery of transit services to residential and commercial development within the geographic boundaries of the Member Agencies;

WHEREAS, on October 14, 1999, the JPB issued \$3,820,000 aggregate principal amount of Peninsula Corridor Joint Powers Board Farebox Revenue Bonds, 1999 Series A (the "1999 Series A Bonds"), of which \$2,105,000 aggregate principal amount remain outstanding, in order to finance the costs of certain other public capital improvements to be used in connection with the Caltrain commuter rail service;

WHEREAS, the JPB desires to refund and defease the 1999 Series A Bonds;

WHEREAS, in order to facilitate the acquisition and financing of costs of the Project and the refunding and defeasance of the 1999 Series A Bonds, the JPB proposes to authorize the issuance of certain revenue bonds (the "Bonds"), in an aggregate principal amount not to exceed twenty-seven million dollars (\$27,000,000) pursuant to the provisions of the Act;

WHEREAS, the Bonds will be issued pursuant to a Trust Agreement and a First Supplemental Trust Agreement thereto, dated as of October 1, 2007 (hereinafter collectively referred to as the "Trust Agreement"), each of which is proposed to be entered into between the JPB and U. S. Bank National Association ("U. S. Bank"), as trustee;

WHEREAS, there has been prepared and presented to the JPB a proposed form of Trust Agreement;

WHEREAS, the proceeds of the Bonds will be applied pursuant to the provisions of the Trust Agreement as finally executed and delivered (i) to finance the costs of the Project, (ii) to

refund and defease the 1999 Series A Bonds, (iii) to fund the bond reserve fund (the "2007 Series A Reserve Fund") established pursuant to the provisions of the Trust Agreement, and (iv) to pay certain costs incurred in connection with the issuance of the Bonds;

WHEREAS, in order to provide for the refunding and defeasance of the 1999 Series A Bonds, the JPB proposes to enter in an Escrow Agreement with U. S. Bank, acting as trustee and escrow agent;

WHEREAS, there has been prepared and presented to the JPB a proposed form of Escrow Agreement;

WHEREAS, Citigroup Global Markets Inc. (the "Underwriter") intends to purchase the Bonds pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), which Bond Purchase Agreement is proposed to be entered into between the Underwriter and the JPB;

WHEREAS, there has been prepared and presented to the JPB a proposed form of Bond Purchase Agreement;

WHEREAS, in order to facilitate the offering of the Bonds by the Underwriter, the JPB proposes to approve, execute and deliver an Official Statement (the "Official Statement") describing the Bonds and certain related matters;

WHEREAS, there has been prepared and presented to the JPB a proposed form of Official Statement describing the Bonds and certain related matters;

WHEREAS, in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15(c)2-12(b)(5) ("Rule 15(c)2-12"), the JPB proposes to enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with U. S. Bank, acting as trustee and dissemination agent;

WHEREAS, in order to obtain the lowest cost of borrowing obtainable at a prudent level of risk, it may be desirable to obtain municipal bond insurance for the Bonds of one or more stated maturity dates, and/or to secure an irrevocable letter of credit, surety bond or an insurance policy (hereinafter collectively referred to as a "Reserve Fund Instrument") to fund the amount required to be deposited in the 2007 Series A Reserve Fund upon the issuance of the Bonds;

WHEREAS, in order to accomplish the foregoing, it will be necessary for the JPB to enter into or approve and deliver the following documents, instruments and agreements, forms of which have been prepared and presented to this meeting:

- (1) Trust Agreement;
- (2) Escrow Agreement;
- (3) Bond Purchase Agreement;
- (4) Official Statement; and
- (5) Continuing Disclosure Agreement;

WHEREAS, the JPB desires to authorize and direct the execution and delivery of each of the above-identified documents, instruments and agreements, to authorize the issuance and sale of the Bonds pursuant thereto, to authorize the negotiation of, and, as applicable, the securing of municipal bond insurance to provide credit support for the Bonds, to authorize the negotiation of, and as applicable, the securing of a Reserve Fund Instrument to fund the amount required to be deposited in the 2007 Series A Reserve Fund upon issuance of the Bonds, and to authorize the taking of such other actions as shall be necessary to consummate the financing program described in the above-identified documents, instruments and agreements herein;

WHEREAS, each of the Member Agencies within whose geographic boundaries the Caltrain commuter rail service operates, has scheduled and conducted a public hearing, each of

which public hearing was duly noticed, concerning the financing of the Project described herein for purposes of Section 6586.5 of the Government Code of the State of California (the "Government Code"); and

WHEREAS, subsequent to the applicable public hearing, the governing body of each of the Member Agencies adopted a resolution approving the financing of the Project described herein for purposes of Section 6586.5 of the Government Code.

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE PENINSULA CORRIDOR JOINT POWERS BOARD, AS FOLLOWS:

Section 1. **Findings.** The JPB hereby finds and determines that the foregoing recitals are true and correct.

Section 2. **Approval of the Bonds.** The issuance by the JPB of the Bonds, such Bonds to be issued in an aggregate principal amount not to exceed twenty-seven million dollars (\$27,000,000), is hereby approved. The Bonds shall be designated as "Peninsula Corridor Joint Powers Board Farebox Revenue Bonds" and shall bear such additional designation as shall be specified in the Trust Agreement as finally executed and delivered. The Bonds shall be executed by the manual or facsimile signature of the Executive Director of the JPB (the "Executive Director") and shall be countersigned by the manual or facsimile signature of Chief Financial Officer of the JPB (the "Chief Financial Officer"), who functions as the Treasurer of the JPB.

Section 3. **Approval of Trust Agreement.** The proposed form of Trust Agreement presented to this meeting is hereby approved. The Chair of the governing body of the JPB (the "Chair") or the Vice Chair of the governing body of the JPB (the "Vice Chair") or the Executive Director or the Chief Financial Officer is hereby authorized and directed, for and in the name and on behalf of the JPB, to execute and deliver, and the Secretary of the governing body of the JPB

or the Assistant Secretary of the governing body of the JPB (the "Secretary") is hereby authorized and directed, for and in the name and on behalf of the JPB, to acknowledge and deliver, a Trust Agreement, in substantially said form, with such changes therein as the officer executing the same, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The date, maturity dates (not to exceed thirty (30) years from the date of issuance of such Bonds), interest rate or rates (not to exceed 6.0% per annum), interest payment dates or method of determining the same, denominations, forms, registration and exchange privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Trust Agreement, as finally executed and delivered, the approval by the JPB of said final form of Trust Agreement to be conclusively evidenced by the execution and delivery thereof.

Section 4. **Application of Proceeds.** The proceeds of the Bonds shall be applied to finance the costs of the Project, to refund and defease the 1999 Series A Bonds, to fund the 2007 Series A Reserve Fund, and to pay certain costs incurred in connection with the issuance of the Bonds, all in accordance with the provisions of the Trust Agreement and as shall be described in the final Official Statement.

Section 5. **Approval of Escrow Agreement.** The proposed form of Escrow Agreement presented to this meeting is hereby approved. The Executive Director or the Chief Financial Officer is hereby authorized and directed to execute and deliver an Escrow Agreement, in substantially said form, with such changes therein as the officer executing the same, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. **Approval of Bond Purchase Agreement.** The proposed form of Bond Purchase Agreement presented to this meeting is hereby approved. The sale of the Bonds to the Underwriter at the principal amount thereof, less an underwriter's discount of not to exceed 0.5% of such principal amount, less any original issue discount, plus any original issue premium, in accordance with said form of Bond Purchase Agreement, is hereby approved. The Executive Director or the Chief Financial Officer is hereby authorized and directed, for and in the name and on behalf of the JPB, to execute and deliver a Bond Purchase Agreement in connection with the sale by the JPB and the purchase by the Underwriter of the Bonds, such Bond Purchase Agreement to be in substantially said form, with such changes therein as the officer executing the same, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. **Approval of Official Statement.** The proposed form of Official Statement presented to this meeting is hereby approved. The Executive Director or the Chief Financial Officer is hereby authorized and directed, for and in the name and on behalf of the JPB, to execute and deliver to the Underwriter a final Official Statement, in substantially said form, with such changes therein as the officer executing the same, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized to distribute copies of said Official Statement, as finally executed, to persons who may be interested in the purchase of Bonds and is hereby directed to deliver such copies to all actual purchasers of Bonds.

Section 8. **Approval of Continuing Disclosure Agreement.** The proposed form of Continuing Disclosure Agreement presented to this meeting is hereby approved. The Executive Director or the Chief Financial Officer is hereby authorized and directed to execute and deliver a

Continuing Disclosure Agreement, in substantially said form, with such changes therein as the officer executing the same, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. **Bond Insurance.** The Chief Financial Officer is hereby authorized and directed, for and in the name and on behalf of the JPB, to negotiate with providers of municipal bond insurance, and, if the Chief Financial Officer determines that it is in the best interest of the JPB to commit to purchase municipal bond insurance for Bonds of one or more stated maturity dates, the Chief Financial Officer is authorized to commit to purchase municipal bond insurance on such terms as the Chief Financial Officer, with the advice of Ross Financial and Robert Kuo Consulting, LLC (hereinafter collectively referred to as the "JPB Financial Advisors") and the Underwriter, determines are appropriate.

Section 10. **Reserve Fund Instrument.** The Chief Financial Officer is hereby authorized and directed, for and in the name and on behalf of the JPB, to negotiate with providers of Reserve Fund Instruments, and, if the Chief Financial Officer determines that it is in the best interest of the JPB to secure a Reserve Fund Instrument to fund the amount required to be deposited in the 2007 Series A Reserve Fund upon the issuance of the Bonds, the Chief Financial Officer is authorized to commit to purchase or secure a Reserve Fund Instrument to fund the amount required to be deposited in the 2007 Series A Reserve Fund upon the issuance of the Bonds on such terms as the Chief Financial Officer, with the advice the JPB Financial Advisors and the Underwriter, determines are appropriate.

Section 11. **Escrow Securities.** The Executive Director or the Chief Financial Officer is hereby authorized and directed to take such actions as are necessary in connection with the investment of funds deposited in the escrow fund established pursuant to the Escrow Agreement

(the "Escrow Fund"), and, if applicable, the Escrow Agent is hereby authorized and directed to file such applications and other documents on behalf of the JPB as may be required to order and obtain U.S. Treasury Obligations - State and Local Government Series to be purchased with proceeds of the Bonds and deposited in the Escrow Fund.

Section 12. **Authorized Representative.** All approvals, consents, directions, notices, orders, requests and other actions permitted or required by the Trust Agreement or by any of the other documents authorized by this Resolution, including, without limitation, any of the foregoing which may be necessary or desirable in connection with any investment of the proceeds of the Bonds, any investment or reinvestment of the amounts held on deposit in any of the funds and accounts established under the Trust Agreement, any amendment of such documents or the redemption, refunding or defeasance of any Bonds, may be given or taken by any Authorized Representative (as such term is defined in the Trust Agreement) without further authorization or direction by the governing body of the JPB, and each Authorized Representative is hereby authorized and directed to give any such approval, consent, direction, notice, order or request and to take any such action which such Authorized Representative may deem necessary or desirable to further the purposes of this Resolution.

Section 13. **Ratification of Actions.** All actions heretofore taken by the officers and agents of the JPB with respect to the financing described herein and the issuance and sale of the Bonds are hereby ratified, confirmed, and approved.

Section 14. **Completion of Financing.** Each Authorized Representative and other appropriate officers of the JPB are each hereby authorized and directed, for and in the name and on behalf of the JPB, to do any and all things and to take any and all actions and to execute and deliver any and all agreements, certificates, documents and instruments, including, without

limitation, signature certificates, no-litigation certificates, disclosure certificates, tax certificates, letters of representation relating to book-entry registration, agreements required in connection with securing municipal bond insurance and/or a Reserve Fund Instrument, certificates concerning the representations in the Bond Purchase Agreement, certificates concerning the contents of the Official Statement and contracts for rebate compliance services, and to do any and all things and take any and all actions which may be necessary or advisable to effectuate the actions which the JPB has approved in this Resolution and to carry out, consummate and perform the duties of the JPB set forth in the Trust Agreement, the Escrow Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and all other documents executed in connection with the issuance of the Bonds.

Section 15. **Severability of Invalid Provisions.** If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution which shall continue in full force and effect.

Section 16. **Effective Date.** This Resolution shall take effect immediately upon its passage.

Regularly passed and adopted this 4th day of October, 2007 by the following vote:

AYES:

NOES:

ABSENT:

Chair, Peninsula Corridor Joint Powers Board

ATTEST:

JPB Secretary

**PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT**

TO: Joint Powers Board

THROUGH Michael J. Scanlon
Executive Director

FROM: George Cameron Chuck Harvey
Chief Administrative Officer Chief Operating Officer

SUBJECT: **AWARD OF A CONTRACT TO BOMBARDIER TRANSIT CORPORATION FOR THE PURCHASE AND DELIVERY OF EIGHT BI-LEVEL PASSENGER RAILCARS AND SPARE PARTS**

ACTION

Staff Coordinating Council (SCC) recommends that the Board:

1. Award a contract to Bombardier Transit Corporation (Bombardier), for the purchase and delivery of six bi-level passenger coaches, two bi-level cab cars, and spare parts not to exceed \$19,169,771.
2. Authorize the Executive Director to execute a contract with Bombardier in full conformity with the terms and conditions of the contract documents.

SIGNIFICANCE

Approval of the above action will allow the JPB to purchase eight additional bi-level railcars and spare parts to meet the demands of increased ridership on peak-period Caltrain service and to bolster the existing spare ratio.

BUDGET IMPACT

Funds to support award of this contract will come from the issuance of up to \$22 million worth of farebox revenue bonds that will be repaid over the next 30 years.

BACKGROUND

Caltrain requires additional railcars to meet demands of increasing ridership and imminent equipment overhaul.

In December 2004, the JPB sold 14 Caltrain “Budd” railcars used to augment the JPB’s existing fleet and expansion of service to the Grand Canyon Railway. At that time, the Metropolitan

Transportation Commission (MTC) awarded Caltrain \$8.229 million in grant funds to replace those cars.

Caltrain 2025 has identified specific capital improvement plans and actions needed to implement the JPB's strategic vision for Caltrain, including modeling of ridership growth over the next 20 years and the need for new railcars in the near future. In addition, actual ridership figures from recent months indicated that ridership on many peak-hour trains is growing at a robust rate. It is currently estimated that the railcars during peak-hours will be at capacity in roughly two years. Caltrain 2025 identified an immediate need for eight additional railcars to satisfy growing ridership, as well as to improve the spare ratio of the existing fleet. Finally, in the 2012 to 2016 time frame, 37 of Caltrain's existing fleet of railcars will have to undergo a mid-life overhaul. Spares will be necessary to bridge that gap.

In May 2007, New Mexico Mid Region Council of Governments (MRCOG), operator of Rail Runner commuter rail service, informed the JPB that they were willing to assign to the JPB its options for eight railcars. On June 1, 2007, the JPB and MRCOG signed Assignment, Assumption and Release Agreement, by which MRCOG assigned its option to the JPB to purchase two bi-level cab railcars and six bi-level coach railcars from Bombardier.

Use of Funds: Eight passenger railcars	\$18,169,771
Spare Parts (not to exceed)	<u>1,000,000</u>
Total	\$19,169,771

JPB staff completed a price analysis as required by the JPB procurement policy of the eight railcars and spare parts. As a result of this process, staff has determined that the negotiated costs, and terms and conditions to be fair and reasonable. Therefore staff recommends award of the contract. Vehicles are expected to be delivered twelve months following the award of this contract.

Contract Officer: Brian Geiger	650.508.7973
Project Manager: Michelle Bouchard, Manager, Rail Transportation	650.508.6420

RESOLUTION NO. 2007-

**BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA**

*** * ***

**AUTHORIZING AWARD OF A CONTRACT TO BOMBARDIER TRANSIT
CORPORATION FOR THE PURCHASE AND DELIVERY OF EIGHT BI-LEVEL
PASSENGER RAILCARS AND SPARE PARTS
IN AN AMOUNT NOT TO EXCEED \$19,169,771**

WHEREAS, the Peninsula Corridor Joint Powers Board Caltrain 2025 identified the need for eight additional passenger railcars (railcars) to meet the demand for increase passenger ridership and increase the spare ratio for the existing railcar fleet for the Baby Bullet service; and

WHEREAS, May 2007, New Mexico Mid Region Council of Governments (MRCOG) informed the Peninsula Corridor Joint Powers Board (JPB) that it was willing to assign its options to acquire eight railcars from Bombardier Transit Corporation (Bombardier) to the JPB; and

WHEREAS, June 1, 2007, MRCOG and the JPB signed an Assignment, Assumption, and Release Agreement, by which MRCOG assigned its option to the JPB to purchase six bi-level coach railcars and two bi-level cab railcars from Bombardier; and

WHEREAS, funds for the purchase of the eight passenger railcars will come from the issuance of up to \$22 million of farebox revenue bonds that will be repaid by the operating budget over the next 30 years; and

WHEREAS, staff has further conducted a price analysis and finds the negotiated prices to be fair and reasonable; and

WHEREAS, the Executive Director recommends that a contract be awarded to the Bombardier, for the purchase of railcars.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the JPB awards a contract to Bombardier, of Thunder Bay, Ontario, Canada, for the purchase and delivery of eight passenger railcars and spare parts at a total cost of \$19,169,771, including Letter of Credit and applicable charges for delivery; and

BE IT FURTHER RESOLVED that the Board authorizes the Executive Director to execute a contract on behalf of the JPB with Bombardier in full conformity with the terms and conditions of the contract documents; and

Regularly passed and adopted this 4th day of October, 2007, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

Chair, Board of Directors

JPB Secretary