

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

**Minutes  
October 4, 2007**

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

**MEMBERS ABSENT:** N. Ford

**MTC LIAISON PRESENT:** S. Lempert

**STAFF PRESENT:** M. Bouchard, G. Cameron, V. Harrington, C. Harvey, R. Haskin,  
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**

Andy Thornley, Program Director San Francisco Bicycle Coalition, congratulated Caltrain for the excellent multimodal service on the Peninsula. He said there could be better consistency in the number of trains that take bikes and better communication along the line when trains are full.

Jeff Carter, Burlingame, distributed the *California Rail News* and *AC Newsletter* to the Board. He complimented Caltrain on the Centralized Equipment Maintenance and Operations Facility (CEMOF) grand opening celebration on September 29. He said the CEMOF facility could generate revenue from maintenance of ACE or Amtrak trains. Mr. Carter asked that longer trains be provided on weekends.

Doug DeLong, Mountain View, requested more trains for weekend service. He said it was nice to meet Caltrain employees at the CEMOF celebration. Mr. DeLong suggested that Caltrain should recognize the accomplishments of individual Amtrak employees at JPB meetings.

**CONSENT CALENDAR**

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

- a) Approval of Minutes of September 6, 2007
- b) Acceptance of the Statement of Revenues and Expenses, August 2007
- c) Authorization to Enter into a Five-Year Lease with Sprint Communications Company, LP for Property near Page Mill Road in Palo Alto

**CHAIRPERSON'S REPORT**

Chair Cisneros congratulated staff on the excellent CEMOF grand opening celebration.

## **MTC LIAISON REPORT**

Sue Lempert reported on the Metropolitan Transportation Commission (MTC) Regional Rail meetings:

- The Regional Rail Plan was unanimously approved with two changes: in the short term, a federation of major agencies would be formed to challenge rail entities to resolve problematic issues; a long-term goal involves the formation of a single agency similar to the Port Authority in New York and New Jersey. The other change called for a combination of the High Speed Rail (HSR) alignment alternatives for Pacheco Pass and Altamont Pass with a phasing of the project. The MTC will select the HSR alignment alternative on October 12.

## **REPORT OF THE CITIZENS ADVISORY COMMITTEE (CAC)**

Michael Kiesling, Chair of the CAC, reported that the Committee had a presentation on the District's public information and marketing efforts. There was also an update on the status of the Caltrain WiFi project.

Director Sophie Maxwell arrived at 10:16 a.m.

## **REPORT OF THE EXECUTIVE DIRECTOR**

Michael Scanlon reported on the following:

- Chair Cisneros was thanked for emceeding the CEMOF grand opening celebration. Mr. Scanlon thanked Directors Ken Yeager and Forrest Williams, San Jose Mayor Chuck Reed, Federal Transit Administration Region 9 Administrator Leslie Rogers, California Deputy Secretary of Transportation and Infrastructure Jim Bourgart and Amtrak President/CEO Alexander Kummant for their participation in the grand opening ceremonies. The present and past Boards and every division of the District were thanked for their courage and leadership to conceive, fund, build and operate CEMOF.
- Caltrain would be willing to take a lead role or support another entity in negotiating with the Union Pacific Railroad in response to the Regional Rail Plan to form a federation to deal with challenging rail agencies.
- Performance Statistics for August 2007 compared to August 2006 and Year-to-Date Statistics:
  - a. Total Ridership was 1,076,125, an increase of 6.8 percent.
  - b. Average Weekday Ridership was 39,383, an increase of 6.7 percent.
  - c. Farebox Revenue was \$3,678,083, an increase of 16.5 percent.
  - d. On-time Performance was 93.7 percent, a decrease of 4 percent.
  - e. Caltrain Shuttle Ridership was 5,387, an increase of 9.6 percent.Year-to-Date Statistics:
  - f. Total Ridership was 2,110,814, an increase of 9.2 percent.
  - g. Average Weekday Ridership was 39,342, an increase of 8 percent.
  - h. Total Revenue was \$7,221,083, an increase of 16.5 percent.
  - i. On-time Performance was 93.6 percent, a decrease of 1.7 percent.
  - j. Caltrain Shuttle Ridership was 5,205, an increase of 8.6 percent.
- The Board will be asked today to approve the purchase of six passenger cars and two cab cars.
- The unaudited statement of revenue and expenses for the period ending June 30, 2007 shows that total operating revenue compared to the prior year is better by \$4,669,803.
- Fuel was at \$2.39 per gallon for the first 13 weeks of FY 2008, under the \$2.40 per gallon budgeted amount.
- Community Relations Specialist Tasha Bartholomew was recognized by California Operation Lifesaver as the Volunteer of the Year.

- An onboard customer survey will be conducted through October 17 to inform and guide future marketing efforts.
- Baseball ridership increased 14 percent over last year with approximately 400,000 riders.
- Caltrain service to Sharks hockey games begins October 13.
- Rail Transformation Chief Robert Doty met last week with Federal regulatory agencies in ongoing discussions regarding Caltrain's 2025 project.
- The Board reading file contained the following: an article from *Governing Magazine*, which explains how Caltrain's electrification goal holds the promise of revolutionizing how commuter rail is run in this country; the fall edition of Caltrain's Weekend Edition events; the San Mateo County Transit District's Progress Report 2007; and the August 2007 Safety and Security Report.

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

Virginia Harrington, Chief Financial Officer, presented the following details on the farebox revenue bonds:

- 2007 debt issuance actions to date include approval to begin a debt issuance and reimbursement resolution; award of two underwriters; and public hearings in the three partner counties.
- The financing transaction not to exceed \$27 million will issue debt to procure eight new rail cars: \$19.2 million for the railcar purchase, \$800,000 for other railcar costs, a contingency of \$800,000 for the procurement, \$2.1 million for refund of outstanding farebox bonds issued in 1999, underwriter's discount, cost of issuance and bond insurance items totaling \$600, and a contingency for market changes and funding debt service reserve with bond proceeds if more economical in the amount of \$3,500,000.
- Rating presentations have been completed with Moody's and Standard and Poor (S&P) in order to receive a bond rating to qualify for bond insurance. Moody's has given the JPB a rating of A1; S&P's rating will be received tomorrow.
- The bond issuance is scheduled for October 31, 2007.
- Next steps include finalization of the Preliminary Official Statement, distribution of the Preliminary Official Statement to potential investors, pricing of the 2007 bonds, signing of the Bond Purchase Agreement and closing of the financing.
- Staff will report back to the Board on final results of the Bond issuance at the December 2007 Board meeting.

Director Maxwell asked if it was procedural that Caltrain got insurance on the revenue bonds, even with an A1 rating. Ms. Harrington said staff would recommend getting insurance on the bonds to insure them up to a AAA rating.

**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**

Michelle Bouchard, Deputy Director, Rail Transportation, presented the following details on the rail car acquisition:

- The railcar purchase is the first step in developing a strategic fleet plan for the support of Caltrain 2025 and will bridge the gap through electrification.
- The cars will mitigate current overcrowding and increased dwell times due to passenger loads.

- A gap in production at the Bombardier factory allowed an option assignment for Caltrain, which allows for delivery of the cars two to three years earlier than the usual procurement process.
- The New Mexico Mid Region Council of Governments, operator of Rail Runner commuter rail services, informed the JPB that they were willing to assign to the JPB its option for eight railcars.
- Contract negotiation resulted in a final total of \$19,169,771 for six passenger coaches and two cab cars, which includes a not-to-exceed cost of \$1,000 for spare parts.

Director Maxwell asked for an explanation of staff costs included in the soft costs of \$800,000. Ms. Bouchard said the staff cost is basically the cost for both staff and legal counsel in negotiating with Bombardier and securing the option agreement; and will include all costs to the fruition of executing the contract.

Director Maxwell asked if there was a warranty or other contract included in the soft costs of \$800,000. Ms. Bouchard said that embedded in the \$19.1 million contract is a two-year warranty. The last Caltrain order of Bombardier cars had a one-year warranty. She said the bulk of the \$800,000 has yet to be used and it is for the extremely important test and acceptance period when staff visits the factory to monitor major milestones and to make sure quality is ensured in the delivery of the cars.

Director Maxwell asked if there was a reason to move from a one-year warranty to a two-year warranty. Ms. Bouchard said a two-year warranty is now standard and there is very little savings to be had from going back to a one-year term. She said one of the benefits of contracting with Bombardier is that Caltrain has a fleet of Bombardier cars, which have a service-proven design and performance record. Ms. Bouchard said if the contract is executed this month Caltrain can expect delivery of the first car in August of 2008 and to have all eight cars tested, accepted and in service by October 2008.

Director Jim Hartnett asked how Caltrain discovered that cars were available through New Mexico. Mr. Scanlon said Caltrain closely monitors national and international industry activities. He said Caltrain staff will be attending upcoming an American Public Transportation Association (APTA) conference and CEOs in APTA routinely exchange information on the status of rail procurement in the industry.

#### Public Comment

Jeff Carter, Burlingame, said he was pleased with the rail car purchase. He said bicycle capacity on cars needs to be addressed because it is a popular program.

Paul Wendt, Belmont, said current Bombardier cars have half the bicycle capacity of gallery cars. He asked if bicycle capacity could be increased for future Bombardier car contracts.

The resolutions (Lloyd/Gage) to approve the contract for farebox revenue bonds and to authorize purchase of rail cars were approved, by roll call.

Mr. Scanlon thanked staff for all the work involved in preparing the two resolutions.

#### **CORRESPONDENCE**

Available in the reading file.

### **BOARD MEMBER REQUESTS**

Director Jerry Hill thanked staff for the reading file materials. He expressed concern about a customer complaint in the file and would like to have an analysis of what transpired with the event. Mr. Scanlon said staff is concerned about all complaints and takes measures to address every detail.

### **REPORT OF LEGAL COUNSEL**

Legal Counsel David Miller said CEMOF was opened to the public in a beautiful pristine condition. He said part of this was as a result of having removed a number of hazardous materials from the site over a period of time. Mr. Miller wanted to report back to the Board that there was a productive meeting with the Union Pacific Railroad earlier this week concerning payment for removal of contaminated soil at the CEMOF site. He said he would be bringing to the Board, hopefully before year's end, a closeout of those negotiations whereby the JPB has a substantial claim for reimbursement as a result of the responsibility Caltrain believes should be ascribed to Union Pacific as the prior owner of the CEMOF property.

Mr. Miller said he would like to echo Mr. Scanlon's comments concerning the financing team involved in the financial arrangements for the purchase of the rail cars. He said the combination of the two items that were taken together appeared seamless and said the amount of work to bring them together in a way that dovetails both timing and in terms of the detail associated with them is remarkable.

### **DATE/TIME OF NEXT MEETING**

Thursday, November 1, 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 10:52 a.m.