

**Peninsula Corridor Joint Powers Board
Finance Committee Meeting
1250 San Carlos Avenue, San Carlos CA 94070**

MINUTES OF APRIL 26, 2021

MEMBERS PRESENT: Monique Zmuda (Chair), Jeff Gee, Glenn Hendricks

MEMBERS ABSENT: None

STAFF PRESENT: D. Hansel, M. Bouchard, J. Cassman, S. van Hoften, R. Marler, J. Harrison, J. Funghi, S. Petty, A. Chan, K. Yin, P. Skinner, J. Sangha, M. Larocque, C. Kwok, S. Bullock, L. Fong, D. Pape, N. Atchison, M. Jones, D. Seamans, S. Wong

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Chair Monique Zmuda called the meeting to order at 2:30 pm and led the Pledge of Allegiance.

2. ROLL CALL

District Secretary Dora Seamans confirmed the presence of all Board Committee members.

3. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Roland Lebrun, San Jose, commented on the committee meeting time overlapping with the Metropolitan Transportation Commission (MTC) Blue Ribbon Task Force meeting, the Hillsdale Station not having level boarding platforms, wireless gate activation not working with high-speed trains, and the lack of JPB member contribution.

Aleta Dupree, Oakland, commented on the Clipper mobile application, Clipper START, the American Rescue Plan, and vaccinations.

Adrian Brandt, San Mateo County, commented on reevaluating cleaning procedures to focus on shared air.

4. CONSENT CALENDAR

- a. APPROVED MEETING MINUTES OF MARCH 22, 2021**
- b. CALLED FOR A PUBLIC HEARING ON PROPOSED FARE STRUCTURE CHANGES**
- c. AWARD OF ON-CALL CONTRACTS TO PROVIDE PRINTING SERVICES**
- d. AUTHORIZED THE APPLICATION FOR AND RECEIPT OF ANNUAL CAP AND TRADE FUNDING FOR THE PROCUREMENT OF ELECTRIC MULTIPLE UNIT VEHICLES**
- e. AUTHORIZED A SCOPE OF WORK TO BE PERFORMED BY METEORCOMM, LLC FOR TECHNICAL SUPPORT SERVICES**
- f. FUEL HEDGING UPDATE**

Public comment

Jeff Carter, Millbrae, expressed support for the public hearing, the comprehensive care package, and abandoning zone fares.

Aleta Dupree, Oakland, commented on the public hearing, Clipper discount, fuel hedging, and equity in the future.

Adrian Brandt, San Mateo County, commented on zone based fares and paying for the distance you ride instead.

Roland Lebrun, San Jose, commented on zone based fares at the Blue Ribbon Task Force.

Motion/Second: Gee/Hendricks

Ayes: Gee, Hendricks, Zmuda

Noes: None

Absent: None

5. ACCEPT REPORT OF THE CHIEF FINANCIAL OFFICER (CFO)

A. STATEMENT OF REVENUES AND EXPENSES FOR THE PERIOD ENDING MARCH 31, 2021

Derek Hansel, Chief Financial Officer, referred to the written report and noted that the second tranche of funding would be used to close out the fiscal year without net borrowing. He stated that the American Recovery Act funds would be expected in the future (after May/June) and the cost for borrowing would drop due to backing by Measure RR rather than farebox recovery. Mr. Hansel pointed out the new staff report format with check boxes to show if an item has been reviewed or approved by the committee.

Chair Zmuda commended Caltrain on holding down costs during COVID with over \$4 million in savings estimated to keep reserves intact and reduce borrowing.

Public comment

Roland Lebrun, San Jose, commented on displaying monthly ridership figures as a percentage relative to where they were prior to COVID and increasing ridership.

Aleta Dupree, Oakland, commented on continuing to assertively obtain funding and detailed reporting on Measure RR.

Jeff Carter, Millbrae, commented on partner agencies contributing to Caltrain despite Measure RR, and the comprehensive fare package.

Chair Zmuda explained that the comprehensive fare package would be a future separate agenda item.

Motion/Second: Hendricks/Gee

Ayes: Gee, Hendricks, Zmuda

Noes: None

Absent: None

6. AWARD OF CONTRACT TO PROVIDE GENERAL COUNSEL LEGAL SERVICES

Joan Cassman, Hanson Bridgett General Counsel, recused herself from this item and left meeting for its duration.

Renee Marler, Legal Consultant, provided a presentation on the General Counsel Ad Hoc Committee selection, scope of services, procurement process, selection of Olson Remcho and onboarding plan.

Public comment

Roland Lebrun, San Jose, commented on the MTC procurement examples.

Aleta Dupree, Oakland, commented on future legal teams engaging with diverse populations and considering soft skills.

Jeff Carter, Millbrae, commented on the new format of the report, inquired about the staff coordinating council, and Hanson Bridgett LLC retention for specialized services.

The Board members had a discussion and staff provided further clarification in response to the Board comments and questions, which included the following:

- This contract providing a completely independent legal team without external influences
- What other transit agencies Olson Remcho represents in the bay area
- Where human resources (HR) related matters would go
- Transferring claims against Caltrain
- Defining specialized legal services
- Annual cost for current Legal Counsel services
- Rate for industry practice

Motion/Second: Hendricks/Gee

Ayes: Hendricks, Zmuda

Noes: None

Absent: None

7. AUTHORIZE AN EIGHTEEN-MONTH LEASE EXTENSION AT 2121 SOUTH EL CAMINO REAL IN SAN MATEO TO SUPPORT THE CALTRAIN MODERNIZATION PROGRAM

John Funghi, CalMod Chief Officer, stated that this was a request to extend the Peninsula Corridor Electrification Project (PCEP) team office space lease to April 30, 2023. The extension would allow them to fulfill their contractual requirement to provide Balfour Beatty LLC with office space until substantial project completion.

Public comment

Roland Lebrun, San Jose, commented on office space available in Menlo Park and Redwood City.

Motion/Second: Gee/Hendricks

Ayes: Hendricks, Zmuda

Noes: None

Absent: None

Chair Zmuda announced Item #8 Post COVID Business Strategy would be heard out of order after Item 10.

8. POST COVID BUSINESS STRATEGY – SCENARIO PLANNING

Sebastian Petty, Deputy Chief of Planning, provided the presentation and spoke about recovery planning, four main future scenarios (butterfly, back on track, downward spiral & shark tank), and next steps. He noted that it was an illustrative exercise to look at the range of options and are not planned Caltrain actions.

Public comment

Roland Lebrun, San Jose, commented on consultant fees, setting a 50 percent farebox recovery target, management, and costs of electrification.

Cliff Bargar, San Francisco, commented on providing more train service per hour for working commuters.

Aleta Dupree, Oakland, commented on scenario planning and the cost of driving.

Jeff Carter, Millbrae, commented on increasing train frequency in the evenings and on weekends.

Adrian Brandt, San Mateo County, commented on increasing frequency, the increase of commuters, fares in comparison to service level, and member agencies indirectly shifting Measure RR funds.

The Board members had a discussion and staff provided further clarification in response to the Board comments and questions on the following:

- Measure RR oversubscription
- Fencing off Measure RR funds
- Separating long term plans from plans for the next 18, 24, 36 months
- Including a variable that includes state and county health officials

Ms. Bouchard stated that the 18-36 month range would be appropriate for near term decision making.

Item 9 was heard out of order after Item 7.

9. UPDATE ON FISCAL YEAR 2022 SHUTTLE PROGRAM FUNDING AND SERVICES

Sebastian Petty, Deputy Chief of Planning, provided the presentation and outlined the Caltrain Shuttle Program, COVID impacts, and budget and route recommendations.

Public comment

Roland Lebrun, San Jose, commented on San Mateo County funding the shuttles rather than Caltrain due to the number of riders going to Brisbane.

10. FISCAL YEAR 2022 PRELIMINARY OPERATING AND CAPITAL BUDGETS

Derek Hansel, Chief Financial Officer, provided the presentation. He outlined areas of uncertainty, options, and member contributions. Mr. Hansel spoke on the outlook, assumptions, revenue, expenditure assumptions, key expense drivers, staff allocation for Caltrain, and the capital budget. He also elaborated on next steps for operating and capital budgets.

Director Gee expressed disappointment with Member agencies for contributing zero amount as Measure RR was not intended to supplement member contribution.

Director Gee left the meeting at 4:35 pm.

The Board members had a discussion and staff provided further clarification in response to the Board comments and questions, which included the following:

- Defining Unfunded Board Authority
- The risk level for Farebox recovery numbers
- What happens to reserves over time
- Unfunded liabilities (project goals that are not currently funded)
- Whether a balanced budget would be presented in a month
- Metropolitan Transportation Commission (MTC) allocations
- Choosing financing/borrowing over using reserves
- Lack of member contribution for both operating and capital budgets
- Setting a precedent for lack of member contribution
- Considering a two year budget
- Developing a budget to indicate costs along with ridership

Michelle Bouchard, Acting Executive Director, stated it would be beneficial to have future Board discussion to understand various perspectives on the member contribution as Caltrain would eventually be reliant on member funds.

Public comment

Jeff Carter, Millbrae, commented on lack of member agency contributions and their contributions to BART.

Roland Lebrun, San Jose, commented on driving ridership, membership contributions, issuing a request for proposal (RFP) for an operator with a ridership recovery record, and

methods for bridging the funding gap.

11. COMMITTEE MEMBER REQUESTS

Director Hendricks requested a breakout of assumptions for the farebox recovery risk level, a chart on income flow over the year, and an 18-36 month business plan and adding a variable that included State & County health officials.

Chair Zmuda requested information on the legal costs incurred when transitioning to the new legal counsel for the new fiscal year, identifying the value of the financing requirement in future documents, and having a monthly ridership statistics report.

12. DATE/TIME OF NEXT REGULAR FINANCE COMMITTEE MEETING

Monday, May 24, 2021 at 2:30 pm via Zoom

13. ADJOURN

The meeting adjourned at 5:06 pm.

An audio/video recording of this meeting is available online at <https://www.caltrain.com/about/bod/video.html?> Questions may be referred to the Board Secretary's office by phone at 650.508.6279 or by email to board@caltrain.com.