

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

MINUTES OF FEBRUARY 3, 2022

MEMBERS PRESENT: C. Chavez, D. Davis, J. Gee, S. Heminger (Chair), G. Hendricks, D. Pine, C. Stone (Vice Chair), S. Walton, M. Zmuda

MEMBERS ABSENT: None

STAFF PRESENT: M. Bouchard, D. Hansel, S. Petty, J. Harrison, A. Myles-Primakoff, K. Yin, P. Shrestha, B. Shaw, D. Santoro, C. Fromson, T. Burgwyn, J. Wasilco, T. Bartholomew, D. Seamans, S. Wong

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE

Chair Steve Heminger called the meeting to order at 9:03 am and led the pledge of allegiance.

2. ROLL CALL

District Secretary Dora Seamans called the roll and a quorum was confirmed.

3. PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

Aleta Dupree, Oakland, commented on going to an all Clipper based system with fare integration and building a railroad for everyone.

Jeff Carter, Millbrae, commented on final foundation completion, cost of electric cars, and having train service before 2024.

Andy Chow, Redwood City, commented on governance, compromise, ridership, and COVID.

4. CONSENT CALENDAR

- a. Approve Regular Meeting Minutes of January 6, 2022**
- b. Renew Resolution Adopting Findings of a Proclaimed State of Emergency, Recommendations for Social Distancing, and Imminent Risks to Health and Safety from In-Person Meeting and Approve Meeting Remotely for 30 Days**
- c. Receive Caltrain Key Performance Statistics – December 2021**
- d. Amend Resolution Establishing the Citizens Advisory Committee (CAC)**
- e. Award of Contract for Clipper Next Generation Validator Site Preparation Project**
- f. Increase Staff's Authority to Execute Contracts for Information Technology Licenses, Maintenance Services, and Professional Services under Resolution 2021-28 by an Aggregate Not-To-Exceed Amount of \$1 Million for Fiscal Year 2022**

- g. Report of the Chief Financial Officer (CFO)**
- h. Accept Statement of Revenues and Expenses for the Period Ended December 31, 2021**
- i. State and Federal Legislative Update**
- j. Accept Informational Update on Service Plan Monitoring and Analysis**
- k. Metropolitan Transportation Commission (MTC)/Regional Update**
- l. Approve National African-American History Month Resolution**

Public Comment

Aleta Dupree, Oakland, commented on Clipper.

Jordan Randal Cunningham commented on Gilroy double tracks and replanting heritage trees.

Chair Heminger spoke in honor of National African-American History Month and spoke about equity, social justice, and Rosa Parks.

Motion/Second: Davis/Zmuda

Ayes: Chavez, Davis, Gee, Hendricks, Pine, Walton, Zmuda, Stone, Heminger

Noes: None

Absent: None

5. APPROVE MEASURE RR BOND FINANCING TRANSACTIONS AND RELATED TRANSACTION DOCUMENTS

Derek Hansel, Chief Financial Officer, provided the presentation, which included the following:

- Final approval for the sale of \$140M Measure RR bond and high debt coverage
- First issuance of green bonds, noise reduction and improved regional air quality
- Peninsula Corridor Electrification Project (PCEP) Project sources and uses
- Financing Objectives with proceeds from the bonds to finance electrification costs
- Preliminary sources, uses, liquidity, debt service, and finance schedule

Public Comment

Aleta Dupree, Oakland, commented on the user friendliness of the item, Measure RR, green bond certification, debt instruments for public finance, and powered engines.

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

- When the third party will certify the green bonds and when this will come back to the Board
- When to expect to receive or apply for fuel credits

- Whether this will come back before the Board when the credit is used as part of the debt service

Motion/Second: Hendricks/Gee

Ayes: Chavez, Davis, Gee, Hendricks, Pine, Walton, Zmuda, Heminger

Noes: Stone

Absent: None

6. DRAFT RECOMMENDATION ON CALTRAIN GOVERNANCE

Chair Heminger provide a summary of the governance process and outlined the SamTrans proposal, hearing from staff regarding the six matrix issues, taking public comment, then potentially reaching agreement by the next meeting on March 3rd.

Carter Mau, SamTrans General Manager/CEO, provided a presentation on the following:

- City and County of San Francisco (CCSF) & Valley Transportation Authority (VTA) efforts to obtain "accountability" via Caltrain Executive Director (ED) and reimbursing SamTrans
- Summary of SamTrans' Pathway Forward Proposal regarding:
- Caltrain Executive Director - hiring/firing with simple majority of five members of the Board and provided that at least one member from each member agency is counted in the majority
- Rail staff reporting - delegates Caltrain Executive Director authority over rail staff
- Right of Way (ROW) repayment and reversion

The Board members had a robust discussion, which included the following:

- SamTrans recommendation to indemnify and hold SamTrans harmless for those positions that report to the JPB and Caltrain Executive Director
- Having no delegation of authority over non-Rail (non-direct) staff (e.g., finance, communications, and real estate)
- Hypothetically hiring staff to only work on Caltrain messaging and communications
- Timeline for repayment and penalties
- Explicitly defining managing agency functions
- SamTrans' current liability and removing its liability in terms of accountability
- Indirect cost allocation plan and shared services arrangements
- Including "date-certain" in the agreement
- Where the \$15 million repayment amount comes from
- Whether SamTrans would agree to a mutual indemnification due to possible mistakes from either party

Sebastian Petty, Deputy Chief of Planning, presented the following:

- Repayment of ROW principal to San Mateo County Transit District (SMCTD)
- Employment and termination process for the Caltrain Executive Director
- Dedicated staff support
- Clarification of the managing agency role, including indemnification languages
- Payment of interest and/or additional compensation to SMCTD
- Path to Implementation

Public Comment

Kenneth Russel, San Francisco, commented on reaching an agreement.

Evan Adams, Foster City, commented on reaching an agreement, growing a seamless system around the bay area, price increasing with time, and discounts.

Jonathan Kass, San Francisco Bay Area Planning and Urban Research Association (SPUR) Transportation Policy Manager, commented on SamTran's proposal, focusing on the work ahead, and having a customer oriented transit network.

Rob Nielsen, Palo Alto, commented a regional integration policy and reaching an agreement.

Ron Collins, San Carlos, commented on reaching an agreement, moving forward, and accommodating rider interests.

Aleta Dupree, Oakland, commented on the managing agency and repayment.

Raayan Mohtashemi, San Mateo County, commented on reaching an agreement and moving onto regional governance, electrification, service and financing.

Adina Levin, Friends of Caltrain, commented on supporting explicit shared services agreement, have solutions that involve non-cash prioritizing capital projects, and the Redwood City capital station.

Jeff Carter, Millbrae, commented on moving forward with electrification completion and moving ahead with Caltrain works.

Gerald Cauthen, Bay Area Transportation Working Group, commented on the popularity of Caltrain pre-COVID, needed changes in the SamTran's proposal, and retaining staff.

Vaughn commented on current efforts at governance, the current system, other public comments, climate change, and getting things done.

Zoe Kersteen-Tucker, San Mateo County, commented on the SamTran's Pathway Forward, owning the right of way, agency rights, and reimbursement.

Adrian Brandt, San Mateo County, commented on the repayment amount discussed and metro extensions in other counties.

Paul Wendt, Belmont, commented on responsibility.

Board Members took a break from 10:50 to 11:00am

Chair Heminger summed up Metropolitan Transportation Commission's (MTC) current position on repayment:

- MTC agreed to pay \$19.6 million principal owed to SMCTD

- They expressed concern regarding the six month timeline in light of unspecified projects
- MTC proposed completing repayment by the end of calendar year 2022

The Board members had a robust **discussion regarding issue 1 – repayment**, which included the following:

- Whether the 2008 agreement is concluded upon repayment
- Why SamTrans board should believe this repayment will occur in a reasonable timeline and consequences for not repaying in a timely manner
- Not being obligated to a timeline for repayment if contingent on a third party
- MTC's contractual obligation in repayment (not a party to the 2008 agreement)
- Working in good faith and having opportunities to build trust and success
- Whether a MTC repayment resolution or MTC programming action suffices
- A mechanism for following up
- SamTrans' proposal recognizing the memorandum of understanding (MOU) could be executed prior to payments being received
- Proceeding in parallel - if MTC program action occurs before the MOU is effectuated, then problem solves itself
- Expectation of repayment in a lump sum or annual payment
- Agreement that SMCTD needs to be paid back
- Discussion on a future deadline to prevent adverse consequences and de-coupling the two documents
- Is there a condition precedent for SamTrans to implement its equity conversion rights

The Board members had a robust **discussion regarding issue 2 – hire/fire Caltrain Executive Director (ED)** including the following:

- San Mateo personnel policy implications and direct report employees not being represented
- Benefits of shared services agreement
- Codify practices
- Authority of ED to determine needs of contracts

Chair Heminger spoke about Issue 3 and proposed adding “other functions determined mutually by the JPB board and SMCTD necessary to avoid a conflict of interest between SMCTD and Caltrain”.

Chair Heminger spoke about Issue 4 – role of the managing agency and proposed the following: stating “the role of the managing agency would be to support the JPB through the employment of staff and the provision of shared services” and that the JPB would indemnify SMCTD.

The Board members had a robust **discussion regarding issue 3 – dedicated staff support & issue 4 – managing agency role** including the following:

- Ridership, revenue, and electrification needs
- Identifying who is under the shared services agreement
- Operations under the managing agency role
- As business grows ED needs to convert an existing position or contract
- Shared services position serving two roles

Chair Heminger spoke about Issue 5 – payment of interest and/or additional compensation to SMCTD - he proposed appointing an ad hoc committee to negotiate additional compensation. The committee would meet between now and the March Board Meeting, consisting of Directors Davis, Gee, and himself with consultant Grace Crunican, former BART general manager.

The Board members had a robust **discussion regarding issue 5 – payment of interest and/or additional compensation to SMCTD** including the following:

- Previously dissolved governance ad hocs
- Potential pathway forward
- Mission of the ad hoc committee – to discuss other items in governance, not just repayment of interest and have everything available on the table for discussion

Public comment

Aleta Dupree, Oakland, commented on having collaboration and previous Board actions.

Julia Mates, San Mateo County, commented on accepting the Path Forward compromise.

Adina Levin, Friends of Caltrain, commented on current negotiations.

Don Cecil, San Mateo County Economic Development Agency (SAMCEDA), commented governance closure.

7. REPORTS

- a. Report of the Citizens Advisory Committee (CAC)**
- b. Report of the Chair**
- c. Report of the Local Policy Maker Group (LPMG)**
- d. Report of the Transbay Joint Powers Authority (TJPA)**

The reports were deferred to the next Board meeting.

- e. Report of the Executive Director**
 - i. Peninsula Corridor Electrification Project (PCEP) Monthly Progress Report – December 2021**

Michelle Bouchard, Acting Executive Director, reported that there would be three weeks of special construction that would reduce peak period service to three trains per hour. This would allow staff to perform 17 concurrent cutovers at grade crossings – two additional occurrences would be needed in the future as well to ensure September 2024 service.

Public Comment

Jeff Carter, Millbrae, commented on the importance of the reports, putting out a new electrical cars brochure, and having an open house to inform and enthuse the public.

Aleta Dupree, Oakland, commented on railroad reports, foundation completion, media and website presentation, painting the last foundation gold, and focusing on wiring and electrical systems.

8. CORRESPONDENCE

Correspondence was available online.

9. BOARD MEMBER REQUESTS

Director Hendricks confirmed that the February 9th special meeting was cancelled.

Director Gee wished everyone a Happy Lunar New Year of the Tiger.

10. DATE/TIME OF NEXT REGULAR MEETING:

Thursday, March 3, 2022 at 9:00 am via Zoom (additional location, if any, to be determined).

11. ADJOURN

The meeting adjourned at 1:04 p.m.

An audio/video recording of this meeting is available online at www.Caltrain.com. Questions may be referred to the Board Secretary's office by phone at 650.508.6242 or by email to Board@Caltrain.com.