

**Peninsula Corridor Joint Powers Board
Finance Committee Meeting
1250 San Carlos Avenue, San Carlos CA 94070
Minutes of October 24, 2022**

Members Present: Jeff Gee, Glenn Hendricks, Monique Zmuda (Chair)

Members Absent: None

Staff Present: M. Bouchard, J. Harrison, A. Myles-Primakoff, G. Martinez, R. Hinchman, B. Thompson, K. Yin, J. Ye, R. Nielsen, S. Sargent, D. Seamans, S. Wong, K. Scribner

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 a Board quorum.

3. Public Comment For Items Not On The Agenda

There was no public comment.

4. Consent Calendar

4a. Approve Meeting Minutes of September 26, 2022

4b. Call for Public Hearing at the November Finance Committee - Monthly Pass Product Proposed Changes

Public Comment

Adrian Brandt, San Mateo County, commented on having floating zone boundaries for equity.

Adina Levin, Seamless Bay Area, commented on the new Clipper system not occurring until after Clipper 2.0 in a year.

Motion/second: Hendricks/Gee

Ayes: Gee, Hendricks, Zmuda

Noes: None

Absent: None

5. Report of the Acting Chief Financial Officer

Grace Martinez, Acting Chief Financial Officer, provided an update that included the following:

- Fiscal Year 2022 Audit completed and included in the packet

- Government Finance Officers Association (GFOA) award for bond disclosures and audit of Measure RR receipts

6. Accept Statement of Revenues and Expenses for the Period Ending September 30, 2022

Grace Martinez, Acting Chief Financial Officer, provided an update, which included the following:

- \$29.5 million Measure RR revenue
- Total ticket revenue by type provided for last four fiscal years and ticket revenues for the first quarter pre-and post COVID
- Daily balances swept onto money market funds
- Reserve fund balances and total of \$27 million will put operating reserve at 15 percent of adopted budget
- Capital reserve fund balance of \$20 million and future draft policy for capital reserve expected for December finance meeting

Motion/second: Gee/Hendricks

Ayes: Gee, Hendricks, Zmuda

Noes: None

Absent: None

7. Accept Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2022

Grace Martinez, Acting Chief Financial Officer, introduced the item as a culmination of four months of work from several departments and with Brown Armstrong Accountancy Corporation.

Ryan Nielsen, Brown Armstrong Accountancy Corporation, provided a presentation that included the following:

- Auditor's Communication
- Confirming with actuaries and legal counsel regarding disclosure
- View operating and capital expenses separately
- Management responsibilities and Auditor responsibilities
- Report on internal control and compliance and findings for a clean audit

Jennifer Ye, Director of Accounting, provided highlights from the reports, which included the following information:

- Operating revenue included a slight increase due to passenger fare and parking revenues
- Non-operating revenue increased from Measure RR sales tax and American Rescue Plan Act federal operating assistance
- Measure RR bonds issued were \$140 million to fund PCEP project

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

- The new bond issued against Measure RR will be used to pay for the electrification project
- Governmental Accounting Standards Board (GASB) regulations used to ensure consistent measurement
- Sampling for expenses related to salary and contract
- Federal grant audit and report issued next month
- Charge rates are approved by Federal Transit Administration (FTA) annually

Motion/second: Gee/Hendricks

Ayes: Gee, Hendricks, Zmuda

Noes: None

Absent: None

8. Award of a Contract to Bell Burnett & Associates to Provide Financial Strategy Plan Consulting Services*

Michelle Bouchard, Acting Executive Director, stated that this will run concurrently with ridership recovery efforts.

Graham Rogers, Business Operations Project Manager, provided a presentation, which included the following:

- Purpose, need, scope, and objective
- Proposals received, scoring criteria, and highest ranked proposer
- Budget impact – the Bell Burnett & Associates proposal was deemed fair and reasonable
- Staff recommendation for a 2-year base contract not to exceed \$750,000

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

- How to run a railway in a post-COVID world
- How to deal with capital costs with increased electrification
- Consultant recommendations on reserve policy
- The additional \$75,000 added related to utility needs

Public comment

Adrian Brandt, San Mateo County, commented on operating a commuter rail in post COVID world and how to operate regional transit rail that serves commuters.

Jeff Carter, Millbrae, commented on shift in commuting patterns, serving regional rail riders, and making it a regional system that is easy to use, similar to BART.

Motion/second: Hendricks/Gee
Ayes: Gee, Hendricks, Zmuda
Noes: None
Absent: None

9. Adopt Revised Rules of Procedure for the Peninsula Corridor Joint Powers Board Including Updated Committee Structure

Michelle Bouchard, Acting Executive Director, introduced the item.

Sam Sargent, Director, Strategy and Policy, provided a presentation, which included the following:

- Proposed three committee structure with three Board Members serving on each one
- Proposed committees: Finance Committee, Operations, Planning, Safety Committee (OPS), and Advocacy and major projects (AMP)
- OPS will focus on operational excellence and culture of safety on planning efforts
- AMP will focus on the JPB's role as a regional leader in many regional efforts to advance the transit network in the bay area

Public Comment

Adina Levin, Friends of Caltrain, expressed support for this item and asked how multiple overlapping items would be heard.

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

- Options for agenda items to go to two committees
- How Board Members will be assigned with the Board Chair selecting/guiding the representation on each committee
- Have the new committees in place around February 2023 and meeting times to be determined/confirmed
- Have individual counties input instead of just the Board
- Have the same Board Member serve on the same committee for more experience and knowledge
- Internal Cost Allocation Plan (ICAP) comparisons across other transit agencies

10. Committee Member Requests

Director Gee requested a list comparing Indirect Cost Allocation Plan (ICAP) rates across transit authorities indicating what other transit agency audits look like.

11. Date/time of next regular finance committee meeting

Monday, November 21, 2022, at 2:30 pm via Zoom (additional location, if any, to be determined)

12. Adjourn

The meeting adjourned at 4:01 pm.

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

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