



JPB Board of Directors
Meeting of June 1, 2023

Supplemental Reading File

<u>#</u>	<u>Subject</u>
1	MTC-Regional Update
2	Acceptance of Quarterly Fuel Hedge Update
3	Corridor Crossings Strategy Introduction
4	Project Labor Agreement Policy Update
5	Railyards Preliminary Business Case Update
6	Update on Disadvantaged Business Enterprise Program

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Advocacy and Major Projects (AMP) Committee
Through: Michelle Bouchard, Executive Director
From: Sam Sargent, Director, Strategy and Policy
Subject: **Metropolitan Transportation Commission (MTC) / Regional Update**

Finance Committee Recommendation Technology, Operations, Planning, and Safety Committee Recommendation Advocacy and Major Projects Committee Recommendation Staff Coordinating Council Reviewed

Action

None. Informational only.

Significance

The Metropolitan Transportation Commission (MTC) provides planning, funding, coordination, and technical assistance to cities, counties, transit agencies, and other partners to bring the region together. The California Legislature created MTC in 1970 to plan and provide a cohesive vision for the Bay Area’s transportation system.

The Commission’s scope over the years has expanded to address other regional issues, including housing and development. MTC is actively considering several key policy and funding decisions that affect Caltrain, and staff wants to ensure the Joint Powers Board (JPB) is apprised of these discussions.

Budget Impact

No budget impact at this time.

Key Regional Items this Month

1. **Major Project Advancement Policy Update**
2. **Regional Network Management Update**

1. Major Project Advancement Policy Update

MTC staff provided an update on the continued development of the Major Project Advancement Policy (MAP) at the May 10 Programming and Allocations Committee (PAC) meeting. Caltrain staff last brought the MAP to the JPB on November 3, 2022, following MTC adoption of the first version of the MAP in October 2022.

The MAP is intended to support implementation of Plan Bay Area 2050, specifically major transportation capital projects. The October 2022 MTC adoption included a list of projects assigned to Levels 1, 2, and 3 based on readiness criteria.

The adoption also included a funding endorsement matrix identifying full funding plans for Level 1 megaprojects and likely funding sources for smaller Level 1 projects and Level 2 projects.

October 2022 MTC MAP Funding Endorsement Matrix (in billions):

Project/Program Title	Sponsor	Cost	Funding Gap	CIG	Other Federal	TIRCP Base	TIRCP Augment 1*	TIRCP Augment 2	SB1	Other State	Local/Regional	Other	Anticipated	Total Endorsement									
Revenue Envelope:			\$	5.8	\$	8.8	\$	2.5	\$	1.30	\$	0.8	\$	2.3	\$	2.1	\$	3.8	\$	10.6	\$	38.1	
Level 1 -- Projects In, or Nearing Construction																							
Peninsula Corridor Electrification Project	Caltrain	\$ 2.4	\$ 0.41	\$	0.05	\$	0.06	\$	-	\$	0.30	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.41
BART Core Capacity Program	BART	\$ 4.4	\$ 0.66	\$	0.06	\$	-	\$	-	\$	0.25	\$	0.35	\$	-	\$	-	\$	-	\$	-	\$	0.66
BART to Silicon Valley Phase II	VTA	\$ 9.0	\$ 3.29	\$	2.1	\$	-	\$	-	\$	0.45	\$	0.30	\$	-	\$	-	\$	-	\$	0.5	\$	3.30
Level 1 Megaprojects Contingency	N/A	\$ 0.5	\$ 0.40	\$	-	\$	0.05	\$	-	\$	-	\$	0.10	\$	-	\$	-	\$	-	\$	-	\$	0.3
Level 1 ZEB Projects		\$ 1.3	\$ 1.31	\$	-	\$	1.11	\$	0.10	\$	0.10	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.31
Level 1 BRT Projects		\$ 0.4	\$ 0.33	\$	0.3	\$	0.03	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.33
Transit Service Improvements and Modernization		\$ 1.3	\$ 0.75	\$	-	\$	0.31	\$	0.35	\$	-	\$	-	\$	0.1	\$	-	\$	-	\$	-	\$	0.75
Grade Separations		\$ 0.3	\$ 0.15	\$	-	\$	0.05	\$	-	\$	0.1	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.15
Express Lanes Projects		\$ 1.0	\$ 0.96	\$	-	\$	0.10	\$	-	\$	-	\$	0.3	\$	-	\$	-	\$	-	\$	-	\$	0.6
Other Roadway/ATP Projects Under \$250 M		\$ 0.3	\$ 0.25	\$	-	\$	0.10	\$	-	\$	-	\$	0.1	\$	0.1	\$	-	\$	-	\$	-	\$	0.25
Level 1 Subtotal		\$ 20.9	\$ 8.5	\$	2.5	\$	1.7	\$	0.5	\$	1.2	\$	0.8	\$	0.4	\$	-	\$	0.5	\$	0.8	\$	8.5
Level 2 -- Projects Ready for Construction																							
Revenue Envelope:			\$	3.3	\$	7.1	\$	2.0	\$	0.1	\$	0.1	\$	1.9	\$	2.1	\$	3.3	\$	9.8	\$	29.6	
Caltrain Downtown Extension (DTX)**	TJPA	\$ 6.5	\$ 4.2				\$	0.50	\$	0.06													
Valley Link Rail Project - Initial Operating Segment	Valley Link	\$ 1.9	\$ 1.2				\$	0.30	\$	0.04													
Level 2 Megaprojects Contingency	N/A	\$ 0.4	\$ 0.4																				
Level 2 ZEB Projects		\$ 1.3	\$ 1.3				\$	0.10			\$	0.05											
Level 2 BRT Projects		\$ 0.3	\$ 0.3																				
Transit Service Improvements and Modernization		\$ 1.0	\$ 0.7				\$	0.30															
Grade Separations		\$ 0.8	\$ 0.7																				
Express Lanes Projects		\$ 1.0	\$ 1.0																				
Goods Movement		\$ 0.6	\$ 0.3																				
Roadway-Other		\$ 0.7	\$ 0.7																				
Level 2 Subtotal		\$ 14.4	\$ 10.7	\$	-	\$	-	\$	1.2	\$	0.1	\$	0.1	\$	-	\$	-	\$	-	\$	-	\$	-

* Likely future endorsement areas

Caltrain Electrification was endorsed for \$410 million in the October 2022 matrix, which allowed the railroad to avoid making significant cuts to service and other investments in operations and capital improvements.

In February 2023, MTC staff presented proposed refinements to the MAP, including the criteria for assigning MAP levels:

MAP Level	Definition
Level 1	Project with more than 50% committed funding and construction start by 2028 <i>or</i> a transit megaproject with approved Federal Transit Administration (FTA) Capital Investment Grant (CIG) Full Funding Grant Agreement (FFGA) or FTA Letter of Intent for funding in the Expedited Project Delivery (EPD) pilot program.
Level 2	Project with more than 30% committed funding and construction start by 2035.
Level 3	Project with less than 30% committed funding.

MTC staff continues to develop the state gate process for evaluating MAP projects and has engaged a consultant (Steer Davies & Gleave) to develop the technical aspects of these evaluations. The draft stage gate evaluation process focuses on the following principles:

- i. Focus on the needs and experience of the customer
- ii. Adapt to Plan Bay Area updates and the fiscal constraints of the Plan
- iii. Provide regional leadership and partnership to assist in delivering projects
- iv. Grow the partnership with the state and federal governments to improve the regional transportation system
- v. Develop a regional forum of peers with expertise in project delivery.

The final draft stage gate process will be brought back to PAC in July or August 2023, prior to a recommendation for a revised MAP for MTC adoption in Fall 2023. Caltrain staff will continue to track the progress of the MAP refinement and provide input to the MTC process. There is no MTC action on the MAP this month.

- **Recommended JPB Action:** no action, informational only.

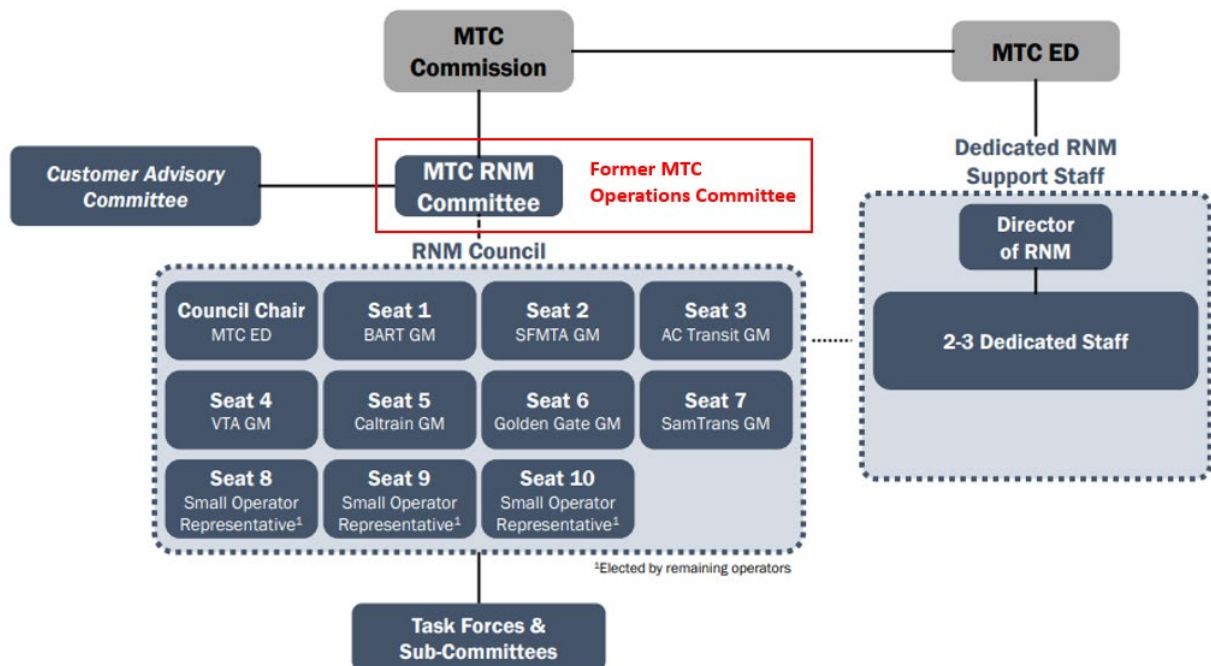
2. Regional Network Management Update

For over a year, Caltrain staff have provided updates on the progress of the Regional Network Management (RNM) business case and implementation process. The MTC-stated purpose of RNM is to improve the transit customer experience on a regional scale and advance regional improvement projects more efficiently and effectively.

RNM is focused on six functional areas to determine the correct role of regional actors and transit operators:

- Fare Integration Policy
- Wayfinding and Mapping
- Accessibility
- Bus Transit Priority
- Rail Network Management
- Connected Network Planning

To implement RNM, MTC (with input from transit operator executives) adopted the following structure in February 2023:



The most significant update to the RNM structure was the proposal by MTC staff to repurpose the MTC Operations Committee into a new RNM Committee. This avoided the creation of a new, separate committee of MTC commissioners.

At the May 10 MTC Administration Committee meeting, a revision to the MTC “Procedures Manual” was approved that memorializes the transition of the former Operations Committee to an RNM Committee. The revision of the “Procedures Manual” will be on the May 24 MTC consent agenda.

Caltrain staff have reviewed the updated manual and have no concerns about the proposed changes, as are administrative in nature and square with the previously presented RNM structure. The only changes are to the name of the committee and monthly meeting time. The composition of the committee will not change from the current MTC Operations Committee this month.

Commissioners David Canepa from San Mateo County and Matt Mahan from Santa Clara County represent the Caltrain service area on this committee.

- **Recommended JPB Action:** no action, informational only.

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Board of Directors
Through: Michelle Bouchard, Executive Director
From: Kate Jordan Steiner, Chief Financial Officer
Subject: **Acceptance of Quarterly Fuel Hedge Update**

<input checked="" type="checkbox"/> Finance Committee Recommendation	<input type="checkbox"/> Technology, Operations, Planning, and Safety Committee Recommendation	<input type="checkbox"/> Advocacy and Major Projects Committee Recommendation	<input type="checkbox"/> Staff Coordinating Council Reviewed	<input checked="" type="checkbox"/> Staff Coordinating Council Recommendation
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Action

Staff proposes the Board to review, accept, and enter into the record the presentation providing an update on the implementation of a fuel hedging strategy for Caltrain.

Significance

The purpose of this presentation is to provide an update on the implementation and performance status of the Fuel Hedging Program (Program) established for Caltrain.

Under this Program, the staff will continue to work with Linwood Capital, LLC in order to:

- Purchase new fuel hedge contracts for the upcoming fiscal year as market conditions allow.
- Maintain the size of the hedge in order to protect Caltrain's fuels budget against volatile price movements in the diesel fuel market.

Budget Impact

There is no impact on the budget.

Background

The Program implemented for Caltrain is designed to minimize large budget variances resulting from the volatility of diesel fuel prices. An effective hedging strategy can increase budget certainty and facilitate a more effective utilization of budgetary resources. The purpose of the Program is not to speculate on the price of fuel but to manage risk, particularly as it relates to Caltrain's annual budget.

FY 2023

- As of March 31st, the fuel hedging program had realized net gains of \$1,179,519.57 for the time period July 2022 through March 2023 – the first three quarters of FY 2023. This is approximately \$0.38 per gallon of realized gain for the first three quarters of FY 2023. The approximate cost of fuel before taxes and fees and after the effect of the hedge is \$3.09 per gallon from July 2022 through March 2023.
- Additionally, for the remainder of FY 2023, the hedge currently reflects unrealized loss of \$(558,188.40) which is \$(0.49)/gallon on all gallons April 2023 through June 2023. This assumes projected consumption of 1,134,833 gallons for the remainder of FY 2023.
- For the remainder of FY 2023, approximately 93% (85% after tax) of the anticipated fuel usage through June 2023 is hedged at an average price of \$3.17/gallon, excluding taxes and fees (\$3.92 with taxes and fees), versus a currently planned budget estimate of \$3.12/gallon, excluding taxes and fees based on a 104 train/day schedule.
- The remaining un-hedged gallons for FY 2023 through June 2023 have a projected cost of \$2.64/gallon as of 3/31/23 excluding taxes and fees (\$3.34 with tax and fees).
- Expected weighted average cost of all gallons for April through June 2023 including hedging excluding taxes and fees is \$3.13/gallon and including taxes and fees is \$3.83/gallon as of 3/31/2023.
- Total dollar budget for fuel for FY 2023 is \$15,521,648 based on \$3.41 per gallon before tax and fees and estimated total consumption of 4,551,803 gallons. Estimated total cost before tax and fees and after hedging for the entirety of FY 2023 as of 3/31/23 is estimated to be \$13,618,382 or \$3.07 per gallon. The current expected FY 2023 budget surplus is \$1,903,267.

FY 2024

- For FY 2024, there is currently an unrealized loss of \$(483,667.80) which is \$(0.11)/gallon on all projected gallons July 2023 through June 2024. This assumes projected consumption of 4,564,274 gallons for FY 2024.
- For FY 2024, approximately 98% (89% after tax) of the anticipated fuel usage during FY 2024 is hedged at an average price of \$2.70/gallon excluding taxes and fees

(\$3.40/gallon with taxes and fees) versus a currently planned budget estimate of \$2.80/gallon, excluding taxes and fees.

- The remaining un-hedged gallons for FY 2024 have a projected cost of \$2.60 excluding taxes and fees (3.28 with tax and fees) as of 3/31/23.
- For FY 2024, the expected weighted average cost of all gallons net of hedge and excluding tax and fees is \$2.70/gallon and including taxes and fees is \$3.39/gallon.
- Total dollar budget for fuel for FY 2024 is \$12,779,967 based on \$2.80 per gallon before tax and fees and estimated total consumption of 4,564,274 gallons. The estimated total cost before tax and fees and after hedging for FY 2024 as of 3/31/23 is \$12,324,363 or \$2.70 per gallon. The current expected budget surplus for FY 2024 is \$455,604.

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Director, Treasury

650-508-7765

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Advocacy and Major Projects Committee
Through: Michelle Bouchard, Executive Director
From: Dahlia Chazan, Deputy Chief, Caltrain Planning
Subject: **Corridor Crossings Strategy Introduction**

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| <input type="checkbox"/> Finance
Committee
Recommendation | <input type="checkbox"/> Technology,
Operations,
Planning, and
Safety
Committee
Recommendation | <input type="checkbox"/> Advocacy and
Major Projects
Committee
Recommendation | <input type="checkbox"/> Staff
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Action

This report includes an informational update that requires no action.

Significance

The Corridor Crossings Strategy (CCS) is a stakeholder-driven effort to define a systematic corridor-wide approach to crossings. As Caltrain and other operators plan to increase rail services, Caltrain understands that a coordinated approach to grade separations or closures is needed to unlock regional mobility and safety benefits. Caltrain also understands that stakeholder community grade separation desires along the corridor are not consistent with available funding and opportunities. The strategy aims to align stakeholder ambitions into balance with an implementable program, addressing funding, organization, and program delivery.

Project staff are presenting an introduction of the CCS program, project opportunities, the program strategy approach, and stakeholder engagement. The program introduction outlines baseline conditions, current challenges facing the corridor and the program’s purpose. As part of the program strategy approach, an overview of the program strategy process, case studies, strategy goals, and engagement schedule will be provided in addition to an outline of next steps towards completing the program deliverables.

Budget Impact

This informational item has no impact on the budget.

Background

The CCS has been discussed as an agency priority since 2019, when it was first identified within the Caltrain Business Plan Process. This strategy was first funded in 2019 but was delayed due to the COVID-19 pandemic. The Caltrain Business Plan acknowledges that grade separation projects are costly, complex, and challenging. The CCS strives to identify areas for enhancement

in the current process and develop a potential strategic approach to deliver corridor-wide consensus on delivery of grade separation projects.

The CCS is divided into three phases: Initiation Phase, Phase I, and Phase II. The Initiation Phase started in July 2022 and finished in December 2022. This phase included the initial issue identification collected from Caltrain coordination, initial stakeholder engagement, and preliminary existing conditions gathering.

Phase I commenced in January 2023 and will end in approximately Winter 2023. Phase I takes the outputs from the Initiation Phase to provide an initial framework to organize the overall study, workplan, and stakeholder engagement process. The purpose of Phase I is to identify a shared vision for grade separations or closures along the corridor, including objectives and needs through extensive stakeholder engagement.

Phase II will begin after the completion of Phase I, once a shared vision is identified. Phase II will include a corridor-wide strategy and programmatic approach for the organization, project development, funding, and implementation of the vision.

Phase I

Based on the initial stakeholder engagement as part of the Initiation Phase, the project opportunities will include the development of a user-friendly, website-based Crossings Delivery Guide to communicate roles and responsibilities, key design standards, and processes for grade crossing separation and closure projects. In addition to the Crossings Delivery Guide and in close partnership with the cities and stakeholders, the program strategy will gather the ambitions of stakeholders to clarify and define a vision that balances the complex web of organizational, technical, and funding challenges that must be addressed for the vision to be realized. Cost and funding information will also be provided as part of the Program Strategy to facilitate the discussion of a coordinated funding approach and provide near-term benefits to jurisdictions. A 4-Track analysis will be developed alongside the Crossings Delivery Guide and Program Strategy to outline trade-offs and develop an infrastructure program to meet the corridor's planned service levels and maximize benefits for passengers and the community.

Next Steps

As part of the program strategy process, the CCS will continue its technical analysis to see how different technical topics are affected across each delivery approach and evaluate them against stakeholder goals. The CCS will also continue regular presentations to stakeholder groups, and host in-person working sessions to provide a hands-on forum for providing feedback on the CCS' analysis and guide the program strategy development. The Draft Crossings Delivery Guide and Draft Strategy Vision are anticipated to be ready for stakeholder review by the end of 2023.

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Finance Committee
Through: Michelle Bouchard, Executive Director
From: Sam Sargent, Director, Strategy and Policy
Subject: **Project Labor Agreement Policy Update**

Finance Committee Recommendation Technology, Operations, Planning, and Safety Committee Recommendation Advocacy and Major Projects Committee Recommendation Staff Coordinating Council Reviewed

Action

None. Informational only.

Significance

The purpose of most Project Labor Agreements (PLA) is to promote efficiency in construction and provide a structure to settle labor disputes without work stoppages, strikes, sympathy strikes or lockouts. At present, the Caltrain Electrification agreement is the only PLA in place on the railroad. In December, the Board of Directors (Board) requested that staff develop a PLA Policy to guide the use of these agreements on future construction projects.

The advantages and disadvantages of having PLAs on Caltrain construction projects, as well as a set of options for Board consideration related to the PLA Policy, are discussed below and in the board presentation. Caltrain staff (staff) will incorporate Board input on the PLA Policy into a final draft for future action.

Budget Impact

No budget impact at this time.

Background

On December 1, 2022, the Board requested that staff report back with a “draft policy relating to a framework for Project Labor Agreements and Community Hiring Provisions, collectively known as Community Workforce Agreements [CWA].” The draft PLA Policy will be considered by the board in two phases over two months: policy options, followed by potential action.

Since the initial request, staff have convened an internal PLA Policy project steering committee and a series of conversations with building and trades council leadership from San Francisco, San Mateo, and Santa Clara counties. An in-depth review of transit operator, county, and city peer approaches to PLAs was completed, including interviews with responsible staff at different

stages of the PLA process. The results of this research have been incorporated into the options and alternatives discussed below.

Alameda County, the cities of San Francisco and San Jose, Santa Clara County, Sonoma County, and VTA each have PLA policies in place covering all construction projects over a certain dollar threshold. The construction projects must have contracts let by the county, city, or agency for those PLA policies to apply.

AC Transit, BART, LA Metro, and the Transbay Joint Powers Authority (TJPA), alternatively, have PLA policies that apply to all construction projects within a program of projects. Some programs are defined by a mode, while others are defined by the primary source of funds.

Organization	PLA Threshold
Sonoma County	\$10 million
Santa Clara County	\$2 million
VTA	\$2 million
City of San Jose	\$1.25 million
City of San Francisco	\$1 million
Alameda County	\$1 million
AC Transit	All Bus Rapid Transit (BRT) projects
TJPA	All Phase I & II projects
BART	Specified “Major Projects”
LA Metro	Measure M and R projects, P3s

PLA policies and PLAs on specific construction projects are common in the Bay Area. While the purpose of most PLAs is to promote efficiency in construction and provide a structure to settle disputes, there are other benefits and risks for board consideration.

At the federal level, Executive Order 13502, issued by President Biden on February 9, 2022, requires the use of PLAs on federally funded projects over \$35 million and provides guidance on the structure of those agreements. At the state level, Public Contract Code (PCC) Section 2500 requires public entities in California that enter into PLAs to incorporate a series “taxpayer protection provisions” including anti-discrimination language, drug testing, and guarantees against “work stoppages, strikes, lockouts, and similar disruptions of [a] project.”

The federal and state governments have recently incorporated PLA use into the guidelines for discretionary grant programs such as the Federal-Station Partnership for Intercity Passenger Rail and state Transit and Intercity Rail Capital Program. The former includes “strong labor standards” and the “use of project labor agreements” among the selection criteria, while the latter requires agencies to demonstrate “direct, meaningful, and assured benefits” to the

community including PLAs on candidate projects. In short, the use of PLAs currently makes projects more competitive for state and federal grant funding

While a PLA Policy may increase the likelihood of securing outside funds, the impact of a policy on project costs must also be considered. According to the UC Berkeley Labor Center, workers covered by union contracts earn 12.9 percent higher wages than non-union workers. Union workers are more likely to receive employer-sponsored health benefits and a retirement plan, which may drive project labor costs higher. Wages were measured across public and private projects in that study.

Simultaneously, the same research has shown that unionization increases productivity and decreases staff turnover, which can lead to significant cost savings for a project. Unless a PLA includes a higher wage than the prevailing wage, there should be little difference in hourly labor costs as public construction projects are covered by California's prevailing wage laws. Furthermore, in a union-rich environment like the Bay Area, the impact of a PLA on project costs is negligible to none, according to Caltrain staff research and peer entity interviews.

The policy options for board consideration include further discussion of the benefits and risks to Caltrain projects of a PLA Policy:

1. **Should Caltrain have a PLA Policy?**

Pro: a PLA Policy will provide structure and a consistent approach to labor agreements on Caltrain projects. PLAs will make Caltrain more competitive for federal and state grant funding opportunities and will build support among labor and labor-affiliated policymakers as the railroad explores options for new, necessary revenue.

Con: Caltrain does not currently have the resources to properly negotiate, execute, or administer PLAs under a new policy. Because of the unique qualities of Caltrain as a three-county commuter railroad, the experience of Bay Area peers may not address all risks to the organization, including administrative and other project cost increases.

2. **What type of project does the PLA Policy apply to?**

Alternative 1: construction projects with a contract awarded by the JPB and an engineer's initial cost estimate is over a JPB-approved dollar threshold.

- Pro: consistent, intuitive approach for Caltrain and the contractor community; common among peers, does not require projects to be selected for policy inclusion.
- Con: likely requires regular updates, is not tied to specific programs or projects or the structure of the future Caltrain Capital Investment Plan (CIP).

Alternative 2: Grade separation projects within the scope of the ongoing Corridor Crossing Study. Applicable projects definition will be revisited when the CIP is completed.

- Pro: a programmatic approach ensures use of PLAs on Caltrain's largest capital projects. CIP connection will link the railroad's new, more systematic approach to capital planning and delivery with Caltrain's labor policy.

- Con: projects that could benefit from a PLA, but not part of a larger capital program (such as grade separations), may be left out, requiring an ad hoc approach.

3. What is the dollar threshold for the PLA Policy, if that approach is taken?

Caltrain staff propose JPB consideration of the following threshold levels:

- **\$2 million**: currently the VTA and Santa Clara County PLA dollar threshold, which was included in the Board request.
- **\$5 million**: a threshold lower than the average of Caltrain’s FY2024 top ranked non-planning projects average (\$7.41 million).
- **\$10 million**: a threshold lower than the current Caltrain Management Committee-approved, railroad-led projects average (\$14.4 million).
- **\$35 million**: EO 13502 requirement for federally funded projects; a threshold below the current Management Committee-approved projects average (\$100 million).

4. Who negotiates the PLA on a project? How is the PLA administered?

Alternative 1: Caltrain would negotiate the PLA with the applicable labor councils. The PLA would then be binding on the contractor.

- Pro: Caltrain retains control over the process and relationship with the labor councils. This is the standard arrangement among regional and state peer agencies.
- Con: Caltrain does not currently have the resources to properly negotiate, execute, or administer PLAs under a new policy. This may increase administrative, project costs.

Alternative 2: Under the Caltrain policy, a PLA is required as a condition of contract award on applicable projects. The contractor then negotiates the PLA with the labor councils.

- Pro: Caltrain shifts the burden of negotiation and administration to the contractor and does not have to add new internal resources.
- Con: Caltrain loses a large degree of control over the process and relationship with the labor councils. Issues between labor and the contractor will likely be elevated to the JPB.

Caltrain staff will return to the Board in the coming months with a draft PLA Policy based on the input gathered from this month’s discussion of policy options.

The December 1, 2022 board request also included an ask for a draft CWA for the transit-oriented development (TOD) at Diridon Station. It is anticipated that a Request for Qualifications for the Diridon will be released in 2024, which gives Caltrain staff and the Board time to discuss separately later in the year.

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Advocacy and Major Projects Committee
Through: Michelle Bouchard, Executive Director
From: Dahlia Chazan, Deputy Chief, Caltrain Planning
Subject: **Railyards Preliminary Business Case Update**

Finance Committee Recommendation Technology, Operations, Planning, and Safety Committee Recommendation Advocacy and Major Projects Committee Recommendation Staff Coordinating Council Reviewed

Action

This report includes an informational update that requires no action by the Board of Directors (“Board”) of the Peninsula Corridor Joint Powers Board (“JPB” or “Caltrain”).

Significance

The San Francisco Railyards (SF Railyards) is a 20-acre site that includes the 4th and King Caltrain Station, rail storage, and other rail facilities. It is owned by Prologis, and subject to a perpetual operating easement held by the JPB. The JPB and Prologis are currently partnering to conduct a Preliminary Business Case that is exploring the potential for redevelopment of the site into a regional transit center with a new rail station, added Caltrain service, housing, offices, and public spaces.

Development at the San Francisco Railyards is an opportunity to:

- Accommodate increased Caltrain service and future Caltrain operations, generate additional ridership, and support connections to California High-Speed Rail (CAHSR), the Downtown Rail Extension (DTX), the future Pennsylvania Avenue Extension (PAX), San Francisco Municipal Transportation Authority (SFMTA) Central Subway, and other SFMTA transit lines.
- Create transit-oriented development (TOD) to add housing and increase access to jobs in San Francisco and across the region.
- Reduce climate impacts by replacing car trips with enhanced regional transit options.
- Connect downtown San Francisco neighborhoods to the waterfront, schools, and open spaces.
- Increase the resilience of the station and the neighborhood in preparation for earthquakes and sea-level rise.

The project is moving forward through the Caltrain/Prologis Preliminary Business Case (PBC), which is a process to enable informed decision-making through rigorous evaluation of options against detailed evaluation criteria.

This report and accompanying presentation provide an update on the status of this effort.

Budget Impact

There is no direct budget impact associated with this informational update.

Background

The Caltrain San Francisco Railyards (4th and King Station) in Mission Bay is Caltrain's current San Francisco terminus and a critical operating asset. The site is owned by Prologis and Caltrain holds a perpetual operating easement.

The Mission Bay neighborhood of San Francisco has experienced substantial new development and transformation over the last two decades, with intensifying population, density, and activity in the area. Given its prime location and proximity to significant transit assets, including Caltrain and MUNI Metro lines, the opportunity to redevelop the railyards site has been studied extensively.

Interest in the potential redevelopment of the railyard was formalized in 2019 through the creation of a railyards-focused Memorandum of Understanding (MOU) working group ("the Railyards MOU group") that includes Caltrain, the City and County of San Francisco's Planning Department, Prologis, the Transbay Joint Powers Authority, the San Francisco County Transportation Authority, and the California High Speed Rail Authority.

In 2021, Prologis and Caltrain entered an MOU to advance the Preliminary Business Case. The Prologis and Caltrain MOU has funded the evaluation of potential development options at the site and the coordination of different projects and plans that have the potential to impact the railyard. The preliminary business case is analyzing multiple potential configurations of the Railyards site and is evaluating the trade-offs, impacts, and value/benefit of options against the project's goals and objectives. The project goals are as follows, and are the basis of a set of evaluation criteria which form the foundation for the evaluation of options:

1. Maintain and enhance rider/transit facility user experience
2. Facilitate safe and efficient rail operations
3. Unlock economic and financial potential of the site for all stakeholders
4. Pursue low carbon and climate resilient solutions
5. Unlock social value benefits (and added social value) for existing and future communities
6. Deliver a welcoming, accessible, safe, and inclusive urban environment

The SF Railyards project has the potential to improve transit service and intermodal connections by accommodating increased Caltrain service and future operations as well as connections to California High-Speed Rail, the Downtown Rail Extension, the future Pennsylvania Avenue Extension, SFMTA Central Subway, and other SFMTA transit lines.

A redeveloped railyard can improve Caltrain facilities while enhancing the user experience, creating sustainable pathways, and better connecting local and regional communities. The project has the potential to also deliver a welcoming, accessible, safe, and inclusive urban environment and unlock economic and financial potential through transit-oriented development (TOD) including new housing and employment opportunities, as well as add social value for existing and future communities by enhancing connectivity between downtown neighborhoods and waterfront and green space amenities.

Complementing the business case effort, the JPB, in collaboration with the City of San Francisco, was recently awarded a \$650,000 Transit-Oriented Development (TOD) Planning Program Discretionary Grant by the FTA to support comprehensive and site-specific planning efforts for communities to improve access to public transportation by integrating land use and transportation-related improvements with federal capital transit investments. The JPB and the City of San Francisco Planning Department will advance this complementary planning effort following receipt of grant funds.

The City of San Francisco is also advancing a parallel and related effort to study the neighborhood surrounding the Railyards as a continuation of the Rail Alignment and Benefits (RAB) study completed in 2018. This study analyzed the best ways to bring Caltrain and CAHSR to the Salesforce Transit Center while connecting San Francisco's fastest-growing neighborhoods on the east side of the City.

Finally, the project has the potential to increase sustainability by replacing car trips with enhanced regional transit options and increase resilience to natural disasters by building for future sea-level rise and seismic activity.

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Peninsula Corridor Joint Powers Board (PCJPB)

Staff Report

To: Board of Directors

Through: Michelle Bouchard, Executive Director

From: Nate Kramer, Chief People Officer

Subject: **Update on Disadvantaged Business Enterprise Program**

Finance Committee Recommendation Technology, Operations, Planning, and Safety Committee Recommendation Advocacy and Major Projects Committee Recommendation Staff Coordinating Council Reviewed

Action

This report is submitted for informational purposes only. It provides the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB) a status update on recent developments related to the Disadvantaged Business Enterprise (DBE) Program, including updated goals for the current three-year period and a description of ongoing outreach efforts to increase DBE participation.

Significance

U.S. Department of Transportation (DOT) regulations, found in Title 49 of the Code of Federal Regulations Part 26, require Federal Transit Administration (FTA) grantees to establish a DBE Program and three-year DBE goals for all projects receiving FTA assistance.

In September 2022, Office of Civil Rights (OCR) staff recommended, and the Board approved, a DBE goal setting methodology for Federal Fiscal Years (FFY) 2023-25. Subsequently, FTA requested clarification of the JPB’s DBE goals, which have been re-examined and revised accordingly as further described below. This mid-year update on the DBE Program covers the FTA-requested resubmittal as well as a shortfall analysis for FFY 2022.

Budget Impact

The revisions to DBE Program goals will have no impact on the budget.

Background

In September 2022, the Board approved a three-year overall DBE goal of 13.58% for FTA-assisted contracts for FFY 2023-25, in accordance with the USDOT regulations. At the time, staff determined that the proposed goal of 13.58% could be achieved using both race/gender neutral (7%) and race/gender conscious means (6.58%). The goal was submitted to the FTA for approval by the September 30, 2022, submission deadline.

On October 3, 2022, the Region IX FTA Office of Civil Rights Coordinator contacted District OCR staff with questions concerning the evaluation of median participation in determining the goal. Further, they requested clarification regarding the race/gender neutral and race/gender conscious goal split. The FTA informed OCR staff that they would be unable to issue a Concurrence Letter without additional details and calculations. An extension was given to OCR staff to provide additional details and to re-examine opportunities for any changes in the goal. The FTA did not require additional Board approval or an additional Stakeholder meeting.

On November 22, 2022, a new Goal Determination Document (Attachment 1) was sent to the Region IX FTA Coordinator with a proposed overall DBE goal of 12.8%, consisting of a race/gender neutral goal of 7% and race/gender conscious goal of 5.8%. FTA provided a Concurrence Letter for the updated three-year DBE goal on November 28, 2022.

Goal Determination

Two changes were significant in calculating the new goal, the Step 1 Base Figure calculation, and the Base Figure adjustment.

First, staff reviewed the Step 1 Base Figure Calculation and provided an updated calculation of DBE availability from the three-county market area using the California Unified Certification Program Database (<https://ucp.dot.ca.gov/>).¹ This increased the DBE availability from the previous 1.82% Base Figure to 14.58% Base Figure. Several additional DBEs were identified with this new database. Staff also used the most recent 2022 U.S. Census Bureau's County Business Patterns (CBP) database (<https://data.census.gov/>) to obtain the number of all firms (DBEs and non-DBEs) ready, willing, and able to bid for the FTA-assisted contracts.

Second, staff used FTA guidance to adjust the base figure to arrive at the overall goal. As per FTA's DBE Contract Goal Setting submission guidelines², staff determined that past participation was the best indication for adjustment. The FTA Regional Civil Rights Coordinator advised that too much of a gap in the data had passed since the completion of the 2017 disparity study³ to be relevant to the goal determination.

¹ Previous search used the Caltrans Database which was determined to be out of date.

² <https://www.transportation.gov/sites/dot.gov/files/2022-03/DBE%20Contract%20Goal%20Setting%20508.pdf>

³ Completion of the study was in 2017 with the report being published in 2018.

The updated past participation was calculated looking at previously submitted semi-annual FTA reports that calculated the overall dollars spent for FFY 2019-2021. In the initial calculation, percentages were pulled from quarterly achievement reports that provided an incomplete result in goal achievement by not including complete annual data.

To address the FTA's question regarding the race/gender neutral and race/gender conscious split, staff reviewed the race/gender neutral accomplishments from FFY 2019-2021 and then calculated the median past participation at 11.03%.

The final Adjustment of the Step 1 Base Figure is the average of the Median of the actual participation for the last three years 2019-2021, which is 11.03% and the Step 1 base figure of 14.56%.

Therefore, Step 2 Adjusted Overall Goal = $(11.03\% + 14.56\%) / 2 = 12.8\%$.

Race/Gender Neutral and Race/Gender Conscious Split

The race/gender neutral goal remained at 7% while the new race/gender conscious goal is at 5.8%. In the past six years, Caltrain has not been able to meet its overall goal due to the heavy rail specific construction and the limited sub-contracting opportunities from TASI. For example, janitorial services or station cleaning are often sub-contracted to DBEs by other agencies such as BART and VTA. However, these services, among many others, are completed by TASI. The specialized work associated with Caltrain projects creates a challenge finding certified DBEs. Moreover, for non-heavy rail specific work, Caltrain remains in constant competition for contractors, electricians, engineers, along with other professional services firms.

In addition, only six of the 332 FTA funded contracts issued between 2016-2021 had race/gender conscious goals. For calculating the race/gender neutral goal, OCR staff used the goal achievement numbers for 2020 and 2021, during which Caltrain exceeded its race/gender neutral goal of 6.50% by 5.00% and 6.00%, respectively. The FTA has recommended that this can be used as the basis of estimating similar race/gender neutral participation in the upcoming funding cycle. The remainder will be achieved by placing contract goals on specific contracts to attain the 5.8% allocated to the race/gender conscious goal. OCR works with the Contracts and Procurement (C&P) department to identify projects where that contain opportunities to add or increase contract specific goals to meet the overall DBE goal for the program. The CEMOF Facility Improvements for PCEP, along with the Delaware Street Storm Drain Relocation Projects are examples of projects with contract specific goals.

FFY 2022 Shortfall

The combined FTA dollar share of awards and commitments for FFY 2022 was \$21,067,322. The total amounts of race/gender neutral and race/gender conscious dollars awarded were \$2,267,829 and \$147,948, respectively. The breakdown for goals is as follows:

FY22 DBE Goals	Goal Percentage	Achievement	Shortfall
Overall	13.50%	11.47%	2.03%
Race/Gender Neutral	6.50%	10.76%	0.00%
Race/Gender Conscious	7.00%	0.70%	6.30%

Note: Numbers may not add up due to rounding.

Staff submitted a Shortfall Analysis to the FTA on December 22, 2022, highlighting challenges and methods to increase goal participation including increased oversight of contracts, adding work codes, and adding contract specific goals.

Six Month Update and Plan Forward

With the hiring of a new DBE Administrator in September 2022, the past six months have been focused on refining and updating OCR processes and procedures, including reviewing, and revising contract templates. These measures assist OCR in streamlining DBE certification determinations, along with monitoring federal contracts. Both actions are vital to remaining compliant with the requirements outlined in the federal regulations. OCR has also recommended contract specific goals for PCEP and Rail projects. Contract specific goals are race conscious measures that will increase the overall goal and race conscious goal.

Previously due to limited staff, OCR was challenged to maintain DBE monitoring and compliance. OCR staff have now fully implemented the B2GNow Database. B2GNow is a supplier diversity management software solution which streamlines and automates data-gathering, tracking, reporting, vendor management, and administrative processes. The various modules allow staff to better increase goal participation, increase the number of DBEs, and ensure compliance. Staff can better assist DBE certified firms by reducing processing time for DBE applications, renewals, and change. This allows OCR staff to better identify and outreach to DBEs that may be eligible for JPB Projects and increase the number of DBEs for the region.

B2GNow is a benefit to Caltrain and streamlines the reporting process for contractors and subcontractors. Once a contractor creates a profile in the system, many questions and concerns can be addressed immediately. B2GNow updates contract changes and requests, along with payments received and dispersed in real time. These features allow primes and subcontractors the ability to monitor contracts through their individual portals. B2GNow allows OCR to monitor certifications and contracts, along with the ability to respond with solutions immediately. Because OCR can generate numerous reports instantly, along with the system capability of saving all data, requests, and online communications permanently, B2GNow offers OCR another tool to provide excellent customer service.

The B2GNow Outreach module will increase visibility of Caltrain projects. This module allows OCR to reach more DBEs and contractors. Most recently, OCR used the Outreach module to advertise the Next Generation Visual Message Signs (NGVMS) project. Staff contacted over 560 primes and subcontractors, along with providing a presentation and overview of the project. OCR identified firms, who held the required license to perform work, and who may have interest in bidding on the project. Additionally, the outreach module allows OCR to contact DBE firms, who hold licenses for specialized work identified in projects. This gives DBEs the opportunity to review work associated with the project and encourages bidding.

The Outreach Module complements the in-person outreach staff has planned for 2023 with the Business Outreach Committee (BOC). The BOC is a consortium of Bay Area Transit and transportation agencies who work together to assist DBEs through training, technical assistance, and contracting opportunities. As a member of the BOC, OCR can advertise upcoming projects to contractors and DBEs throughout the state of California. BOC events allows OCR to garner more participation through networking, procurement seminars, and meet the prime presentations, which levels the playing field for DBEs. These events will allow Caltrain staff to present on projects suitable for DBE participation.

FTA Semi-Annual Report Data

Caltrain will submit its Semi-Annual Report on June 30, 2023, to the FTA on the progress of DBE payments and goal achievements. The report covers the progress of DBE payments and goals for October 1, 2023 – March 31, 2023.

	Total Award	DBE Award	DBE Goal	DBE % Attained
Total	14,422,120.91	1,249,450.13	1,846,031.48	8.66%

The report will also include the number of DBEs participating on projects and breakdown of race and gender information on contracts during the reporting period. This information is vital to ensuring Caltrain is on track to meet or exceed our DBE goal.

OCR has also recently hired a Civil Rights Manager to focus on DBE goal monitoring and Labor Compliance. The assessment of the DBE work emphasizes breadth of the work with not only compliance and monitoring of contracts, but the active participation in goal achievement.

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