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SHAMANN WALTON
MONIQUE ZMUDA

MICHELLE BOUCHARD
EXECUTIVE DIRECTOR

AGENDA

PENINSULA CORRIDOR JOINT POWERS BOARD

Finance Committee Meeting

July 24, 2023, 2:30 pm

Bacciocco Auditorium, 2nd Floor
1250 San Carlos Ave., San Carlos, CA

Committee Members: Monique Zmuda (Chair), Dev Davis (Vice Chair), Ray Mueller

Members of the public may participate remotely or in-person, provided that they satisfy the safety protocols listed below.

Members of the public may participate remotely via Zoom at <https://us02web.zoom.us/j/81843266625?pwd=aDExTGltUUJSOUc5TkNnbU1QMTRHUT09> or by entering Webinar ID: # **818 4326 6625**, Passcode: **249080**, in the Zoom app for audio/visual capability or by calling 1-669-900-6833 (enter webinar ID and press # when prompted for participant ID) for audio only. The video live stream will be available after the meeting at <https://www.caltrain.com/video-board-directors> .

Members of the public also may participate in person at:

San Mateo County Transit District
1250 San Carlos Avenue
Bacciocco Auditorium – 2nd Floor
San Carlos, CA,

San Jose City Hall
200 East Santa Clara Street
18th Floor - Room T-1853
San Jose, CA 95113

or any other noticed location provided they comply with the following safety protocols:

Please Note the Following COVID-19 Protocols for In-person Attendance:

Visitors who have been exposed to the COVID-19 virus, who have received a positive COVID-19 test results, or who are experiencing any of the following COVID-19 related symptoms should refrain from participating in person:

- Cough
- Fatigue
- Sore Throat
- Headache
- Congestion or runny nose
- Nausea or vomiting
- Muscle or body aches
- Diarrhea
- Fever or Chills
- Loss of taste or smell
- Shortness of Breath

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

Public Comments: Public comments may be submitted to publiccomment@caltrain.com prior to the meeting's call to order so that they can be sent to the Board as soon as possible, while those received during or after an agenda item is heard will be included into the Board's weekly correspondence and posted online at: <https://www.caltrain.com/about-caltrain/meetings>.

Verbal public comments will also be accepted during the meeting in person and through Zoom* or the teleconference number listed above. Public comments on individual agenda items are limited to one per person PER AGENDA ITEM. Participants using Zoom over the Internet should use the Raise Hand feature to request to speak. For participants calling in, dial *67 if you do not want your telephone number to appear on the live broadcast. Callers may dial *9 to use the Raise Hand feature for public comment. Each commenter will be recognized to speak, and callers should dial *6 to unmute themselves when recognized to speak.

Each public comment is limited to two minutes. The Board Chair has the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

July 24, 2023 - Monday

2:30 pm

All items to which [Government Code section 84308](#) applies have been marked with an asterisk

A double asterisk indicates that one or more Directors of the JPB serve on the governing board of a public agency with which the JPB proposes to contract. Under Government code section 1091(a)(9), this relationship is considered to be a noninterest but it must be disclosed.

1. Call to Order/Pledge of Allegiance
2. Roll Call
3. Public Comment on Items not on the Agenda
Comments by each individual speaker shall be limited to two (2) minutes. Items raised that require a response will be deferred for staff to reply.
4. Consent Calendar
Members of the Board may request that an item under the Consent Calendar be considered separately.
 - 4.a. Meeting Minutes of June 26, 2023 Motion
5. Information on Statement of Revenues and Expenses for the Period Ended June 30, 2023 Informational
6. Award of Contract for Next Generation Visual Message Signs Project Motion
7. Award of Contract for 2023 Grade Crossing Improvements Project Motion
8. Approve Ground Lease Amendment with HPS-San Mateo, LLC* Motion
9. Approve and Ratify Fiscal Year 2024 Insurance Program Motion

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

- | | |
|--|---------------|
| 10. Amendment No. 1 to MOU with Prologis for the Railyards Preliminary Business Case* | Motion |
| 11. Authorize the Executive Director to Execute an Interim Agreement Between the Transbay Joint Powers Authority and the Peninsula Corridor Joint Powers Board to Support Advancement of the San Francisco Downtown Rail Extension Project** | Motion |
| 12. Approve Execution of Stadler Electric Multiple Unit Option and Funding Plan* | Motion |
| 13. Update on Energy Procurement Strategy for Caltrain Electrification | Informational |
| 14. Draft 2023 Fare Change Recommendations | Informational |
| 15. Committee Member Requests | |
| 16. Date/Time of Next Regular Finance Committee Meeting: August 28, 2023 at 2:30 pm.
The meeting will be accessible via Zoom and in person at the San Mateo County Transit District, Bacciocco Auditorium, 2nd Floor, 1250 San Carlos Avenue, San Carlos, CA 94070. | |
| 17. Adjourn | |

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

Information for the Public

All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board. If you have questions on the agenda, please contact the JPB Secretary at 650.508.6242. Agendas are available on the Caltrain website at www.caltrain.com. Communications to the Board of Directors can be e-mailed to board@caltrain.com. *Free translation is available; Para traducción llama al 1.800.660.4287; 如需翻译 请电1.800.660.4287*

Date and Time of Board and Committee Meetings

JPB Board: First Thursday of the month, 9:00 am; JPB Finance Committee: Two Mondays before the Board Meeting, 2:30 pm. The date, time, and location of meetings may be changed as necessary. Meeting schedules for the Board and committees are available on the website.

Location of Meeting

Members of the Public may attend this meeting in person or remotely via Zoom. *Should Zoom not be operational, please check online at <https://www.caltrain.com/about-caltrain/meetings> for any updates or further instruction.

Public Comment*

Members of the public are encouraged to participate remotely or in person. Public comments may be submitted by comment card in person and given to the JPB Secretary. Prior to the meeting's call to order, public comment may be sent to publiccomment@caltrain.com so that they can be sent to the Board as soon as possible, while those received during or after an agenda item is heard will be included into the Board's weekly correspondence and posted online at: <https://www.caltrain.com/about-caltrain/meetings> .

Oral public comments will also be accepted during the meeting in person or through Zoom or the teleconference number listed above. Public comments on individual agenda items are limited to one per person PER AGENDA ITEM. Each commenter will be automatically notified when they are unmuted to speak for two minutes or less. The Board Chair shall have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

Accessible Public Meetings/Translation

Upon request, the JPB will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least 72 hours in advance of the meeting or hearing. Please direct requests for disability-related modification and/or interpreter services to the Title VI Administrator at San Mateo County Transit District, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or email titlevi@samtrans.com; or request by phone at 650-622-7864 or TTY 650-508-6448.

Availability of Public Records

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that is distributed to a majority of the legislative body, will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070-1306, at the same time that the public records are distributed or made available to the legislative body.

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

**Peninsula Corridor Joint Powers Board
Finance Committee Meeting
1250 San Carlos Avenue, San Carlos, CA 94070
Minutes of June 26, 2023**

Members Present: Monique Zmuda (Chair)

Members via

Teleconference: Devora "Dev" Davis (Vice Chair)

Members Absent: Ray Mueller

Staff Present: R. Barnard, M. Bouchard, J. Chen, L. Cobb, J. Harrison, K. Jordan Steiner,
W. Lau, L. Mai, D. Ryan, D. Seamans, M. Tseng

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, took roll and confirmed a quorum.

3. Public Comment on Items not on the Agenda

There were none.

4. Consent Calendar

4.a. Meeting Minutes of May 22, 2023

Motion/Second: Davis/Zmuda

Ayes: Davis, Zmuda

Noes: None

Absent: Mueller

5. Accept Statement of Revenues and Expenses for the Period Ending May 31, 2023

Kate Jordan Steiner, Chief Financial Officer, introduced Jeannie Chen, Acting Director of Accounting, who provided the presentation which included the following:

- No changes in forecast FY (fiscal year) 2023 since January projections
- Projected surplus at \$1.6 million versus initial projection of \$2.6 million deficit due to Measure RR sales tax receipts

Motion/Second: Davis/Zmuda

Ayes: Davis, Zmuda

Noes: None

Absent: Mueller

6. Renew Emergency Findings for San Francisquito Creek North Bank Restoration Due to Erosion Pursuant to Public Contract Code §22050*

Robert Barnard, Deputy Chief of Design and Construction, provided the presentation which included the following:

- Highly constrained schedule for work, which started on June 15 and permits expected to end at the end of August and allowing only six weeks to do actual work
- Shared draft conceptual estimate as placeholder in April and early indications of costs were \$10.4 million with unknown permitting conditions
- Current cost indications now lowered to \$5.3 million in FY2024-2025 budget and they are working on a cost sharing agreement with Menlo Park and Palo Alto

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

- Short timeline to complete water work established by resource agencies
- Separate contract with Walsh Construction for this project
- \$5.3 million budget is current best estimate based on scope of work, but also dependent upon conditions of the permits
- When there are no changes to report, it can be agendaized in the consent calendar for future meetings

Motion/Second: Davis/Zmuda

Ayes: Davis, Zmuda

Noes: None

Absent: Mueller

7. Update on Stadler Electric Multiple Unit Option and Funding Plan*

Lisha Mai, Manager of Grant and Fund Programming, provided the presentation which included the following:

- Significant cost savings under existing contract options versus a new bid
- Future of the electrified corridor to replace all existing 29 locomotive fleets and addition of expansion fleet between San Francisco and San Jose
- MTC (Metropolitan Transportation Commission) approved funding for FY2023 and 2024 totaling \$30.4 million
- MTC to fund remaining \$145.6 million balance for FY2025 through 2027
- Cost for one EMU (electric multiple unit) is approximately \$55 million and negotiations with Stadler confirmed one battery EMU to be approximately \$80 million, which includes procurement and associated costs for station and maintenance
- Partner with California State Transportation Agency (CalSTA) and Caltrans (California Department of Transportation) to pursue full funding of battery EMU demonstration pilot project

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

- Commitment for the replacement train sets has to be done by August date
- Lisa Cobb, Alternative Vehicle Technology Advisor, confirmed use of battery EMU usage in Europe
- Michelle Bouchard, Executive Director, commented that replacing diesel train sets with battery EMU represents an excellent option
- Payments due at key milestones, such as when parts are ordered, finished design and testing, and delivery
- Make arrangements with DTX (downtown extension) to use additional trainset while others are being delivered
- Devon Ryan, Government Affairs Officer, noted that item will return to committee in July for motion before it goes to the full Board

Public comment

Adrian Brandt commented on the ability to get more cars under contract; Stadler is a pioneer in battery EMU that run all over Germany; and, running seven four-car trainsets instead of four seven-car trainsets for better flexibility.

Adina Levin, Friends of Caltrain, supported getting closer to 100 percent electric between Tamien station and San Francisco station and expressed concern with state funding with one set of funding intended to be made flexible to be used to avert the fiscal cliff. She commented on work with the State to backfill for funding if there is a conflict with Federal highway funds.

8. Update on Disadvantaged Business Enterprise Program

Wendy Lau, Deputy Director of Office of Civil Rights, provided the presentation which included the following:

- Resubmitted goal to FTA (Federal Transit Administration) to clarify median participation and race consciousness - race neutral split
- Reviewed first submission errors where the consultant completed goal used the award amount, not the actual achievement amount
- Hired a new DBE (Disadvantaged Business Enterprise) administrator, and in the last six months, has been reviewing efficient strategies for outreach and improved compliance
- Implemented the new system to eliminate human error, provide more efficiency, and allowed contractors to easily submit payments and applications for contract certifications
- Staff attended local construction events, engaged with local businesses, and the Chamber of Commerce
- About 5,760 DBE firms in CUCG (California Unified Certification Group) with 10 firms that have mixed codes for railways and only four in the California area

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

- Reported 8.66 percent in awards and 7.5 percent for payments in total for the semiannual report
- Contract-specific goal work based on work being done and awarded for the 10 contracts
- Possibility of meeting targets given more staff and remote/online resources, which will provide the ability to go out in the community and reach more contractors

9. Committee Member Requests

There were none.

Chair Zmuda noted additional information in agenda packet regarding on call communication and signal services update, on call transportation, planning, consulting services, and the CP (Contracts and Procurement) quarterly report with no actions.

10. Date/Time of Next Regular Finance Committee Meeting: July 24, 2023 at 2:30 pm.

11. Adjourn

Meeting adjourned at 3:20 pm

**Peninsula Corridor Joint Powers Board
Staff Report**

To: JPB Finance Committee
 Through: Michelle Bouchard, Executive Director
 From: Kate Jordan Steiner, Chief Financial Officer
 Subject: **Information on Statement of Revenues and Expenses for the Period Ended June 30, 2023**

<input checked="" type="checkbox"/> Staff Coordinating Council Reviewed	<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
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Purpose and Recommended Action

This report is provided for informational purposes only.

Discussion

The Finance Division engages in many activities following the end of the June 30 fiscal year to close out the old fiscal year and set up the new fiscal year. The demands of these activities require a longer time to produce a complete Statement of Revenues and Expenses than allowed by the normal board meeting cycle. Consequently, staff will present a Statement of Revenues and Expenses for June at the September 25th meeting of the JPB Finance Committee. The auditors, Brown Armstrong Accountancy Corporation, expect to finish the audit in late October. We expect to have the Annual Comprehensive Financial Report finalized in early November 2023.

Budget Impact

There are no budget impacts for June 2023.

Prepared By:	Thwe Han	Financial Reporting Accountant	650.508.7912
	Danny Susantin	Grants & Capital Accounting, Manager	650.622.8073

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Board of Directors
Through: Michelle Bouchard, Executive Director
From: Kate Jordan Steiner, Chief Financial Officer
Subject: **Award of Contract for Next Generation Visual Message Signs Project**

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

Purpose and Recommended Action

The Next Generation Visual Message Signs Project (Project) is to upgrade visual message signs (VMS) at 22 Caltrain stations. Most of the current VMS were installed between 1996 and 2010 and have a life span of five to 10 years. The current VMS and their components are obsolete, there are no repair parts available, and the related software is no longer supported by vendors.

The Project will provide new VMS signs along with the following benefits:

1. Standardized data communications physical layer with single mode fiber (SMF);
2. Standardized structural connection to the existing VMS poles and reduced inventory of VMS part numbers; and
3. Improved readability, customer experience and maintainability.

Staff recommends that the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB):

1. Award a contract to the lowest, responsive, and responsible bidder, Rosendin Electric, Inc. of San Jose, California (Rosendin), for the Project for a total lump sum amount of \$4,588,482.
2. Authorize the Executive Director or designee to execute a contract with Rosendin in full conformity with the terms and conditions set forth in the solicitation documents and in a form approved by legal counsel.

Discussion

On May 1, 2023, the JPB issued Invitation for Bid (IFB) number 23-J-C-032 for the Project and advertised in a newspaper of general circulation and on the JPB's procurement website. Prior to releasing the IFB, extensive outreach to Small Business Enterprises (SBEs) was conducted. Six potential bidders attended the pre-bid meeting, and two bids were received on June 8, 2023, as follows:

Company	Grand Total Bid Price
Engineer's Estimate	\$4,842,154
1. DMZ Builders, Concord, CA	\$4,795,000
2. Rosendin Electric, Inc., San Jose, CA	\$4,588,482

After the bid opening and evaluation of the bids, staff determined, and legal counsel concurred, that the bid received from Rosendin is the lowest responsive bid from a responsible bidder. Staff also found the price to be fair and reasonable in comparison to the independent cost estimate, and that the bid was received under full and open competition.

Rosendin has committed to subcontract with one certified SBEs for an estimated SBE utilization of 23.54 percent, exceeding the contract-specific SBE participation goal of 21 percent.

Rosendin is an established contractor with more than 27 years of experience in low-voltage special systems and 104 years of experience in electrical works. Staff contacted Rosendin's references and confirmed its experience and competency. Based on these findings, staff concludes that Rosendin is appropriately qualified and capable of meeting the requirements of the Project.

Budget Impact

The Project was originally approved by the Board in Fiscal Year (FY) 2020 for \$500,000, funded by San Francisco Proposition K. The adoption of the JPB's FY2023 Capital Budget added \$2,700,000 to the Project, funded by General Capital Funds. The recently-adopted FY2024-25 JPB Capital Budget (SFCTA) added \$1,200,000 for FY2024 and \$2,400,000 for FY2025 to the Project, thereby increasing the total Project budget to \$6,800,000. This Project will have sufficient budget to fund the contract through its duration.

Prepared By:	Patrick Ng	Procurement Administrator II	650.622.8018
	Jin Jiang	Project Manager	650.508.7718

Resolution No. 2023 –

**Board of Directors, Peninsula Corridor Joint Powers Board
State of California**

* * *

**Awarding a Contract to Rosendin Electric, Inc. for the
Next Generation Visual Message Signs Project for a Total Lump Sum Amount of \$4,588,482**

Whereas, on May 1, 2023, the Peninsula Corridor Joint Powers Board (JPB) issued Invitation for Bids (IFB) number 23-J-C-032 for the Next Generation Visual Message Signs Project (Project); and

Whereas, staff conducted extensive Small Business Enterprise (SBE) outreach and six potential bidders attended the pre-bid meeting; and

Whereas, in response to the IFB, the JPB received two bids after conducting outreach to SBEs, advertising in a newspaper of general circulation, and posting the IFB on the JPB's procurement website; and

Whereas, staff and legal counsel have reviewed the bids and determined that Rosendin Electric, Inc. of San Jose, California (Rosendin) submitted the lowest responsive and responsible bid; and

Whereas, Rosendin has committed to subcontract with one certified SBE for an estimated SBE utilization of 23.54%, which exceeds the JPB's contract-specific SBE participation goal of 21%; and

Whereas, staff determined the total lump sum price to be fair and reasonable in comparison to the independent cost estimate, and that the bid was received under full and open competition; and

Whereas, staff and legal counsel determined Rosendin's bid to be responsive to the IFB;
and

Whereas, staff recommends that the Board of Directors (Board) award a contract to Rosendin to deliver the Project for a total lump sum amount of \$4,588,482.

Now, Therefore, Be It Resolved that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby awards a contract to Rosendin Electric, Inc. of San Jose, California for the Next Generation Visual Message Signs Project for a total lump sum amount of \$4,588,482; and

Be It Further Resolved that the Board authorizes the Executive Director or designee to execute a contract on behalf of the JPB with Rosendin in full conformity with all the terms and conditions of the solicitation documents and in a form approved by legal counsel.

Regularly passed and adopted this 3rd day of August, 2023 by the following vote:

Ayes:

Noes:

Absent:

Chair, Peninsula Corridor Joint Powers Board

Attest:

JPB Secretary

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Board of Directors
Through: Michelle Bouchard, Executive Director
From: Kate Jordan Steiner, Chief Financial Officer
Subject: **Award of Contract for 2023 Grade Crossing Improvements Project**

<input checked="" type="checkbox"/> Staff Coordinating Council Reviewed	<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
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Purpose and Recommended Action

The 2023 Grade Crossing Improvements Project (Project) involves work within two cities at three grade crossings: 4th Avenue and 5th Avenue in San Mateo, and Churchill Avenue in Palo Alto.

In San Mateo, this Project will install four-quadrant gates and a vehicle detection system at the 4th and 5th Avenue grade crossings to improve safety and prevent vehicles from driving around a down gate. The Project will also make it safer for pedestrians to cross the tracks by installing new sidewalk gates, pavement markers, markings, and signage to clearly identify the railroad crossing.

At the Churchill Grade Crossing in Palo Alto, the Peninsula Corridor Joint Powers (JPB) will coordinate with the City of Palo Alto to improve signal pre-emption at the intersection to allow motorists to clear the tracks more efficiently when a train approaches. The work will also include providing a wider pedestrian crossing area, modifications to sidewalk gates, pavement markings and signage to better guide and protect the large volume of pedestrians and bicyclists generated by the adjacent school.

The cities of San Mateo and Palo Alto each applied and received funds from the California Public Utilities Commission through the Section 130 Program to make railroad grade crossings safer. The Project funds are administered and managed by the California Department of Transportation (Caltrans) Division of Local Assistance.

Staff recommends that the Board of Directors (Board) of the JPB:

1. Award a contract to the lowest, responsive, and responsible bidder, Stacy and Witbeck, Inc. of Alameda, California (Stacy and Witbeck), for the Project for a total lump sum amount of \$1,157,000.
2. Authorize the Executive Director or designee to execute a contract with Stacy and Witbeck in full conformity with the terms and conditions set forth in the solicitation documents and in a form approved by legal counsel.

Discussion

This Project is a rebid of two previous solicitations.

On December 8, 2022, the JPB issued an Invitation for Bid (IFB), solicitation number 22-J-C-041, for the Churchill Ave Grade Crossing Improvements Project (Churchill Project). The Churchill Project received a single bid, which was determined to be non-responsive. On April 6, 2023, the Board rejected the single bid for the Churchill Project and authorized staff to re-advertise for the work.

On January 18, 2023, the JPB issued an IFB, solicitation number 22-J-C-085, for the 4th Avenue & 5th Avenue San Mateo Grade Crossing Improvements Project (San Mateo Project). The JPB received no bids for the San Mateo Project.

Staff conducted market research to get feedback from bidders who showed interest in the Churchill and San Mateo Projects but did not submit a bid. Prospective bidders responded that they were busy bidding other jobs and the project scopes were not big enough to attract prime contractors. As a result, the JPB decided to combine these two projects into one for re-advertisement to promote competition and attract more bidders.

On May 2, 2023, the JPB issued a new IFB, solicitation number 23-J-C-077, for the Project and advertised in a newspaper of general circulation and on the JPB’s procurement website. Prior to releasing the IFB, staff conducted extensive outreach to Disadvantaged Business Enterprises (DBE). Four potential bidders attended the pre-bid meeting and two bids were received on June 7, 2023, as follows:

Company	Grand Total Bid Price
Engineer’s Estimate	\$1,448,863
1. Stacy and Witbeck, Inc., Alameda, CA	\$1,157,000
2. Railworks Track System, LLC, Stockton, CA	\$2,346,400

After the bid opening and evaluation of the bids, staff determined, and legal counsel concurred, that the bid received from Stacy and Witbeck is the lowest responsive bid from a responsible bidder. Staff also found the price to be fair and reasonable in comparison to the independent cost estimate, and that the bid was received under full and open competition.

Stacy and Witbeck has committed to subcontract with two certified DBEs for an estimated DBE utilization of 14.89%, exceeding the contract-specific DBE utilization goal of 14%.

Stacy and Witbeck is an established contractor with more than 41 years of construction experience. Staff contacted Stacy and Witbeck’s references and confirmed its experience and competency. Based upon these findings, staff concludes that Stacy and Witbeck is appropriately qualified and capable of meeting the requirements of the contract and is, therefore, the lowest responsive and responsible bidder.

Budget Impact

A San Mateo Grade Crossing Improvement project was originally approved by the Board in Fiscal Year (FY) 2021 for \$2,000,000, funded by a Caltrans Section 130 grant. The adoption and amendment of the JPB's FY2023 Capital Budget added \$3,471,550 to the project, also funded by Caltrans Section 130, thereby increasing the total project budget to \$5,471,550. This amount is sufficient to fund the applicable portion (\$900,000) of the proposed contract.

The Churchill Ave Grade Crossing project was approved by the Board in FY2020 for \$2,520,000, funded by a Caltrans Section 130 grant. This amount is sufficient to fund the applicable portion (\$257,000) of the proposed contract.

Prepared By: Patrick Ng, Procurement Administrator II
Angie Myrechuck, Project Manager

650.622.8018
650.508.7962

Resolution No. 2023 –

**Board of Directors, Peninsula Corridor Joint Powers Board
State of California**

* * *

**Awarding a Contract to Stacy and Witbeck, Inc. for the
2023 Grade Crossing Improvements Project for a Total Lump Sum Amount of \$1,157,000**

Whereas, on December 8, 2022, the Peninsula Corridor Joint Powers Board (JPB) issued Invitation for Bid (IFB) number 22-J-C-041 for the Churchill Ave Grade Crossing Improvements Project (Churchill Project) and received a single bid; and

Whereas, on January 18, 2023, the JPB issued an IFB number 22-J-C-085 for the 4th Avenue & 5th Avenue San Mateo Grade Crossing Improvements Project (San Mateo Project) and received no bids; and

Whereas, on April 6, 2023, the JPB Board of Directors (Board) rejected the single, non-responsive bid received in response to IFB 22-J-C-041, and authorized the Executive Director or designee to re-advertise the Churchill Project; and

Whereas, based on the feedback from interested bidders that did not submit a bid on one or both projects, staff determined it was in the best interest of the JPB to combine the two projects (Churchill Project and San Mateo Project) into one solicitation for re-issuance; and

Whereas, on May 2, 2023, the JPB issued a new IFB number 23-J-C-077 for the 2023 Grade Crossing Improvements Project (Project); and

Whereas, in response to the IFB, the JPB received two bids after conducting extensive outreach to Disadvantaged Business Enterprises (DBEs), advertising in a newspaper of general circulation, and posting the IFB on the JPB's procurement website; and

Whereas, staff and legal counsel have reviewed the bids and determined that Stacy and Witbeck, Inc. of Alameda, California (Stacy and Witbeck) submitted the lowest responsive and responsible bid; and

Whereas, Stacy and Witbeck has committed to subcontract with two certified DBEs for an estimated DBE utilization of 14.89%, which exceeds the JPB's contract-specific DBE utilization goal of 14%; and

Whereas, staff found Stacy and Witbeck's lump sum price to be fair and reasonable in comparison to the independent cost estimate; and

Whereas, staff recommends that the Board award a contract to Stacy and Witbeck to deliver the Project for a total lump sum amount of \$1,157,000.

Now, Therefore, Be It Resolved that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby awards a contract to Stacy and Witbeck, Inc. of Alameda, California for the 2023 Grade Crossing Improvements Project for a total lump sum amount of \$1,157,000; and

Be It Further Resolved that the Board authorizes the Executive Director or designee is to execute a contract on behalf of the JPB with Stacy and Witbeck, in full conformity with all the terms and conditions of the solicitation documents and in a form approved by legal counsel.

Regularly passed and adopted this 3rd day of August, 2023 by the following vote:

Ayes:

Noes:

Absent:

Chair, Peninsula Corridor Joint Powers Board

Attest:

JPB Secretary

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Finance Committee
Through: Michelle Bouchard, Executive Director
From: James Harrison, General Counsel
Subject: **Approve Ground Lease Amendment with HPS – San Mateo, LLC**

<input checked="" type="checkbox"/> Staff Coordinating Council Reviewed	<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
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Purpose and Recommended Action

In December 2022, the Peninsula Corridor Joint Powers Board (JPB) entered into a long-term ground lease with HPS - San Mateo, LLC (HPS) for development of a transit-oriented development (TOD) at the Hayward Park Caltrain Station. The ground lease provisions include an early termination option, which allows the developer to terminate the lease if it is unable to obtain financing for the project within nine months of the effective date of the ground lease (September 2023).

HPS requested that this termination option be extended to allow for additional time to assemble financing for the project, given current challenging market conditions and the impact of the recent banking crisis. HPS also requested that the other milestones in the ground lease be adjusted accordingly, which will allow them to continue to pay the same Preliminary Term (defined below) rent during this initial period of the ground lease.

Staff recommends that the Board of Directors (Board) of the JPB:

1. Authorize the Executive Director, or designee, to approve the Ground Lease Amendment (Amendment), which includes a six-month extension to the early termination option, as well as the potential for three additional six-month extensions, if requested by HPS and approved by the Executive Director in the Executive Director's discretion.
2. Adjust the ground lease milestones, as part of the Amendment, to allow HPS to continue to pay the Preliminary Term rent until the early termination option period has passed.
3. Adjust all of the ground lease rents upward, as part of the amendment, at the time of each extension based on the Consumer Price Index, to account for the time value of money.

Discussion

In December 2022, the JPB entered into a long-term ground lease with HPS for development on a 2.8-acre property owned by the JPB at the Hayward Park Station, currently used as a parking lot.

The planned Hayward Park TOD, which received approval from the San Mateo Planning Commission in August 2022, includes 191 studio, one- and two-bedroom residential units, including 28 income-restricted units (with 16 reserved for very low-income households and 12 for moderate-income households). The project will also include a publicly accessible bike room and other amenities.

The development is consistent with the Rail Corridor Plan approved by the City of San Mateo in 2005. Based on public input, the site plan was modified to include one building instead of two and added larger sidewalks, an updated bus stop, two additional ADA parking spaces for Caltrain, ramps to the station, and improved bike-pedestrian connectivity.

The ground lease term is 65 years, with two 17-year extension options. At the time the project term sheet was approved by the Board in 2018, the estimated net present value of the ground lease was \$10.3 million, with the JPB receiving an estimated \$37 million in payments by Year 35. Pursuant to the ground lease, the JPB will continue to own the land and the developer is responsible for all risk associated with financing, developing, owning, and maintaining the project.

The rents in the ground lease are designed to step up over time in the following manner:

- Preliminary Term: \$10,000 per month through May 2023.
- Construction Term: \$15,000 per month until issuance of the project Certificate of Occupancy (24 months maximum).
- Stabilization Term: \$20,000 per month until the project reaches 90 percent occupancy (12 months maximum).
- Regular Term: base rent of \$250,000, with participation rent increasing over time, reaching 10 percent of effective gross income in Year 11, and 12 percent of effective gross income in Year 21.

The Hayward Park TOD was initially planned to break ground in fall of 2023, however due to current challenging market conditions HPS is requesting that the early termination option be extended to allow for additional time to assemble financing for the project.

If the developer were to terminate the ground lease, the JPB would become the owner of the development plans and City project approvals, however it would be necessary for the JPB to issue another competitive solicitation to engage a new developer partner and negotiate the terms of a new ground lease. This would likely result in at least a three-year delay to the project.

Given that another developer would be expected to face the same financing challenges and termination of the ground lease would result in significant delays to development with associated delays to receipt of ground lease revenue, staff recommend approving the Amendment. The Amendment allows for one six-month extension to the early termination

option, with the potential for three additional six-month extensions at the discretion of the Executive Director. In addition, the Amendment adjusts the definition of the Preliminary Term (above) to make it coterminous with the early termination option. This means that HPS will continue to pay Preliminary Term rent until the project is financed and ready to begin construction, or until the early termination option is triggered. However, under the Amendment, each time HPS receives an extension, all of the rents will also adjust upward based on the Consumer Price Index to account for the time value of money.

Staff will obtain regular updates from HPS about their progress toward financing the project. In the event additional extensions are requested, staff will develop a recommendation to the Executive Director based on an independent assessment of market conditions and information about the status of comparable planned apartment projects.

Budget Impact

The Amendment effectively delays receipt of future rent increases that were previously expected under the ground lease by ten months, with the potential for an additional 18 months if all extensions are offered and accepted. However, if the Amendment is not approved, it is possible that HPS will choose to terminate the ground lease, which would result in reduced rent revenue in the near term and significant uncertainty about the amount and timing of future revenue from a new ground lease agreement.

Prepared By: Nadine Fogarty Deputy Director, TOD and Real Estate Planning (650) 208-6574

Resolution No. 2023-

**Board of Directors, Peninsula Corridor Joint Powers Board
State of California**

* * *

Approving Amendment to Ground Lease with HPS – San Mateo, LLC for TOD at Hayward Park

Whereas, in December 2022, the Peninsula Corridor Joint Powers Board (JPB) entered into a long-term ground lease with HPS - San Mateo, LLC (HPS) for development of a transit-oriented development (TOD) adjacent to the Hayward Park Station; and

Whereas, the ground lease term is 65 years, with two 17-year extension options; and

Whereas, the rents in the ground lease increase over time in the following manner:

- Preliminary Term: \$10,000 per month through May 2023.
- Construction Term: \$15,000 per month until issuance of the project Certificate of Occupancy (24 months maximum).
- Stabilization Term: \$20,000 per month until the project reaches 90 percent occupancy (12 months maximum).
- Regular Term: base rent of \$250,000, with participation rent increasing over time, reaching 10 percent of effective gross income in Year 11, and 12 percent of effective gross income in Year 21; and

Whereas, when the Board of Directors (Board) approved the project term sheet in 2018, the estimated net present value of the ground lease was \$10.3 million, with the JPB expected to receive an estimated \$37 million in payments by Year 35; and

Whereas, pursuant to the ground lease, the JPB will continue to own the land and the developer is responsible for all risk associated with financing, developing, owning, and maintaining the project; and

Whereas, the ground lease includes an early termination option, which allows the developer to terminate the lease if it is unable to obtain financing for the project within nine months of the effective date of the ground lease (September 2023); and

Whereas, HPS planned to break ground in fall of 2023. However, HPS requested that the early termination option be extended to allow for additional time to assemble financing due to current challenging market conditions and the impact of the recent banking crisis; and

Whereas, HPS also requested that other milestones in the ground lease be adjusted to allow them to continue to pay the same Preliminary Term rent during the initial lease period; and

Whereas, if the developer were to terminate the ground lease, the JPB would become the owner of the development plans and City project approvals. However, the JPB would need to issue another competitive solicitation to engage a new developer partner and negotiate a new ground lease. This process would likely result in at least a three-year delay to the project; and

Whereas, another developer would likely face the same financing challenges, and termination of the ground lease would significantly delay development and lease revenue; and

Whereas, staff recommends that the Board authorize the Executive Director, or designee, to approve the Ground Lease Amendment that: (1) includes a six-month extension to the early termination option with the potential for three additional six-month extensions at the discretion of the Executive Director; (2) adjusts the definition of the Preliminary Term to make it coterminous with the early termination option, meaning that HPS will continue to pay Preliminary Term rent until the project is financed and ready to begin construction, or until the early termination option is triggered; and (3) adjusts all of the rents upward each time the Executive Director grants an extension based on the Consumer Price Index to account for the time value of money; and

Whereas, staff will obtain regular updates from HPS about their progress toward financing the project;

Whereas, in the event additional extensions are requested, staff will develop a recommendation to the Executive Director based on an independent assessment of market conditions and information about the status of comparable planned apartment projects; and

Whereas, if the Amendment is not approved, HPS may choose to terminate the ground lease, which would result in reduced rent revenue in the near term and significant uncertainty about the amount and timing of future revenue from a new ground lease agreement.

Now, Therefore, Be It Resolved that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby authorizes the Executive Director, or designee, to approve the proposed Ground Lease Amendment, which:

1. Includes a six-month extension to the early termination option, with the potential for three additional six-month extensions at the discretion of the Executive Director;
2. Adjusts the ground lease milestones to allow HPS to continue to pay the Preliminary Term rent until the project is financed and ready to begin construction or the early termination option period has passed; and
3. Adjusts all ground lease rents upward, at the time of each extension based on the Consumer Price Index, to account for the time value of money; and

Be It Further Resolved that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby authorizes the Executive Director, or designee, to extend the term of the Ground Lease with HPS; and

Be It Further Resolved that staff will obtain regular updates from HPS about their progress toward financing the project, and should additional extensions be requested, staff will develop a recommendation to the Executive Director based on an independent assessment of market conditions and information about the status of comparable planned apartment projects.

Regularly passed and adopted this 3rd day of August, 2023 by the following vote:

Ayes:

Noes:

Absent:

Chair, Peninsula Corridor Joint Powers Board

Attest:

(JPB Secretary)

(00490407-4)

**Peninsula Corridor Joint Powers Board
Staff Report**

To: JPB Finance Committee
Through: Michelle Bouchard, Executive Director
From: Kate Jordan Steiner, Chief Financial Officer
Subject: **Approve and Ratify Fiscal Year 2024 Insurance Program**

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

Purpose and Recommended Action

Staff recommends the Board of Directors (Board) ratify the binding of commitments for the Peninsula Corridor Joint Powers Board's (JPB) insurance program for Fiscal Year (FY) 2024 including:

- Renew Railroad Liability, Commercial General Liability and Excess Automobile Liability policy, inclusive of terrorism coverage, for a total coverage amount of \$200 million, with a \$2 million self-insured retention, for a total premium of \$3,995,250; and
- Renew blanket Railroad Protective Liability policy, with various coverage levels from \$2 million to \$10 million, subject to a zero self-insured retention, with an annual premium of \$44,941; and
- Renew \$23 million of Railroad Liability coverage in excess of the combined JPB/TASI \$300 million, for a total of coverage amount of \$323 million of Railroad Liability. The additional \$23 million of Railroad Liability coverage has a total premium of \$124,080, and satisfies the Department of Transportation's Rail Passenger Liability Cap adjustment notice of February 2021 to \$323 million; and
- Renew Federal Employees Liability Act Insurance (FELA) policy with a total coverage amount of \$100 million, with a \$1 million self-insured retention, and a total premium of \$2,493,875; and
- Renew Real and Personal Property policy, with total coverage of \$400 million, with a deductible of \$500,000, and a total premium of \$2,858,602. Coverage extends to Centralized Equipment Maintenance and Operations Facility (CEMOF) property, stations, tunnels, bridges, culverts, signals, railroad equipment, and rolling stock. Coverage satisfies the State of California boiler and machinery inspection requirements against perils and provides coverage against terrorism; and
- Renew Public Officials Liability policy, with total coverage of \$15 million, with a deductible of \$75,000, and a total premium of \$154,607; and

- Renew Special Events and Emergency Drill Liability policy with total coverage of \$2 million, with a deductible of \$25,000, and a total premium of \$36,690; and
- Renew Volunteer Accidental Death & Dismemberment (AD&D) policy with a total coverage of \$100,000, with a deductible of \$25,000, and a total premium of \$1,499.

Discussion

Despite the hardening insurance market over the past few years and uncertainty surrounding Covid-19, the FY2024 insurance program provides the JPB with coverage levels similar to those in the FY2023 insurance program. The only change in coverage for FY24 was increasing the FELA limit to \$100 million, and the increasing of the self-insured retention to \$1 million. Previously the FELA coverage limit was \$50 million, and the self-insured retention was \$500,000. The changes were based on collaborative discussions with TransitAmerica Services, Inc. (TASI), general counsel, the risk management team, and the Executive Director. Based on these discussions, staff made a recommendation to increase coverage during FY24, and balance the coverage increase with cost considerations by increasing the self-insured retention as well, based on historical loss history for FELA.

Railroad Liability, Commercial General Liability and Excess Automobile Liability coverage remains the same with total coverage of \$200 million, with a \$2 million self-insured retention. TransitAmerica Services, Inc. (TASI) procures an additional \$100 million. The JPB added an additional \$23 million last year on top of TASI’s \$100 million to satisfy the federal government’s 2021 \$323 million liability cap. This measure taken by the JPB satisfies contractual obligations with certain vendors that require that the JPB maintain limits equal to or higher than the federal government’s liability cap.

Securing Rail Liability coverage remains a challenge. Available capacity in the insurance market has improved somewhat and the JPB’s long-term relationship with carriers and underwriters has helped ensure coverage levels are met. Liability premiums increased by about 5% compared to FY2023. Below is an overview of the JPB’s FY2023 premiums and updates on the FY2024 premiums we have as of the drafting of this report. Total premiums for FY2024 increased by about 10% compared to FY2023.

Premium Element	FY2023	FY2024
Liability: Railroad, Commercial General, Excess Automobile	3,941,425	4,119,330
FELA Insurance (FY23 9 month premium annualized)	2,574,000	2,493,875
Property Insurance	2,000,621	2,858,602
Pollution Liability (2-year premium for FY2023)	78,697	0
Public Officials, AD&D ,Special Events & Railroad Protective Liability	230,125	237,738
Totals	8,824,868	9,709,545

The JPB's liability coverage limits will remain at \$200 million with an additional \$100 million provided by TASI. In addition, the JPB will maintain the additional \$23M in limits given the inflationary increase of the Passenger Rail Cap for a total of \$323 million of limits in FY2024.

Limits on the JPB's Public Officials Liability program remain the same with limits of \$15 million and a self-insured retention of \$75,000. Limits on Property also remain unchanged at \$400 million with a dedicated \$500,000 self-insured retention. The JPB will renew the annual Special Events and Emergency Drill Liability policy with a limit of \$2 million. This coverage includes a \$25,000 self-insured retention and protects the JPB during what are sometimes higher hazard operations for its annual special train events and emergency training exercises. The JPB procures AD&D insurance for the volunteers working at these special events. The JPB will continue to carry the Railroad Protective Liability insurance program designed specifically for construction activities along the JPB right-of-way.

Budget Impact

Funding for the payment of \$9.7 million of premiums associated with the recommended program is included in the FY2024 Operating Budget adopted at the June 1, 2023 Board meeting.

Prepared By: Ryan Hinchman Director, Financial Planning & (650) 508-7733
Analysis

Resolution No. 2023-

**Board of Directors, Peninsula Corridor Joint Powers Board
State of California**

* * *

Approve and Ratify Fiscal Year 2024 Insurance Program

Whereas, the Executive Director of the Peninsula Corridor Joint Powers Board (JPB) has approved an insurance program for Fiscal Year (FY) 2024 with premiums totaling \$9,709,545, which program was presented to the Staff Coordinating Council (SCC); and

Whereas, in conjunction with the expiration of the JPB's existing insurance program on June 30, 2023, JPB staff renewed its insurance program for FY2024 based on the plan approved by the Executive Director, with the following significant elements:

1. Renew Railroad Liability, Commercial General Liability and Excess Automobile Liability policy, inclusive of terrorism coverage, for a total coverage amount of \$200 million, with a \$2 million self-insured retention, for a total premium of \$3,995,250. JPB also procures \$23 million in excess of \$300 million additional policy limits so as to satisfy the federal government's new \$323 million Rail Passenger Liability Cap, as well as meet contractual requirements that the JPB maintain limits up to the rail liability cap, for an annual premium of \$124,080.
2. Renew blanket Railroad Protective Liability policy, with various coverage levels from \$2 million to \$10 million, subject to a zero self-insured retention, with an annual premium of \$44,941.
3. Renew Real and Personal Property policy, with total coverage of \$400 million, with a deductible of \$500,000, and a total premium of \$2,858,602. Coverage extends to Centralized Equipment Maintenance and Operations Facility (CEMOF) property, stations, tunnels, bridges, culverts, signals, railroad equipment, and rolling stock. Coverage satisfies the State of California boiler and machinery inspection requirements against perils and provides coverage against terrorism.

4. Renew Public Officials Liability policy, with total coverage of \$15 million, with a deductible of \$75,000, and a total premium of \$154,607
 5. Renew Special Events and Emergency Drill Liability policy with total coverage of \$2 million, with a deductible of \$25,000, and a total premium of \$36,690.
 6. Renew Volunteer Accidental Death & Dismemberment (AD&D) policy with a total coverage of \$100,000, with a deductible of \$25,000, and a total premium of \$1,499;
- and

Whereas, staff recommend that the Board approve and ratify the renewal of the JPB's insurance program for FY2024, as delineated above.

Now, Therefore, Be It Resolved that the Peninsula Corridor Joint Powers Board hereby approves and ratifies the renewal of the JPB's insurance program for FY2024, including the types of coverage, limits and premiums recited above.

Regularly passed and adopted this 3rd day of August, 2023 by the following vote:

Ayes:

Noes:

Absent:

Chair, Peninsula Corridor Joint Powers Board

Attest:

JPB Secretary

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Board of Directors
Through: Michelle Bouchard, Executive Director
From: Dahlia Chazan, Deputy Chief, Caltrain Planning
Subject: **Amendment No. 1 to MOU with Prologis for the Railyards Preliminary Business Case**

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

Purpose and Recommended Action

In July 2019, the Peninsula Corridor Joint Powers Board (JPB or Caltrain) executed a Memorandum of Agreement (MOU) with Prologis 4th & King, LLC (Prologis) to fund the preparation of a Preliminary Business Case (PBC) for the 4th & King Railyards. The MOU allocates responsibilities for the completion of the PBC and requires Prologis to reimburse Caltrain for the technical work required for preparation of the PBC.

The MOU currently requires an amendment to extend its term by two years and to augment the scope with additional work and costs of approximately **\$1,423,677** jointly supported by Caltrain and Prologis.

For these reasons, Staff recommends that the Board of Directors (Board) of the JPB:

1. Authorize the Executive Director, or designee, to execute the amendment to the MOU with Prologis; and
2. Authorize the Executive Director, or designee, to file any required documentation and to take any additional actions necessary to give effect to deliver this action.
3. Authorize the receipt of \$274,174 from Prologis as reimbursement for the costs of conducting a Phasing Analysis.

Discussion

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 transportation operating easement held by the JPB. Pursuant to the MOU, the JPB and Prologis are currently partnering to conduct a PBC to explore 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.

Since the original MOU was signed in 2019, Caltrain and Prologis have collaborated, consistent with the MOU's scope, to advance the development of four conceptual development options for a quantitative comparison. In late 2022, however, the project teams determined that an investigation of project phasing would be a valuable addition to help identify the sequence of steps necessary for a first phase of commercial development while ensuring Caltrain's ability to continue serving passengers.

Prologis has approved the phasing scope and cost and has agreed to reimburse Caltrain for those costs. Amending the MOU will provide a vehicle for Caltrain to invoice Prologis for this added cost.

Additionally, the MOU Amendment #1 proposes to extend the original two-year term to four years, updates Caltrain's point of contact, and reflects Caltrain's expected expenditures for project management support for the effort. Caltrain's project management costs, while reflected in the MOU to illustrate the JPB's commitment to the PBC process, are funded through regular budget allocations, and thus do not create a budget impact in the context of the MOU.

The Board most recently received an update on the Railyards PBC process in its June meeting, based on materials provided to the Advocacy and Major Projects (AMP) Committee on May 24, 2023.

Budget Impact

The San Francisco Railyards Preliminary Business Case project was originally approved by the board in Fiscal Year (FY) 2022 for a budget of \$2,000,000 funded by Prologis. In FY 2023, \$250,000 was added to the project funded by General Capital Funds, increasing the total project budget to \$2,250,000.

Prepared By: Dahlia Chazan Deputy Chief, Caltrain Planning 650-730-6115

Resolution No. 2023-
Board of Directors, Peninsula Corridor Joint Powers Board
State of California

* * *

Authorizing Execution of Amendment No. 1 to Memorandum of Understanding (JPB-Prologis Work Plan) with Prologis 4th & King, LLC, in Connection with Funding of a Preliminary Business Case for Development of the 4th & King Railyards

Whereas, the Peninsula Corridor Joint Powers Board (JPB) and Prologis 4th & King, LLC (Prologis) executed a Memorandum of Understanding (MOU) on July 19, 2021, to allocate responsibilities for conducting and funding a Preliminary Business Case for the 4th and King Railyards property owned by Prologis; and

Whereas, JPB and Prologis have worked collaboratively and diligently to advance the PBC consistent with the intent of the MOU; and

Whereas, JPB and Prologis have determined that additional scope and cost of approximately \$274,174 are required to evaluate the approach to phasing rail improvements and commercial development at the 4th and King site; and

Whereas, JPB and Prologis have determined that additional scope and cost of approximately \$1,149,503 are required by Caltrain to provide independent program management services for the duration of the PBC; and

Whereas, JPB and Prologis wish to amend the MOU to authorize additional scope and enable Prologis to reimburse Caltrain for the costs of the phasing analysis; and

Whereas, JPB and Prologis wish to amend the MOU to extend its term, update points of contact, and reflect JPB's anticipated expenditures,

Now, Therefore, Be It Resolved that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby authorizes the execution of Amendment No. 1 to the Memorandum of Understanding (JPB-Prologis Work Plan) with Prologis 4th & King, LLC, adding \$1,423,677 of capacity to the MOU, extending its term by two years, and updating the points of contact for JPB; and

Be It Further Resolved that the Board of Directors of the Peninsula Corridor Joint Powers Board authorizes the receipt of \$274,174 from Prologis as reimbursement for the costs of conducting a Phasing Analysis; and

Be It Further Resolved that the Board of Directors of the Peninsula Corridor Joint Powers Board authorizes the Executive Director, or designee, to take any other actions necessary to give effect to the resolution.

Regularly passed and adopted this 3rd day of August 2023 by the following vote:

Ayes:

Noes:

Absent:

Chair, Peninsula Corridor Joint Powers Board

Attest:

JPB Secretary

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Board of Directors
Through: Michelle Bouchard, Executive Director
From: Dahlia Chazan, Deputy Chief, Caltrain Planning
Subject: **Authorize the Executive Director to Execute an Interim Agreement Between the Transbay Joint Powers Authority and the Peninsula Corridor Joint Powers Board to Support Advancement of the San Francisco Downtown Rail Extension Project**

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

Purpose and Recommended Action

Staff recommends that the Board of Directors (“Board”) of the Peninsula Corridor Joint Powers Board (“Caltrain”):

- 1) Authorize the Executive Director, or designee, to execute an Interim Agreement ("Agreement") between the Transbay Joint Powers Authority ("TJPA") and Caltrain to support advancement of the San Francisco Downtown Rail Extension Project (“DTX” or “The Portal”), until the parties complete the negotiation of a Master Cooperative Agreement.
- 2) Amend the Caltrain Fiscal Year 2024 Capital Budget to include the \$5,018,239 of reimbursable expenses in the Interim Agreement.

The Interim Agreement will be effective September 1, 2023, and includes a decision-making process and delivery roles for Caltrain and TJPA, a staffing plan, and a budget and reimbursement mechanism to support Caltrain’s continued and enhanced engagement on the DTX Project in its role as first operator.

Discussion

The DTX Project will connect Caltrain’s regional rail system and the future California High-Speed Rail Authority’s statewide system to the Salesforce Transit Center in downtown San Francisco. TJPA, the project sponsor, is seeking funding for the project through the Federal Transit Administration (“FTA”) Capital Investment Grants (“CIG”) Program New Starts program. For New Starts projects, the FTA requires completion of two phases, Project Development and Engineering, in advance of receipt of a Full Funding Grant Agreement (“FFGA”). The Parties have developed an accelerated master schedule to support a potential FFGA approval in 2025.

In July 2022, Caltrain and TJPA approved the Letter of Agreement (“LOA”) describing the parties’ cooperation to complete work needed to meet critical milestones for the project outlined in the accelerated master schedule and reimbursement from TJPA to Caltrain for such efforts. The LOA expires August 31, 2023.

Over the past year, Caltrain and the TJPA have been negotiating elements of a Master Cooperative Agreement (“MCA”) to address key topics, including design support and coordination; procurement and construction coordination; financial commitments; operations, maintenance and rehabilitation; and asset disposition. However, as described at the June Caltrain AMP Committee meeting, the current MCA draft has significant, unresolved issues. As a result, TJPA and Caltrain have agreed to focus on the near-term elements of the MCA and document those elements in an Interim Agreement before the existing LOA expires. FTA requires “substantial progress” on third-party agreements before the project enters the Engineering Phase in fall 2023. Executing the Interim Agreement will demonstrate progress towards the MCA for this requirement.

The Interim Agreement will govern TJPA and Caltrain’s cooperation in advancing the DTX Project until the MCA is executed; TJPA and Caltrain are targeting October 2024 or earlier to complete the MCA. The scope of the Interim Agreement includes the following items:

- 1) Project Delivery Roles: role of the Project Delivery Team (“PDT”) and joint decision-making process within the PDT.
- 2) Staffing, Budget, and Reimbursement: a staffing plan, description of resource needs, budget, and a reimbursement mechanism, all for Caltrain’s work prior to the MCA.
- 3) Joint Workplan: process for negotiation and execution of other necessary agreements and the MCA.
- 4) 4th and King Yard DTX Preparation: concurrence on the design approach for certain work that needs to progress prior to the MCA related to the 4th and King Yard DTX Preparation.

Project Delivery Roles

Staff and consultants from Caltrain will be integrated into a PDT for design of the DTX Project, commencing during the Interim Agreement term. The PDT will report to the Integrated Management Team (“IMT”) and the Executive Working Group (“EWG”), both of which will be established in 2024. The PDT will be the primary staff-level decision-making body with the responsibility and authority to manage the DTX Project so that it can be delivered within the approved scope, budget, and schedule. However, it will not supersede the authorities of the TJPA Board or the Peninsula Corridor Joint Powers Board.

Staffing, Budget, and Reimbursement

The Interim Agreement includes a staffing plan to implement the joint workplan. TJPA will reimburse Caltrain for reasonable and actual Caltrain staff and consultant costs for the DTX Project during the term of the Interim Agreement. The types of costs and amount are summarized in the following table.

Table 1. Estimated Costs for Caltrain Services in the Interim Agreement

Item	Estimated Costs
Caltrain PDT	\$1,191,429
Caltrain HQ staff	\$823,324
Caltrain Professional Services	\$3,003,486
Total	\$5,018,239

Joint Workplan

The Joint Workplan outlines the scope of work for both agencies over the term of the Interim Agreement. It includes the following tasks: 1) Prepare procurement documents and begin contractor selection; 2) review and conduct studies to support design, procurement, environmental and grant documents; 3) complete work to support FTA deliverables, governance framework development, and Caltrain and TJPA Board items; and 4) reach interim agreements supporting progress toward a comprehensive MCA, including an agreement regarding 4th and King Yard DTX Preparation.

Staff is bringing the key points from the Interim Agreement to the Board Ad Hoc on DTX MCA negotiations, the July Finance Committee, the July AMP Committee, and the August Board to request a capital budget amendment to accept reimbursement funds from TJPA and authority for the Executive Director to execute the Interim Agreement.

Budget Impact

The execution of the Interim Agreement between Caltrain and TJPA will provide additional funding that will further increase the total project budget by \$5,018,239 in reimbursable expenses.

Prepared By: Gwen Buckley

Principal Planner

650-722-6827

Resolution No. 2023 –

**Board of Directors, Peninsula Corridor Joint Powers Board
State of California**

* * *

**Authorize the Executive Director to Execute an Interim Agreement Between the Transbay
Joint Powers Authority and the Peninsula Corridor Joint Powers Board to Support
Advancement of the Downtown Rail Extension Project and Amend the Caltrain Fiscal Year
2024 Capital Budget to Include \$5,018,239 to Cover the Reimbursable Expenses in the Interim
Agreement**

WHEREAS, the San Francisco Downtown Rail Extension (“DTX” or “The Portal”) Project will connect Caltrain’s regional rail system and the future California High-Speed Rail Authority’s statewide system to the Salesforce Transit Center in downtown San Francisco; and

WHEREAS, the DTX Project is seeking funding for the project through the Federal Transit Administration (“FTA”) Capital Investment Grants (“CIG”) Program New Starts program; and

WHEREAS, in 2022, the Peninsula Corridor Joint Powers Board (“Caltrain”) and Transbay Joint Powers Authority (“TJPA”) negotiated and executed a Letter of Agreement (“LOA”) describing the parties’ cooperation to complete all work needed to meet critical milestones in the DTX Accelerated Work Plan, negotiate a Master Cooperative Agreement (“MCA”) between TJPA and Caltrain, and authorize reimbursement from TJPA to Caltrain for such efforts; and

WHEREAS, the MCA will address key topics, including design support and coordination; procurement and construction coordination; financial commitments; operations, maintenance and rehabilitation; and asset disposition. However, TJPA and Caltrain have agreed to focus on the near-term elements of the MCA and document those elements in an Interim Agreement before the existing LOA expires; and

WHEREAS, the Interim Agreement, if approved, will be effective September 1, 2023, and will govern TJPA and Caltrain’s cooperation in advancing the DTX Project until the MCA is executed, which is targeted for October 2024; and

WHEREAS, the scope of the Interim Agreement includes project delivery roles, staffing budget and reimbursement, a joint workplan, and a design approach for 4th and King Yard DTX preparation; and

WHEREAS, the Interim Agreement outlines Caltrain's role in the Project Delivery Team ("PDT") which will be the primary staff-level decision-making body with the responsibility and authority to manage the DTX Project so that it can be delivered within the approved scope, budget, and schedule; and

WHEREAS, the Interim Agreement includes a staffing plan to implement the joint workplan and includes a budget and reimbursement mechanism for TJPA to reimburse Caltrain for Caltrain staff and consultant costs for the DTX Project during the term of the Interim Agreement; and

WHEREAS, the Joint Workplan outlines the scope of work for both agencies over the term of the Interim Agreement and includes the following tasks: 1) Prepare procurement documents and begin contractor selection; 2) review and conduct studies to support design, procurement, environmental and grant documents; 3) complete work to support FTA deliverables, governance framework development, and Caltrain and TJPA Board items; and 4) reach interim agreements supporting progress toward a comprehensive MCA, including an agreement regarding 4th and King Yard DTX Preparation; and

WHEREAS, the execution of the Interim Agreement between Caltrain and TJPA will provide additional funding that will increase the project budget by \$5,018,239 in reimbursable expenses; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors authorize the Executive Director, or designee, to execute an Interim Agreement with terms that substantially conform to those described herein with TJPA to support advancement of the DTX Project; and

BE IT FURTHER RESOLVED that the Board of Directors approves an amendment the Caltrain Fiscal Year 2024 Capital Budget to include \$5,018,239 to cover the reimbursable expenses in the Interim Agreement.

Regularly passed and adopted this 3rd day of August 2023 by the following vote:

AYES:

NOES:

ABSENT:

Chair, Peninsula Corridor Joint Powers Board

ATTEST:

JPB Secretary

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Finance Committee
Through: Michelle Bouchard, Executive Director
From: Kate Jordan Steiner, Chief Financial Officer
Subject: **Approve Execution of Stadler Electric Multiple Unit Option and Funding Plan**

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

Purpose and Recommended Action

In 2016, Caltrain executed a contract with Stadler USA, Inc., to procure Electric Multiple Unit trains to serve Caltrain passengers upon completion of the Peninsula Corridor Electrification Project (PCEP), which will electrify the corridor from San Francisco to San Jose. The Stadler contract included two option periods, the last of which will expire on August 15, 2023. The option offers Caltrain the opportunity to purchase additional EMU trainsets at a substantially lower cost than would be available if Caltrain were to undertake a new procurement. In addition to costs savings, the option allows Caltrain to move closer to the goal of a zero-emission corridor while improving service and reliability for Caltrain passengers. The availability of federal funding for replacement vehicles, which will cover 80 percent of the costs of the additional EMU trainsets, means that Caltrain will be responsible for only 20 percent of the costs of the new trainsets.

In addition to the new EMU trainsets, Caltrain also has the opportunity to include a four-car Battery-Electric Multiple Unit (BEMU) demonstration train in the option. The BEMU will enable zero-emission service beyond Caltrain’s electrified corridor, from Tamien to Gilroy, and will demonstrate the viability of BEMU operations in a non-electrified right-of-way. With the support of the Governor and the Legislature, the California State Transportation Agency (CalSTA) recently awarded Caltrain \$80 million for the BEMU demonstration train, which will cover 100 percent of the costs of the BEMU.

Staff therefore recommends the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB or Caltrain) adopt a resolution authorizing the Executive Director or her designee to:

1. Exercise the contract option with Stadler USA, Inc. (“Stadler”) to procure the following:
 - a. Four seven-car Electric Multiple Unit (EMU) trains to replace three existing diesel locomotive trains and one set of railcars; and
 - b. One four-car Battery-Electric Multiple Unit (BEMU) demonstration train to enable zero-emission service beyond Caltrain’s electrified corridor (BEMU Demonstration Project).
2. Execute the Supplemental Agreement with the California Department of Transportation (Caltrans) to authorize JPB to receive \$80 million in Transit and Intercity Rail Capital Program

(TIRCP) funding from the California State Transportation Agency (CalSTA) for the BEMU Demonstration Project; and

3. Take such actions as may be necessary to give effect to the resolution, including but not limited to executing and filing reports and applications, agreements, certifications and assurances, authorized agent forms, related amendments, and any other documentation required to implement this resolution, and for the JPB to apply for and receive all funds.

Discussion

Staff requests that the Board approve a resolution that would permit the JPB to purchase four seven-car EMU trainsets and one four-car BEMU trainset from Stadler.

Staff previously presented to the Board plans to procure the EMUs and BEMU as informational items at the (a) JPB Finance Committee on April 24, 2023, and June 26, 2023; and (b) full Board as part of the Fiscal Year 2024 and Fiscal Year 2025 Preliminary Operating and Capital Budgets on May 4, 2023, and June 1, 2023.

As discussed in those meetings, Caltrain's vision includes a zero-emission corridor benefitting our riders, communities, and the State. Caltrain's goal is to replace all diesel locomotives with zero-emission vehicles in compliance with the California Air Resources Board In-Use Locomotive Regulation. The four EMUs and one BEMU that Caltrain seeks to procure from Stadler will help the agency achieve this vision.

Caltrain Current and Future Fleet Plan

Caltrain's current fleet is made up of 29 diesel locomotives purchased between 1985 and 2003. The locomotives run between San Francisco and Gilroy. Caltrain is nearing completion of the Peninsula Corridor Electrification Project (PCEP), which will transform the corridor from San Francisco to San Jose by electrifying the corridor and replacing most of the diesel locomotive fleet with zero-emission EMU trains, in turn helping the State achieve transportation, safety, and climate goals.

By the end of 2024, with the completion of PCEP, Caltrain will operate 28 trainsets consisting of:

- 19 EMU trainsets
- 9 diesel locomotive trains

This fleet will provide a mix of electric and diesel service from San Francisco to Tamien, continue diesel service in the non-electrified Union Pacific Railroad-owned portion of the corridor between Tamien and Gilroy, and provide sufficient spares.

If the Board approves the procurement of additional vehicles as set forth in the accompanying resolution, Caltrain's fleet would expand to 30 trainsets by 2030, consisting of:

- 23 EMU trainsets
- 6 diesel locomotive trains
- 1 BEMU¹ (for pilot)

¹ A BEMU is a battery-equipped electrical multiple unit that can operate on non-electrified territory with zero-emission service. The Federal Railroad Administration has not yet vetted BEMUs for passenger use in the United States and this is an opportunity

This fleet would allow for over 90% zero emission service on the corridor, significantly improve efficiency and sustainability of Caltrain service, complete a BEMU pilot project that could prove the viability BEMU operations in non-electrified right-of-way south of Tamien, and maintain sufficient spares.

Caltrain has an option on its existing contract with Stadler that would allow the purchase of additional electric trainsets (59 cars) at a lower price than what would be available in a new procurement. Staff estimates that procuring four replacement EMUs under the contract option would save approximately \$100 million to \$120 million in total costs (45% to 60% savings).

There are a number of reasons for increased costs in procuring rail vehicles outside of the Stadler option which include, but are not limited to:

- Small size of trainset order
- Lack of available production capacity
- Inflation in labor and materials
- Supply chain issues
- Manufacturers reluctant to enter into long-term fixed price agreements due to recent economic instability
- Cost escalation uncertainty going forward

The contract option expires August 15, 2023.

Contract Options

In 2016, Caltrain entered the Caltrain CALMOD Electrification EMU Procurement contract with Stadler (Contract #14-PCJPB-P-056) as part of PCEP. The contract provided Caltrain two separate option periods during which it could order up to an additional ninety-six vehicles of any configuration:

1. Option 1 Period. In 2018, during the first option period which has now expired, Caltrain ordered thirty-seven additional train cars as follows:
 - a. Three seven-car EMU trainsets (totaling twenty-one cars)
 - b. Expanding the original sixteen six-car trainsets into seven car trainsets (totaling sixteen cars)
2. Option 2 Period. This period runs from the end of the Option 1 period up to seven years after the effective date of the original contract. The effective date of the contract was August 15, 2016, meaning the **Option 2 Period expires on August 15, 2023**. Because Caltrain ordered thirty-seven additional cars during the first option period, Caltrain may order up to fifty-nine cars during the second option period.

Budget Impact

Budget authority for the purchase of the four seven-car EMUs (\$220M) and one four-car BEMU (\$80M) was included in the FY24 adopted capital budget approved by the Board on June 1, 2023.

Four Seven-Car EMU Trainsets

to test, review, and approve these vehicles for service. If proven successful, BEMUs could benefit Caltrain for service south of Tamien as well as other non-electrified properties in California. The testing area would be Tamien to Gilroy and Gilroy to Salinas.

The project cost for the four seven-car EMU trainsets is not-to-exceed \$220M including trainsets, testing, and training. The project will be funded 80% (\$176M) by Federal Transit Administration (FTA) formula funds distributed by the Metropolitan Transportation Commission (MTC), with \$30.4M for FY23 and FY24 already allocated and the remaining \$145.6M anticipated to be allocated over FY25, FY26, and FY27.

The remaining 20% (\$44M) is a local match requirement and will be funded with monies made available due to CalSTA's January 1, 2023 Transit and Intercity Rail Capital Program (TIRCP) award of \$367M to Caltrain for PCEP, which reimbursed Caltrain for the expenditure of local funds (excluding bond proceeds) temporarily used to close the PCEP shortfall. The \$44M in reimbursed local funds should become available on or about January 1, 2024.

One Four-Car BEMU trainset

The project cost for one four-car BEMU is approximately \$80M, including the trainset, battery components, station and maintenance shop modifications, testing, and training. The project is funded 100% by CalSTA. On July 3, 2023, CalSTA released a [notice of award](#) for the BEMU Demonstration Project for not-to-exceed \$80M. The awarded amount will be from the State General Fund funding provided from the Budget Act of 2021 to the TIRCP. Caltrain anticipates that the California Transportation Commission (CTC) will approve the BEMU allocation at its meeting on August 16-17, 2023. Because the August CTC meeting will occur after the August 15 deadline to exercise the Stadler contract option, the change order with Stadler permits Caltrain to issue the Notice to Proceed (NTP) after the CTC meeting, without incurring any costs. No local match is required is required for the BEMU.

Next Steps

In addition to regular financial reports, staff expects to provide the Board several updates on the procurement of these vehicles and their funding in the coming months as follows:

- August 15, 2023: Stadler Option expires
- August 16 – 17, 2023: CTC Meeting approving allocation of the BEMU funding award made by CalSTA
- Ongoing: Updates regarding Stadler contract option vehicles and progress.

Prepared by: Kate Jordan Steiner Chief Financial Officer 650-508-6466

RESOLUTION NO. 2023 -

**BOARD OF DIRECTORS, PENINSULA CORRIDOR JOINT POWERS BOARD
STATE OF CALIFORNIA**

* * *

**Authorizing Exercise of Contract Option with Stadler USA, Inc., to Procure Four Additional
Electric Multiple Unit (EMU) Trainsets and One Battery Electric Multiple Unit (BEMU)
Demonstration Train**

WHEREAS, at its meeting on July 7, 2016, after a rigorous and lengthy competitive procurement process, the Peninsula Corridor Joint Powers Board (JPB) Board of Directors (Board) awarded Contract #14-PCJPB-P-056 to Stadler USA, Inc. (Stadler) in the total amount of \$550,899,459 for the design, manufacture, and delivery of 96 EMUs, as well as mock-ups, spare parts, special tools, test equipment, manuals, training, and related parts and services (the Contract); and

WHEREAS, the Contract included two option periods during which the JPB could purchase up to an additional 96 EMU train cars at competitively bid and negotiated prices under the same contractual terms as the base order; and

WHEREAS, in 2018, during the first option period, the JPB ordered thirty-seven additional EMU cars, consisting of three seven-car EMU trainsets and sixteen additional cars to expand the original order of sixteen six-car trainsets to seven car trainsets; and

WHEREAS, the second option period under the Contract expires August 15, 2023; and

WHEREAS, staff has determined that purchasing, before the second option period expires, an additional 28 EMU cars, consisting of four seven-car trainsets, will significantly improve efficiency and sustainability of Caltrain service, reduce diesel trips on the JPB's corridor by replacing three

diesel locomotive trains with EMU trainsets, allow for over 90% zero emission service on the corridor, and enhance seating capacity on the JPB's commuter rail service, all in furtherance of helping the State achieve transportation, safety and climate goals; and

WHEREAS, the total project cost for the four EMU trainsets is not-to-exceed \$220,000,000, including the trainsets, testing, and training; and

WHEREAS, the project cost for the four EMU trainsets will be funded 80 percent (\$176 million) by Federal Transit Administration (FTA) formula funds distributed by the Metropolitan Transportation Commission (MTC) and 20 percent (\$44 million) in local matching funds; and

WHEREAS, staff has determined that it is in the best interests of the JPB to procure, before the second option period expires, one four-car battery-powered EMU trainset ("BEMU") demonstration train to enable zero-emission service on the non-electrified portion of the Caltrain corridor, from Tamien Station to Gilroy. The demonstration project will allow the FTA to test, review, and approve use of BEMUs, thereby benefitting not only Caltrain but other non-electrified properties in California; and

WHEREAS, the project cost for the BEMU trainset is not-to-exceed \$80,000,000, including the trainset, battery components, station and maintenance shop modifications, testing and training; and

WHEREAS, the project cost for the BEMU will be funded by the California State Transportation Agency (CalSTA). CalSTA has released a notice of award for the BEMU Demonstration Project for not-to-exceed \$80,000,000, and the California Transportation Commission (CTC) is expected to approve the allocation of funds for the BEMU Demonstration Project at its August 15-16, 2023, meeting.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby:

1. Authorizes the Executive Director, or her designee, to exercise the Contract option with Stadler to procure twenty-eight EMU cars, consisting of four seven-car EMU trainsets, with a project cost not-to exceed \$220,000,000; and
2. Authorizes the Executive Director, or her designee, to exercise the Contract option with Stadler to procure one four-car BEMU trainset, with a project cost not-to exceed \$80,000,000; and
3. Authorizes the Executive Director, or her designee, to Execute the Supplemental Agreement with the California Department of Transportation (Caltrans) to authorize JPB to receive \$80 million in TIRCP funding from CalSTA for the BEMU Demonstration Project; and
4. Authorizes the Executive Director, or her designee, to take any and all actions as may be necessary to give effect to this resolution, including but not limited to executing and filing reports and applications, agreements, certifications and assurances, authorized agent forms, related amendments, and any other documentation required to implement this resolution, and for the JPB to apply for and receive all funds to pay for the EMUs and BEMU.

Regularly passed and adopted this 3rd day of August 2023 by the following vote:

AYES:

NOES:

ABSENT:

Chair, Peninsula Corridor Joint Powers Board

ATTEST:

JPB Secretary

(00492274-2)

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Board of Directors
Through: Michelle Bouchard, Executive Director
From: Alex Burnett, Bell Burnett & Associates
Subject: **Update on Caltrain Energy Procurement Strategy and Action Plan**

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

Purpose and Recommended Action

This report provides an informational update on the ongoing work streams, next steps, and timing to advance Caltrain’s Energy Procurement Strategy (EPS).

Discussion

The Strategic Financial Plan presentation at the April 2023 special workshop included discussion of incremental operating costs and risks associated with Caltrain Electrification, particularly the higher costs of purchasing future electricity needs moving forward. From March 1, 2017, to March 1, 2023, PG&E rates for Caltrain’s expected rate class have increased approx. 67%. Caltrain will have significant exposure to the power market after shifting to electrified operations, and past volatility in electric rates creates substantial financial risk for the agency. However, there are also opportunities for cost and energy savings to partially offset higher expenses, including capturing the benefit of regenerative braking and the Low Carbon Fuel Standards program.

Caltrain’s approach to energy procurement is a critical component in the successful transition from construction to electrified revenue service. The accompanying presentation details progress made over the past few months and recommended next steps to continue advancing the agency’s EPS over the next year.

Budget Impact

Projected operating and maintenance costs for electrified service are included in the approved budget for Fiscal Years 2024 and 2025. However, it is likely that Caltrain will not know the full extent of projected electric costs until the trains are running. Advancement of the EPS action plan will help to evaluate potential power supply options, to provide more certainty around anticipated expenses and to generate incremental LCFS revenue to help offset operating costs moving forward.

Prepared By: Graham Rogers Business Operations 650-551-6169
Project Manager

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Finance Committee
Through: Michelle Bouchard, Executive Director
From: Dahlia Chazan, Deputy Chief Caltrain Planning
Subject: **Draft 2023 Fare Change Recommendations**

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

Purpose and Recommended Action

Staff recommends the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB) receive the attached presentation on the Draft 2023 Fare Change Recommendations.

This item is informational only. Staff will return with a recommended draft Fare Structure for the Board to adopt at a later meeting (currently planned for September 2023).

Discussion

In 2019, the Board approved a series a fare changes to address the JPB’s anticipated budget shortfalls. At that time, the JPB did not have a dedicated source of funding to support operating, maintenance, and capital costs. However, with the passage of Measure RR in November 2020 and receipt of federal economic relief funds, the agency has been able to maintain a balanced budget despite the severe impacts of COVID-19 on Caltrain ridership levels and fare revenues over the past three years.

In June of 2021 the Board postponed the previously approved fare increases due to the COVID-19 pandemic. In May of 2022, the Board further delayed the scheduled increases but adopted an updated Fare Structure that included a revised schedule of fare increases and changes, summarized below.

- An increase to the Base fare of \$.50 on July 1, 2023
- An increase to the Monthly Pass Trip Multiplier from 12 days (24 trips) to 15 days (30 trips) on July 1, 2023
- An increase to the Zone Upgrade from \$2.25 to \$2.50 for Adult riders and a Zone Upgrade increase from \$1.00 to \$1.25 for Eligible Discount (ED) riders on July 1, 2025
- An increase to the Base fare of \$.50 on July 1, 2027
- A reduction of the Clipper discount on Adult fares from \$.55 to \$.25 on July 1, 2028

Additionally, the August 2022 Fare Structure ended Caltrain's participation in Clipper START, the regional means-based fare program, on June 30, 2023, based on the Metropolitan Transportation Commission's (MTC) previous end date for the pilot.

Temporary Changes

Given the significant and ongoing decline in Caltrain ridership over the past three years due to the Covid-19 pandemic, it remains a less than optimal time to increase fares. In addition, MTC has extended the Clipper START pilot program for two additional years, through June 30, 2025, with the possibility of a permanent program continuing after completion of the pilot.

Pursuant to the Caltrain Fare Structure as adopted in Resolution 2019-32, and FTA Circular 4702.1B, which grant the authority to implement special and promotional fare discounts lasting up to six months, on May 24, 2023, Caltrain's Executive Director authorized a promotional fare reduction, which postponed the previously approved May 2022 fare changes to alleviate the economic effects of the Covid-19 pandemic on riders, incentivize Caltrain ridership, and potentially increase overall fare revenue.

The promotional fare reduction delayed the previously adopted fare changes that were scheduled to take effect on July 1, 2023, so that the prices in effect on June 30, 2023 will remain in effect until December 31, 2023. The fare changes adopted in May 2022 will now begin on January 1, 2024, unless a new Fare Structure is adopted by the Board this fall.

Recommendations

Caltrain staff have undertaken a study to analyze and develop a revised Fare Structure with consideration for Caltrain rider needs, post-pandemic ridership challenges, and regional fare changes, resulting in recommended changes to Caltrain's existing fare products and programs. These recommendations are consistent with the agency's forthcoming strategic financial plan and the adopted Fiscal Year (FY) 24-25 budgets.

It is recommended that Caltrain increase its fares more gradually, beginning in FY26 (July 1, 2025), as follows:

- In FY24-25, fares remain unchanged (no increase) to focus on electrified service and growing ridership
- In FY26, an increase to the Base fare by \$0.25
 - \$3.75 to \$4.00 for adult and \$1.75 to \$2.00 for ED
- In FY27, an increase to the Zone upgrade by \$0.25
 - \$2.25 to \$2.50 for adult and \$1.25 for ED
- In FY28, an increase to the Base fare by \$0.25
 - \$4.00 to \$4.25 for adult (the increase in Base Fare will apply only to adult fares due to rounding rules for Eligible Discount fare)
- FY24-28: Monthly Pass Multiplier remains priced at 24 trips (12 roundtrips)

A more gradual delay in fare increases will continue to support the Caltrain Fare Policy framework adopted by the Board in December 2018, which includes as a consideration the structuring of fares to incentivize rider behavior in support of the agency’s policy goals. Maintaining the current pricing structure until FY26 provides stability for customers as the agency focuses on other innovative ways to grow ridership levels. As discussed during the April 2023 special workshop on Caltrain’s fiscal cliff analysis, increasing fares at this time is not expected to substantially “close the gap” through revenue generation, while decreasing fare prices is not expected to significantly increase ridership and would result in revenue loss.

Additionally, it is recommended that the Group Travel Discount have its minimum group size reduced from 25 people to 15 people. Lastly, it is recommended to make a minor technical change in the calculations of the Clipper START fare so that its value aligns exactly with the ED Clipper Card fare (providing a benefit for Clipper START customers).

With regards to Go Pass, it is recommended to reduce the current price of \$342/pass by 20 percent, down to \$273.60/pass. It is additionally recommended that the agency consider creating a Student Pass Program within Go Pass, at a reduced price compared to the regular Go Pass price. The precise price recommendation for the proposed Students program is still under consideration.

Next Steps for Recommended Changes

Staff presented the recommended fare changes to the Caltrain Citizens Advisory Committee (CAC) on Wednesday, July 19, 2023. Staff will present an overview of the draft recommendations to the Finance Committee on July 24, 2023, followed by the Caltrain Board of Directors on August 3, 2023. These items are informational only.

Caltrain will perform a Title VI Equity Analysis for the recommended fare changes in a revised Fare Structure. Public outreach will be held in August, including plans to hold a public hearing at the August 2023 Finance Committee, before presenting the Fare Structure to the September 2023 JPB meeting for adoption.

Budget Impact

The recommended fare changes would not impact the FY24 and FY25 budget, which assumed no increase in fares for the two fiscal years, because fare increases are not proposed until FY26.

Prepared By:	Melissa Jones	Deputy Director, Caltrain Policy Development	650-339-1908
	David Pape	Caltrain Policy and Program Manager	650-418-6025