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MICHELLE BOUCHARD
EXECUTIVE DIRECTOR

AGENDA

PENINSULA CORRIDOR JOINT POWERS BOARD Finance Committee Meeting

January 22, 2024, 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 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, Bacciocco Auditorium - Second Floor, 1250 San Carlos Ave., San Carlos, CA, or any other noticed location provided they comply with the following safety protocols:

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.

January 22, 2024 - 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 December 18, 2023 Motion
 - 4.b. Renew Findings of an Emergency Regarding the North Channel Embankment of the San Francisquito Creek Bridge Due to Erosion Pursuant to Public Contract Code §22050* Motion
5. Accept Statement of Revenues and Expenses for the Period Ended December 31, 2023 Motion
6. Amend Statement of Investment Policy and Delegate Investment Authority for Fiscal Years 2024 and 2025 Motion
7. Update Regarding SamTrans Purchase of a New Headquarters Building and Recommended Next Steps for Caltrain Motion
8. Receive Update on Caltrain's Strategic Financial Plan and Fiscal Cliff Projections Informational
9. Adopt Caltrain Energy Policy Motion
10. Committee Member Requests
11. Date/Time of Next Regular Finance Committee Meeting: February 26, 2024 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.
12. Adjourn

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.

**Peninsula Corridor Joint Powers Board
Finance Committee
1250 San Carlos Avenue, San Carlos, CA 94070
DRAFT Minutes of December 18, 2023**

Members Present: Ray Mueller, Monique Zmuda (Chair)
Members Absent: Devora “Dev” Davis (Vice Chair)
Staff Present: M. Bouchard, B. Fitzpatrick, J. Harrison, L. Millard-Olmeda, S. Sargent, N. Steward-Crooks, A. Timbers, A. To, M. Tseng, K. Yin

1. Call to Order/Pledge of Allegiance

Chair Zmuda called the meeting to order at 2:34 pm and led the Pledge of Allegiance.

2. Roll Call

Deputy District Secretary Margaret Tseng called the roll and confirmed a Board quorum was present.

3. Public Comment on Items not on the Agenda

There were none.

4. Consent Calendar

4.a. Meeting Minutes of November 27, 2023

4.b. Renew Findings of an Emergency Regarding the North Channel Embankment of the San Francisquito Creek Bridge Due to Erosion Pursuant to Public Contract Code §22050*

Motion/Second: Mueller/Zmuda

Ayes: Mueller, Zmuda

Noes: None

Absent: Davis

5. Accept Statement of Revenues and Expenses for the Period Ending November 30, 2023

Annie To, Director of Accounting, provided a report that included the following:

- Significant item transfers the first five months of Fiscal Year 2023-2024 noting a year-to-date (YTD) revenue of \$80 million as of November 23rd compared to \$80.8 million in the adopted budget (lowered by 1 percent due to decrease in other income)
- YTD expenses as of November 2023 were \$77.4 million as compared to \$81.2 million in the adopted budget (a 4.7 percent decrease primarily due to decrease rail operator services, wages and benefits, professional services, facilities and equipment maintenance, and partially offset by the increase in claims, payments, and reserves) with a favorable net result

- Annual revenue forecast for the first five months of fiscal year 2023/2024 is in alignment with the adopted budget and staff to continue monitor in upcoming months

Motion/Second: Mueller/ Zmuda

Ayes: Mueller, Zmuda

Noes: None

Absent: Davis

6. Accept Annual Comprehensive Financial Report for the Fiscal year Ended June 30, 2023

Annie To, Director of Accounting, introduced Ryan Nielsen, Audit Partner with Brown and Armstrong Accountancy Corporation and noted this firm was contracted to provide a clean independent audit. Mr. Nielsen provided the presentation that included the following:

- Brown and Armstrong Accountancy Corporation's third year auditing the financial statements in accordance with government auditing standards
- Evaluated internal controls, transactions, control procedures, staff, and confirmation of account balances with third-party organizations using a risk-based approach
- Result of independent audit indicates that financial statements presented fair as of June 30th; a clean and unmodified opinion will be issued and there were no systemic issues in processes or internal controls noted

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

- Indirect control testing performed during the audit included receipt and expenditure of funds, controls over compliance with grant agreements, capital expenditures, and equipment purchases
- Testing regarding shared services and the allocation to SamTrans for a portion of those shared services included a review of the Memorandum of Understanding (MOU) and ensuring that there was no transactional inconsistencies, appropriate approval, and a clear understanding of the administrative services agreement
- The timeline to complete the report was close to five months; the final date to apply for the Government Finance Officers Association Award is December 31, 2023

Motion/Second: Mueller/ Zmuda

Ayes: Mueller, Zmuda

Noes: None

Absent: Davis

7. Approve Fiscal Year 2024-2025 Capital Budget Amendment

Ladi Millard-Olmeda, Director of Budgets, provided the presentation that included the following:

- Approved Broadway Burlingame Grade Separation Project \$25.4 million budget was funded by San Mateo County Transportation Authority (SMCTA) and City of Burlingame; an amended and approved project MOU increased the budget to \$27.9 million
- Charleston Road Grade Crossing Improvements Project was 100 percent funded from Caltrans Section 130 program funds in the amount of \$750,000; funding agreement will

be presented to JPB Technology, Operations, Planning and Safety (TOPS) on December 20th

The Committee Members had a discussion and staff provided further which included the following:

- The Broadway Burlingame Grade Separation Project budget increased from \$4,350,000 to \$27, 913,00 as different phases of the project progressed as the project scope remained unchanged; the total project cost is \$280 million

Motion/Second: Mueller/Zmuda

Ayes: Mueller, Zmuda

Noes: None

Absent: Davis

8. Approval of Lease with Elevate PropCo IV, LLC for Maintenance Facility for Electrified Operations*

Brian Fitzpatrick, Director of Real Estate and Property Development, provided the presentation that included the following:

- Acquisition of a warehouse facility is necessary to support the new electrified Caltrain service and space for delivery and storage of Caltrain materials
- Balfour Beatty International, Inc. (BBI) current leaseholder of property, until March 31, 2024, will provide their onsite equipment and machinery to Caltrain as existing facilities are designed to operate a diesel railroad that utilizes different materials and equipment; which eliminates need to move materials delivered by BBI
- Warehouse leasing as an interim solution; future real estate needs assessment in support of an electrified railroad and may be more warehouse and office space in future
- Warehouse lease as an operating expense for Caltrain that is shared with a tenant; no increase in the base rent this year; rate lease terms evaluated by an independent broker

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

- Funding from existing project budgets, no additional approvals needed, some services covered by another consultant, and intention to replace services with new firm
- Three-month free rental period granted by the owner of the property; 3-year leasing period allows sufficient time to evaluate storage and operational needs

Motion/Second: Mueller/Zmuda

Ayes: Mueller, Zmuda

Noes: None

Absent: Davis

9. Authorize the Surplus and Disposition of Gallery Cars and Locomotives

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

- Two step disposition process related to surplus, storage, and selling surplus equipment

- Gilroy diesel trains to remain in service until retired and then replaced with battery-operated trains
- Relocation efforts of surplus gallery cars and diesel locomotives prior to sale; Caltrain cannot accommodate and store two fleets and house the Electric Multiple Units (EMU) as they arrive from Salt Lake City
- Next steps include issuance of a solicitation for sale of the surplus equipment by sealed bid which typically brings in the highest amount

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

- Transition from diesel to battery-operated locomotives will occur in 2028
- Staff noted that disposition of the rest of the surplus vehicles expected in 2024 and the proceeds from the sale will be utilized as a match for the purchase of the new cars

Motion/Second: Mueller/Zmuda

Ayes: Mueller, Zmuda

Noes: None

Absent: Davis

Public Comment

Adrian Brandt commented that the one Battery Electrical Multiple Unit (BEMU) is not sufficient to run four trains each in the am and pm to Gilroy by itself. He opined on the lack of apparent relief from running diesel and revenue service until well after 2028 and asked about ordering more and his impression that there was a decision to run one hundred percent electric from San Francisco to San Jose at the start of revenue service in the Fall.

10. Award Contract for On-Call Construction Management Services

Kevin Yin, Director of Contracts and Procurement, provided the presentation that included the following:

- Work directives will be funded by a variety of funding sources which may include Federal, State, regional, and local revenues and grants from approved and future operating and capital budgets
- Work will be done among the various contractors using a qualification-based selection process and architecture firms based upon their competency, qualifications and experience rather than by price

Motion/Second: Mueller/Zmuda

Ayes: Mueller, Zmuda

Noes: None

Absent: Davis

11. Award Contract for On-Call General Engineering Consultant Design Services*

Kevin Yin, Director of Contracts and Procurement, provided a presentation that included the following:

- Work directives will be funded by a variety of funding sources which may include Federal, State, regional, and local revenues and grants from approved and future operating and capital budgets
- Work will be done by AECOM Technical Services, Inc., HDR Engineering, Inc., and T.Y. Lin International, Inc.

Motion/Second: Mueller/Zmuda

Ayes: Mueller, Zmuda

Noes: None

Absent: Davis

12. Award Contract for On-Call Management Oversight Services*

Kevin Yin, Director of Contracts and Procurement, provided a presentation that included the following:

- Work will be done by Consor PMCM, Inc., Ghirardelli Associates, Inc., and Jacobs Project Management Company
- Work directives will be funded by a variety of funding sources which may include Federal, State, regional, and local revenues and approved and future grants

Chair Zmuda confirmed that Ghirardelli Associates, Inc. is in two of the three contract awards and would not be selected for this contract if chosen for one of the others as it would pose a conflict of interest.

Motion/Second: Mueller/Zmuda

Ayes: Mueller, Zmuda

Noes: None

Absent: Davis

13. Receive Update on Caltrain Energy Policy

Michelle Bouchard, Executive Director of Caltrain, provided a brief overview of the item that included the following:

- The Energy Policy will provide the framework that will allow for the pursuit of future contracts that will be required to purchase energy for electrified service
- Obtain Finance Committee feedback and return with a revised policy in January 2024

Amelia Timbers, Manager of Environmental and Sustainability Planning Manager, provided the presentation that included the following:

- Energy Policy as foundation for navigating future related decision making/trade-offs
- Addresses both generation and consumption, but does not address transmission and distribution as provided by Pacific Gas and Electric (PG&E)
- BART (Bay Area Rapid Transit) procures energy differently and treated like a utility by the State due to a unique legal carve out

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

- Timeline for policy adoption and implementation
- Contract in place by June or July to be prepared for electrification service in September
- PG&E's role in electrification

14. Committee Member Requests - There were none.

15. Date/Time of Next Regular Finance Committee Meeting: January 22, 2024 at 2:30 pm

16. Adjourn - The meeting adjourned at 3:36 pm.

DRAFT

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Finance Committee
Through: Michelle Bouchard, Executive Director
From: Robert Barnard, Deputy Chief, Caltrain Design and Construction
Subject: **Renew Findings of an Emergency Regarding the North Channel Embankment of the San Francisquito Creek Bridge Due to Erosion Pursuant to Public Contract Code §22050**

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 (JPB):

1. Renew findings previously adopted by the Board pursuant to California Public Contract Code section 22050(c)(2) (Resolution No. 2023-19) on March 29, 2023, and renewed at its subsequent meetings on May 4, 2023 (Resolution 2023-23), June 1, 2023 (Resolution 2023-38), August 3, 2023 (Resolution 2023-46), September 7, 2023 (Resolution 2023-56), October 5, 2023 (Resolution 2023-62), November 2, 2023 (Resolution 2023-68), December 7, 2023 (Resolution 2023-74) and January 4, 2024 (Resolution 2024-01) that an emergency exists at the north channel embankment of the San Francisquito Creek Bridge due to erosion and scouring caused by winter storms, and that immediate action is necessary to respond to the emergency; and
2. Continue to authorize emergency repairs of the north channel embankment of the San Francisquito Creek Bridge;
3. Continue to delegate authority to approve all plans and/or designs with regard to the emergency repairs to the Executive Director, or designee; and
4. Continue to authorize the Executive Director, or designee, to take all other actions required to respond to said emergency.

Discussion

Background Regarding Previous Findings Authorizing Emergency Repairs: The JPB owns and maintains the San Francisquito Creek Bridge, which is located in Menlo Park and Palo Alto between Control Points Alma (MP 29.98) and Mayfield (MP 33.50). In early January 2023, after a week of heavy rain, Caltrain Engineering staff inspected the Bridge and discovered that storms had eroded the soil on the creek bank supporting the northern abutment of the Bridge. Further

investigation showed that additional erosion resulting from future storms could undermine the abutment, bridge, and tracks.

The JPB has the authority to undertake emergency repairs pursuant to California Public Contract Code section 22050, which requires that the Board, by a four-fifths vote, make findings based on substantial evidence that the emergency will not permit delay resulting from a competitive solicitation of bids, and that action is necessary to respond to the emergency. Public Contract Code section 1102 defines an emergency as “sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.” The Board made these findings at its March 29, 2023, meeting (Resolution 2023-19) and renewed these findings at its subsequent meetings on May 4, 2023 (Resolution 2023-23), June 1, 2023 (Resolution 2023-38), August 3, 2023 (Resolution 2023-46), September 7, 2023 (Resolution 2023-56), October 5, 2023 (Resolution 2023-62), November 2, 2023 (Resolution 2023-68), December 7, 2023 (Resolution 2023-74) and January 4, 2024 (Resolution 2024-01). Section 22050(c) requires the Board to review the emergency action at its next regularly scheduled meeting and at every subsequent regularly scheduled meeting until the action is terminated to determine that there is a need to continue the action.

November 18, 2023, Emergency Declaration: On November 16, 2023, a team of three registered California professional engineers, including a fluvial geomorphologist experienced with the San Francisquito Creek, completed a technical memorandum titled "Overview of Temporary Emergency Stabilization Measures," which stated that, in regard to the creek bank supporting the north abutment of Caltrain’s rail bridge, "the existing bank is likely to erode and would not be stable during/after a large storm event."

On November 18, 2023, the Executive Director issued an emergency declaration, which concluded:

- a. The situation at that time necessitated immediate action because anticipated winter storms threatened the integrity of the bridge, creating the potential for a catastrophic failure of the bridge and the subsequent risks to public safety, infrastructure, and the environment; and
- b. The dry condition of the creek bed created a narrow window during which the JPB could implement emergency stabilization repairs to ensure the integrity of the bridge without risking the safety of workers or endangering aquatic life; and
- c. Given a prediction of severe winter storms and a risk of flash flooding and high creek flows at the San Francisquito Creek, attempting any work during the rainy season would have presented a substantial risk to the safety of workers, threatened endangered species, and increased the risk of a failed stabilization effort and a catastrophic failure of the bridge; and
- d. The situation at that time required that Caltrain take action within a time period less than the normal time needed to process regulatory applications under standard procedures.

Based on these findings, the Executive Director declared an emergency situation for the San Francisquito Creek Bridge and directed that all necessary and appropriate actions be taken to address the emergency, including the mobilization of resources and implementation of temporary creek bank stabilization measures.

The temporary stabilization measures have ameliorated the risk of the immediate collapse of the embankment. However, a continued risk to the Bridge exists, especially in light of long-term predictions of a “strong” El Nino winter for 2023-2024. Accordingly, the emergency will persist until permanent repairs can be completed in the Summer of 2024. Under state law, the Board must continue to review the situation at each meeting and renew findings until the emergency is resolved via the implementation of permanent stabilization measures during the dry-creek season in 2024.

Actions Taken

To date, JPB staff has:

1. Increased frequency of visual inspections of the Bridge and conducted immediate inspections during and/or after storms.
2. Retained on-call bench consultants (WSP, AECOM, Jacobs, and TRC), to assist the JPB in obtaining the required environmental permits, designing the bank stabilization, estimating the cost of the proposed work, and providing construction management services, respectively.
3. Engaged the U.S. Army Corps of Engineers, the Regional Water Quality Control Board, and the California Department of Fish and Wildlife and submitted all necessary applications for regulatory permits and approvals.
4. Met regularly with the City of Menlo Park, the City of Palo Alto, the San Francisquito Creek Joint Powers Authority, and Stanford University to coordinate the scope of the project and jointly review iterative design updates.
5. Jointly developed 15%, 35%, 65%, and 100% designs for the bank stabilization with input from the City of Menlo Park, City of Palo Alto, and regulatory agencies.
6. Jointly prepared and executed a trilateral project agreement by and between the JPB, the City of Menlo Park, and the City of Palo Alto to memorialize cost sharing arrangements and other responsibilities.
7. Obtained iterative and independent cost estimates from consultants and Walsh Construction to establish clear cost expectations and determine a fair and reasonable not-to-exceed construction budget.
8. Updated the overall project cost to \$6.5 million based on recent construction cost estimates and actual costs incurred for design, permitting, and other professional services.
9. Updated the overall project funding plan to align with the cost sharing agreement between JPB, the City of Menlo Park, and City of Palo Alto.
10. Identified the necessary funding sources from other project underruns and contingency for the JPB share of costs and obtained approval from Caltrain’s Management Committee to apply those funds.

11. Awarded a construction contract to Walsh Construction to implement the bank stabilization because Walsh has a crew onsite that specializes in emergency work and because of Walsh's experience on JPB in-water construction projects, such as the Guadalupe River Bridge Replacement Project.
12. Obtained timely construction permits from the City of Menlo Park, City of Palo Alto, Regional Water Quality Control Board, and California Department of Fish and Wildlife.
13. In accordance with the Executive Director's November 18, 2023, emergency declaration, JPB staff notified regulatory agencies of the temporary bank stabilization plan and JPB staff's intent to seek any relevant permits.
14. JPB staff obtained a second encroachment permit from the City of Menlo Park for the implementation of the temporary stabilization measures.
15. JPB staff and Walsh Construction implemented the emergency temporary bank stabilization measures to protect the San Francisquito Creek Bridge from 2023-2024 winter storms which could have otherwise threatened the integrity of the bridge.

Current Status

As of the date of this staff report:

1. An executed trilateral project agreement is in place between the JPB, the City of Menlo Park, and the City of Palo Alto.
2. JPB has 100% final construction drawings and specifications for the permanent bank stabilization design, which has been reviewed by all relevant stakeholders.
3. JPB has a construction contractor, Walsh Construction, under contract to implement the bank stabilization. The contract is based on a time-and-materials approach to compensation and therefore allows flexibility to adapt to changes in scope and schedule.
4. JPB staff has obtained the following permits:
 - a. California Department of Fish and Wildlife Streambed Alteration Agreement
 - b. Regional Water Quality Control Board Section 401 Water Quality Certification Permit
 - c. City of Palo Alto Encroachment Permit for the permanent stabilization project
 - d. City of Menlo Park Encroachment Permit for the permanent stabilization project
 - e. City of Palo Alto Noise Exception Permit for the permanent stabilization project
 - f. City of Menlo Park Heritage Tree Permit
 - g. City of Menlo Park Encroachment Permit for the temporary stabilization measures

JPB staff submitted a timely application for a Section 404 permit to the U.S. Army Corps of Engineers. As part of their ongoing review, the U.S. Army Corps of Engineers has determined it is necessary to seek the review of relevant historic preservation issues and approval from the State Historic Preservation Officer prior to issuing the permit. Due to the time needed for this process to be completed, JPB staff did not receive the essential Section 404 permit in time to construct the project before the end of the dry season on October 15, 2023.

5. Temporary stabilization measures are in place to protect Caltrain's San Francisquito Creek Bridge from 2023-2024 winter storms.

Ongoing and Future Activities

In the months ahead:

1. JPB staff will continue to coordinate closely with the U.S. Army Corps of Engineers to facilitate the issuance of the Section 404 permit for construction of the permanent bank stabilization during the 2024 dry season.
2. JPB staff will continue to monitor conditions around the foundations of the Caltrain rail bridge.
3. JPB staff will update the project cost estimate, schedule, funding plan, and contracts to align with recent implementation of temporary stabilization measures and the planned implementation of permanent stabilization measures in mid-2024.
4. During the 2024 dry season, JPB staff and Walsh Construction will remove the temporary bank stabilization measures and replace them with the permanent bank stabilization measures designed under the joint project between JPB, the City of Menlo Park, and the City of Palo Alto.
5. JPB staff will report regularly to the Board regarding the status of the project.

Budget Impact

The San Francisquito Creek Emergency Bank Stabilization Project has an approved budget of \$6,471,067 funded by Capital Contingency Funds, the San Mateo County Transportation Authority (SMCTA), the Cities of Palo Alto and Menlo Park, and project savings from recently completed projects.

Prepared By:	Robert Barnard	Deputy Chief, Design and Construction	650.508.7783
	Mike Boomsma	Project Manager	808.208.2355

(00501205)

Resolution No. 2024-

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

* * *

**Renewing Findings of an Emergency Regarding the North Channel
Embankment of the San Francisquito Creek Bridge Due to Erosion Pursuant to
Public Contract Code §22050**

Whereas, the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB) previously authorized repair pursuant to California Public Contract Code section 22050 by a four-fifths vote of the Board on March 29, 2023 (Resolution 2023-19), making findings that: there was an emergency to repair the north channel embankment of the San Francisquito Creek Bridge due to erosion that threatened the integrity of the structure supporting the JPB's tracks; that the emergency did not permit a delay that would have resulted from a formal solicitation for bids; and that action is necessary to respond to the emergency; and

Whereas, Resolution 2023-19 also authorized emergency repairs of the north channel embankment of the San Francisquito Creek Bridge without adopting plans and specifications or giving notice to potential bidders; and

Whereas, California Public Contract Code Section 1102 defines an emergency as a "sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services"; and

Whereas, California Public Contract Code section 22050 authorizes the JPB to repair and take other immediate actions required to address an emergency, and requires that findings based on substantial evidence must be made that the emergency will not permit delay resulting from a

competitive solicitation of bids, and that the action is necessary to respond to the emergency, by a four-fifths vote of the Board; and

Whereas, Resolution 2023-19 delegated to the Executive Director, or designee the authority: to approve all plans and/or designs; to execute a contract with Walsh Construction II, LLC, to undertake emergency repairs of the north channel embankment at the San Francisquito Creek Bridge at a price that staff has determined is fair and reasonable; and to take all other actions required to respond to said emergency, provided that the Executive Director reports such actions to the Board at each monthly Board meeting until the emergency situation is resolved, with a final report to be made at the first Board meeting after the emergency is resolved; and

Whereas, pursuant to Public Contract Code section 22050(c), the Board must review the emergency action at its next regularly scheduled meeting and affirm by the passage of a four-fifths vote at every subsequent regularly scheduled meeting until the action is terminated to determine that there is a need to continue the action; and

Whereas, the Board most recently renewed its findings via Resolution 2024-01 at its January 4, 2024, Board meeting; and

Whereas, following months of heavy rain in January 2023, assessments of the condition of the north embankment supporting the San Francisquito Creek Bridge Main Track 1 (MT-1) and Main Track (MT-2) by the Peninsula Corridor Joint Powers Board (JPB) revealed significant erosion on the slope of the embankment, threatening the integrity of the north approaching track structure; and

Whereas, the JPB consulted with the U.S. Army Corps of Engineers (USACE), the Regional Water Quality Control Board, and the California Department of Fish and Wildlife concerning

environmental permits for restoration activities to preserve the integrity of MT-1 and MT-2 tracks in light of the significant erosion of the northern embankment; and

Whereas, on November 16, 2023, a team of three registered California professional engineers, including a fluvial geomorphologist experienced with the San Francisquito Creek, completed a technical memorandum, which stated that, in regard to the creek bank supporting the north abutment of Caltrain's rail bridge, "the existing bank is likely to erode and would not be stable during/after a large storm event;"

Whereas, on November 18, 2023, the Executive Director issued an emergency declaration, which concluded:

- a. The situation at that time necessitated immediate action because anticipated winter storms threatened the integrity of the bridge, creating the potential for a catastrophic failure of the bridge and the subsequent risks to public safety, infrastructure, and the environment; and
- b. The dry condition of the creek bed created a narrow window during which the JPB could implement emergency stabilization repairs to ensure the integrity of the bridge without risking the safety of workers or endangering aquatic life; and
- c. Given a prediction of severe winter storms and a risk of flash flooding and high creek flows at the San Francisquito Creek, attempting any work during the rainy season would have presented a substantial risk to the safety of workers, threatened endangered species, and increased the risk of a failed stabilization effort and a catastrophic failure of the bridge; and
- d. The situation at that time required that Caltrain take action within a time period less than the normal time needed to process regulatory applications under standard procedures.

Based on these findings, the Executive Director declared an emergency situation for the San Francisquito Creek Bridge and directed that all necessary and appropriate actions be taken to address the emergency, including the mobilization of resources and implementation of temporary creek bank stabilization measures; and

Whereas, the temporary stabilization measures have ameliorated the risk of immediate collapse of the embankment, but these measures were designed to address the immediate risk of

collapse. However, a continued risk to the San Francisquito Creek Bridge exists, especially in light of long-term predictions of a “strong” El Nino winter for 2023-2024. Accordingly, the emergency will persist until the implementation of permanent stabilization measures is completed during the dry-creek season in 2024; and

Whereas, there is a continued and ongoing emergency to repair the north channel embankment of the San Francisquito Creek Bridge due to erosion that threatens the integrity of the structure supporting the JPB’s tracks, and because meteorologists predict a wet winter including storms that could result in additional erosion; and

Whereas, action is necessary to respond to this continued and ongoing emergency to prevent or mitigate loss or damage to life, health, property, or essential public services; and

Whereas, the time required to obtain competitive bids would have unduly delayed the JPB’s ability to make emergency repairs to these essential facilities, and substantial evidence supports the conclusions that the need for emergency actions cannot be delayed, and that the JPB has and must continue to act as expeditiously as possible to repair necessary facilities; and

Whereas, JPB staff have awarded a contract to Walsh Construction, which is also working on the Guadalupe River Bridge project, to undertake emergency repair work; and

Whereas, iterative comparison of independent cost estimates from consultants and Walsh Construction has provided clear cost expectations to assure fair and reasonable pricing.

Now, Therefore, Be It Resolved that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby:

1. Renews findings from January 4, 2024, that an emergency, as defined by Section 1102 of the California Public Contract Code, exists at the north channel embankment at the San

Francisquito Creek Bridge due to erosion that threatens the integrity of the structure supporting the JPB's tracks; and

2. Renews findings, based on the substantial evidence presented by staff, that the emergency did not permit a delay that would have resulted from a formal solicitation for bids because the time required to obtain competitive bids would have unduly delayed the JPB's ability to make emergency repairs to these essential facilities, that action is necessary to respond to the ongoing emergency to prevent or mitigate loss or damage to life, health, property or essential public services, that the need for emergency actions cannot be delayed, and that the JPB has and must continue to act as expeditiously as possible to repair necessary facilities; and
3. Continues to authorize emergency repairs of the north channel embankment at the San Francisquito Creek Bridge without adopting plans and specifications or giving notice to potential bidders; and
4. Continues to delegate to the Executive Director, or designee, the authority: to approve all plans and/or designs; to amend the contract with Walsh Construction, to undertake emergency repairs of the north channel embankment at the San Francisquito Creek Bridge at a price that staff has determined is fair and reasonable; and to take all other actions required to respond to said emergency, provided that the Executive Director reports such actions to the Board at each monthly Board meeting until the emergency situation is resolved, with a final report to be made at the first Board meeting after the emergency is resolved.

Be It Further Resolved that the Board of Directors has reviewed the emergency action taken on March 29, 2023, on May 4, 2023, on June 1, 2023, on August 3, 2023, on September 7,

2023, on October 5, 2023, on November 2, 2023, on December 7, 2023, and on January 4, 2024, to remediate emergency conditions at the embankment of the San Francisquito Bridge, and will continue to conduct such a review at every subsequent regularly scheduled meeting until the action is terminated to determine that there is a need to continue the action by a four-fifths vote pursuant to Public Contract Code section 22050(c).

Regularly passed and adopted this 1st day of February, 2024 by the following vote:

Ayes:

Noes:

Absent:

Chair, Peninsula Corridor Joint Powers Board

Attest:

JPB Secretary
(00501203)

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Finance Committee
Through: Michelle Bouchard, Executive Director
From: Kate Jordan Steiner, Chief Financial Officer
Subject: **Accept Statement of Revenues and Expenses for the Period Ending December 31, 2023**

Finance Committee
Recommendation

Technology, Operations, Planning,
and Safety Committee
Recommendation

Advocacy and Major Projects
Committee
Recommendation

Purpose and Recommended Action

Staff proposes that the Finance Committee of the Peninsula Corridor Joint Powers Board (JPB) accept and enter into the record the Statement of Revenues and Expenses for the Period Ending December 31, 2023.

This staff report provides a brief discussion of significant items and trends on the attached Statement of Revenues and Expenses through December 31, 2023. The statement has been designed to follow the Agency-wide line-item rollup as included in the approved budget. The columns have been designed to provide an easy comparison of year-to-date current actuals to the budget including dollar and percentage variances.

Discussion

Annual Forecast: The annual forecast is currently the same as the budget. The staff has been working on the annual forecast which is expected to be available in a few months.

Year-to-Date Revenues: As of December year-to-date actual, the Grand Total Revenue (page 1, line 17) is \$1.4 million lower than the adopted budget. This is primarily driven by the decrease in Measure RR (page 1, line 11), and Other Income (page 1, line 5) which is offset by Rental Income (Page 1, line 4).

Year-to-Date Expenses: As of December year-to-date actual, the Grand Total Expense (page 2, line 51) is \$6.4 million lower than the adopted budget. This is primarily driven by the decreases in Rail Operator Service (page 2, line 22), Wages and Benefits (page 2, line 36), Professional Services (page 2, line 39), Other Office Expense (Page 2, line 41), and Facilities and Equipment Maintenance (page 2, line 29) which is partially offset by the increase in Claims, Payments, and Reserves (page 2, line 28).

Budget Impact

There is no budget impact for December 2023.

Prepared By:	Li Saunders	Accountant II	650.622.7848
	Danny Susantin	Grants & Capital Accounting, Manager	650.622.8073

PENINSULA CORRIDOR JOINT POWERS BOARD									
STATEMENT OF REVENUE AND EXPENSE									
Fiscal Year 2024									
DECEMBER 2023									
							% OF YEAR ELAPSED		
							50.0%		
	JULY TO DECEMBER				ANNUAL				
	CURRENT ACTUAL	ADOPTED BUDGET	\$ VARIANCE	% VARIANCE	APPROVED BUDGET	FORECAST	\$ VARIANCE		
REVENUE									
OPERATIONS:									
1	Caltrain Fares	14,703,497	14,784,814	(81,317)	(0.6%)	29,936,000	29,936,000	-	1
2	Go Pass	8,222,789	8,382,000	(159,211)	(1.9%)	16,764,000	16,764,000	-	2
3	Parking Revenue	947,237	952,506	(5,269)	(0.6%)	1,905,015	1,905,015	-	3
4	Rental Income	1,052,886	513,246	539,640	105.1%	1,026,489	1,026,489	-	4
5	Other Income	2,601,092	3,270,630	(669,538)	(20.5%)	6,541,260	6,541,260	-	5
6									6
7	TOTAL OPERATING REVENUE	27,527,501	27,903,196	(375,695)	(1.3%)	56,172,764	56,172,764	-	7
8									8
9	CONTRIBUTIONS:								
10	Operating Grants	6,423,365	6,400,470	22,895	0.4%	12,800,936	12,800,936	-	10
11	Measure RR	62,466,255	63,525,000	(1,058,745)	(1.7%)	118,400,000	118,400,000	-	11
12	Member Agency (VTA - Gilroy)	235,000	235,002	(2)	(0.0%)	470,000	470,000	-	12
13	LCTOP/SRA	3,454,352	3,454,248	104	0.0%	6,908,503	6,908,503	-	13
14									14
15	TOTAL CONTRIBUTED REVENUE	72,578,971	73,614,720	(1,035,749)	(1.4%)	138,579,439	138,579,439	-	15
16									16
17	GRAND TOTAL REVENUE	100,106,473	101,517,916	(1,411,443)	(1.4%)	194,752,203	194,752,203	-	17
18									18

PENINSULA CORRIDOR JOINT POWERS BOARD									
STATEMENT OF REVENUE AND EXPENSE									
Fiscal Year 2024									
DECEMBER 2023									
% OF YEAR ELAPSED							50.0%		
	JULY TO DECEMBER				ANNUAL				
	CURRENT ACTUAL	ADOPTED BUDGET	\$ VARIANCE	% VARIANCE	APPROVED BUDGET	FORECAST	\$ VARIANCE		
19	EXPENSE							19	
20								20	
21	DIRECT EXPENSE:							21	
22	Rail Operator Service	49,237,379	53,005,301	(3,767,922)	(7.1%)	104,889,704	104,889,704	-	22
23	Security Services	4,080,435	4,143,017	(62,582)	(1.5%)	8,286,045	8,286,045	-	23
24	Shuttle Services	34,338	40,002	(5,664)	(14.2%)	80,000	80,000	-	24
25	Fuel and Lubricants*	7,600,244	7,605,654	(5,410)	(0.1%)	15,211,316	15,211,316	-	25
26	Timetables and Tickets	8,103	47,496	(39,393)	(82.9%)	95,000	95,000	-	26
27	Insurance	5,478,357	5,114,850	363,507	7.1%	10,229,703	10,229,703	-	27
28	Claims, Payments, and Reserves	2,286,004	660,000	1,626,004	246.4%	1,320,000	1,320,000	-	28
29	Facilities and Equipment Maintenance	3,491,005	4,072,782	(581,777)	(14.3%)	8,171,766	8,171,766	-	29
30	Utilities	1,285,870	1,354,452	(68,582)	(5.1%)	2,708,900	2,708,900	-	30
31	Maint & Services-Bldg & Other	476,384	892,302	(415,918)	(46.6%)	1,784,600	1,784,600	-	31
32								32	
33	TOTAL DIRECT EXPENSE	73,978,118	76,935,856	(2,957,738)	(3.8%)	152,777,034	152,777,034	-	33
34								34	
35	ADMINISTRATIVE EXPENSE							35	
36	Wages and Benefits	7,723,194	9,602,442	(1,879,248)	(19.6%)	17,952,978	17,952,978	-	36
37	Managing Agency Admin OH Cost	1,539,653	1,782,732	(243,079)	(13.6%)	3,565,453	3,565,453	-	37
38	Board of Directors	6,817	31,434	(24,617)	(78.3%)	62,875	62,875	-	38
39	Professional Services	4,051,107	5,006,386	(955,279)	(19.1%)	10,008,794	10,008,794	-	39
40	Communications and Marketing	161,781	221,364	(59,583)	(26.9%)	442,730	442,730	-	40
41	Other Office Expenses and Services	1,530,772	2,141,500	(610,728)	(28.5%)	4,216,666	4,216,666	-	41
42								42	
43	TOTAL ADMINISTRATIVE EXPENSE	15,013,324	18,785,858	(3,772,534)	(20.1%)	36,249,496	36,249,496	-	43
44								44	
45	TOTAL OPERATING EXPENSE	88,991,442	95,721,714	(6,730,272)	(7.0%)	189,026,530	189,026,530	-	45
46								46	
47	Governance	165,815	112,500	53,315	47.4%	225,000	225,000	-	47
48								48	
49	Debt Service Expense	2,002,025	1,735,560	266,465	15.4%	3,471,125	3,471,125	-	49
50								50	
51	GRAND TOTAL EXPENSE	91,159,282	97,569,774	(6,410,492)	(6.6%)	192,722,655	192,722,655	-	51
52								52	
53	Projected Contribution to Reserve					2,029,548	2,029,548	-	53
54								54	
55	NET SURPLUS / (DEFICIT)	8,947,191	3,948,142	4,999,049	126.6%	-	-	-	55
56								56	
57	Reserve, Beginning Balance	26,878,850				26,878,850			57
58	Projected Contribution to Reserve	-				2,029,548			58
59	Reserve, Ending Balance	<u>26,878,850</u>				<u>28,908,398</u>			59
60								60	
61	* Fuel and Lubricants costs were decreased by a realized gain of \$639,093 from the fuel hedge program.							61	
62								62	



BOARD OF DIRECTORS 2023

JEFF GEE, CHAIR
DEVORA "DEV" DAVIS, VICE
CHAIR
PAT BURT
CINDY CHAVEZ
STEVE HEMINGER
RICO E. MEDINA
RAYMOND MUELLER
SHAMANN WALTON
MONIQUE ZMUDA

MICHELLE BOUCHARD
EXECUTIVE DIRECTOR

PENINSULA CORRIDOR JOINT POWERS BOARD

INVESTMENT PORTFOLIO

AS OF DECEMBER 31, 2023

TYPE OF SECURITY	MATURITY DATE	INTEREST RATE	PURCHASE PRICE	MARKET RATE
Local Agency Investment Fund (Unrestricted) *	Liquid Cash	3.929%	372,051	372,051
County Pool (Unrestricted)	Liquid Cash	3.512%	580,022	580,022
Other (Unrestricted)	Liquid Cash	5.060%	21,926,416	21,926,416
Other (Restricted)	** Liquid Cash	5.269%	30,779,141	30,779,141
			\$ 53,657,630	\$ 53,657,630

Interest Earnings for December 2023 \$ 241,366.42
Cumulative Earnings FY2024 1,277,844.93

* The market value of Local Agency Investment Fund (LAIF) is calculated annually and is derived from the fair value factor as reported by LAIF for quarter ending June 30th each year.

** Prepaid Grant funds for Homeland Security, PTMISEA and LCTOP projects, and funds reserved for debt repayment. The Portfolio and this Investment Report comply with the Investment Policy and the provisions of SB 564 (1995). The Joint Powers Board has the ability to meet its expenditure requirements for the next six months.

Farebox Revenues by Ticket Type	PENINSULA CORRIDOR JOINT POWERS BOARD											
	Previous Years					FY2024						
	FY2019	FY2020	FY2021	FY2022	FY2023	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY2024 Total YTD
REVENUE												
OPERATIONS:												
401400 (TVM)	18,431,265	11,165,620	2,458,837	6,836,440	6,838,317	701,507	580,909	427,973	542,427	429,650	414,419	3,096,885
401410 (Clipper)	54,621,910	37,970,696	2,924,987	7,764,755	15,493,238	1,584,242	1,688,849	1,283,054	1,964,018	1,537,081	1,331,257	9,388,501
401420 (Central)	64,908	20,799	309,748	39,911	58,267	1,068	-	7,861	8,407	2,619	251	20,206
401430 (Mobile App)	4,716,955	5,689,776	830,051	2,808,795	3,501,791	289,934	353,887	285,899	332,212	307,863	242,542	1,812,338
401500 (Gilroy)	1,903,941	1,542,171	178,759	449,281	706,203	58,850	58,850	75,084	64,261	64,261	64,261	385,568
401700 (Go-Pass)	22,929,136	19,705,372	25,737,533	15,337,175	16,728,021	1,362,537	1,337,709	1,370,632	1,375,408	1,349,604	1,426,899	8,222,789
total Farebox Revenue	102,668,114	76,094,433	32,439,915	33,236,357	43,325,839	3,998,139	4,020,204	3,450,502	4,286,733	3,691,078	3,479,630	22,926,287
Less: Go-Pass												
401700 (Go-Pass)	22,929,136	19,705,372	25,737,533	15,337,175	16,728,021	1,362,537	1,337,709	1,370,632	1,375,408	1,349,604	1,426,899	8,222,789
Revenues without Go-Pass	79,738,978	56,389,061	6,702,382	17,899,182	26,597,817	2,635,602	2,682,496	2,079,870	2,911,325	2,341,474	2,052,731	14,703,497
Tickets Sold						Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
TVM	2,354,393	1,465,876	315,378	755,674	802,158	78,363	74,658	69,149	55,296	52,840	50,236	380,542
Clipper	3,521,066	2,620,816	339,753	1,227,757	1,975,206	194,041	214,425	208,775	207,849	191,852	165,391	1,182,333
Central	9,167	5,044	-	4,032	6,440	100	231	484	717	-	478	2,010
Mobile	543,920	661,515	111,394	381,441	428,741	40,439	41,483	39,565	37,168	33,606	29,903	222,164
# of tickets sold (without go-pass)	6,428,546	4,753,251	766,525	2,368,904	3,212,545	312,943	330,797	317,973	301,030	278,298	246,008	1,787,049
AVG Revenue Per Ticket						Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
TVM	\$ 7.83	\$ 9.05	\$ 7.80	\$ 9.05	\$ 8.52	\$ 8.95	\$ 7.78	\$ 6.19	\$ 9.81	\$ 8.13	\$ 8.25	\$ 8.14
Clipper	\$ 15.51	\$ 6.32	\$ 8.61	\$ 6.32	\$ 7.84	\$ 8.16	\$ 7.88	\$ 6.15	\$ 9.45	\$ 8.01	\$ 8.05	\$ 7.94
Central	\$ 7.08	\$ 9.90	\$ -	\$ 9.90	\$ 9.05	\$ 10.68	\$ -	\$ 16.24	\$ 11.72	\$ -	\$ 0.53	\$ 10.05
Mobile	\$ 8.67	\$ 7.36	\$ 7.45	\$ 7.36	\$ 8.17	\$ 7.17	\$ 8.53	\$ 7.23	\$ 8.94	\$ 9.16	\$ 8.11	\$ 8.16
Total	\$ 12.40	\$ 11.86	\$ 8.74	\$ 7.56	\$ 8.28	\$ 8.42	\$ 8.11	\$ 6.54	\$ 9.67	\$ 8.41	\$ 8.34	\$ 8.23

Farebox Revenues by Ticket Type	PENINSULA CORRIDOR JOINT POWERS BOARD								
	July to December						Annual Budget		
REVENUE	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2024	% of Budget	
401400 (TVM)	10,004,997	8,278,507	904,469	3,255,106	3,499,358	3,096,885			
401410 (Clipper)	27,383,599	27,640,609	1,312,289	3,386,782	8,064,847	9,388,501			
401420 (Central)	31,984	32,595	-	25,470	30,657	20,206			
401430 (Mobile App)	1,904,548	3,968,893	306,104	1,268,298	1,831,849	1,812,338			
401500 (Gilroy)	993,854	1,034,747	88,196	189,708	371,163	385,568			
401700 (Go-Pass)	10,765,679	12,239,199	15,327,407	7,448,278	8,697,221	8,222,789			
total Farebox Revenue	51,084,660	53,194,549	17,938,465	15,573,642	22,495,095	22,926,287	46,700,000	48%	
Less: Go-Pass									
401700 (Go-Pass)	10,765,679	12,239,199	15,327,407	7,448,278	8,697,221	8,222,789	16,764,000	52%	
Revenues without Go-Pass	40,318,981	40,955,351	2,611,058	8,125,363	13,797,874	14,703,497	29,936,000	46%	
Tickets Sold									
TVM	1,287,584	1,096,472	137,618	360,452	442,541	380,542			
Clipper	1,741,735	1,875,040	132,577	527,078	974,876	1,182,333			
Central	4,089	3,852	-	2,607	2,640	2,010			
Mobile	211,669	466,369	43,424	170,954	225,951	222,164			
# of tickets sold (without go-pass)	3,245,077	3,441,733	313,619	1,061,091	1,646,008	1,787,049			
AVG Revenue Per Ticket									
TVM	\$ 7.77	\$ 7.55	\$ 6.57	\$ 9.03	\$ 7.91	\$ 8.14			
Clipper	\$ 15.72	\$ 14.74	\$ 9.90	\$ 6.43	\$ 8.27	\$ 7.94			
Central	\$ 7.82	\$ 8.46	\$ -	\$ 9.77	\$ 11.61	\$ 10.05			
Mobile	\$ 9.00	\$ 8.51	\$ 7.05	\$ 7.42	\$ 8.11	\$ 8.16			
Total	\$ 12.42	\$ 11.90	\$ 8.33	\$ 7.66	\$ 8.38	\$ 8.23			

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Finance Committee
Through: Michelle Bouchard, Executive Director
From: Kate Jordan Steiner, Chief Financial Officer
Subject: **Amend Statement of Investment Policy and Delegate Investment Authority
for Fiscal Years 2024 and 2025**

Finance Committee Recommendation Technology, Operations, Planning,
and Safety Committee Recommendation Advocacy and Major Projects
Committee Recommendation

Purpose and Recommended Action

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

1. Amend the JPB's Statement of Investment Policy to align with current state law, including Government Code Section 53601. This Investment Policy provides guidelines for the investment of JPB's funds and includes delegations of authority to invest such funds; and
2. Delegate investment authority to the Executive Director, or designee, for Fiscal Years 2024-2025.

Discussion

The JPB's investments are made in accordance with sound treasury management practices and in compliance with the objectives of safety, liquidity, and yield, in that order of priority. The Executive Director, or designee, serves as the JPB's trustee for purposes of placing investments pursuant to the Investment Policy. The Board of Directors, in accordance with Government Code Sections 53607 and 53646(a), may review the Investment Policy and reauthorize the included delegations of authority on an annual basis at a public meeting. The proposed action will:

- Amend the Investment Policy to align the delegation of investment authority with Government Code Section 53607;
- Amend the Investment Policy to align with the increase, from 30 to 45 days, allowed for quarterly investment reporting to be made to the Board, per updates to Government Code Section 53646;
- Amend the Investment Policy's section on Maturity to note that while state law allows for investment in Federal and Federal Agency Securities with a maturity of up to 15 years, not more than 30% of the portfolio will be invested in securities with a maturity of more than five years;

- Add language to reflect an amendment to Government Code section 53601(o), which took effect on January 1, 2024 and which clarified that mortgage and lease backed securities issued by the federal government or its agencies are not subject to the AA minimum rating imposed on non-governmental issued securities;
- Update the language pertaining to realized losses to denote that incurring losses in rebalancing the portfolio to increase overall earnings is permitted; and
- Update the table of authorized investments to denote that Shares of Beneficial Interest issued by diversified management companies must maintain the highest rating issued by at least two Nationally Recognized Statistical Rating Organizations (NRSRO's).

Budget Impact

There is no impact on the budget.

Prepared By: Kevin Beltz	Manager, Debt and Investment	650-508-6405
Connie Mobley-Ritter	Director, Treasury	650-508-7765

EXHIBIT A

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENT OF INVESTMENT POLICY

I. PURPOSE

This Statement of Investment Policy (Investment Policy) sets forth the investment guidelines for the prudent investment and cash management of the Peninsula Corridor Joint Powers Board's (PCJPB) funds. It is the goal of this Investment Policy to establish investment objectives in accordance with the provisions of the *California Government Code, Section 53600 et seq.* (hereafter "*Code*"), and investment guidelines to ensure that the funds under its purview are prudently invested to preserve capital, provide necessary liquidity, and achieve a market-average rate of return over an economic cycle consistent with the PCJPB's goals of preserving principal and minimizing the risk of diminishing the principal.

Investments may only be made as authorized by this Investment Policy, and subsequent revisions. This Statement of Investment Policy may be reviewed annually by the PCJPB's Board of Directors at a public meeting. (*California Government Code Section 53646(a)*). Irrespective of these policy provisions, should the provisions of the *Code* be, or become, more restrictive than those contained herein, then such provisions will be considered immediately incorporated into this Statement of Investment Policy.

II. OBJECTIVE

The PCJPB's cash management system is designed to monitor and forecast accurately, expenditures and revenues, thus enabling the PCJPB to invest funds to the fullest extent possible. Idle funds of the PCJPB shall be invested in accordance with sound treasury management and in accordance with the provisions of the *Code* and this Investment Policy.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be applied in the context of managing an overall portfolio. PCJPB officials shall act in accordance with written procedures and the Investment Policy, and should report deviations from expectations in a timely fashion and take appropriate action to control adverse developments.

The PCJPB's primary objective with respect to its invested funds is to safeguard the principal of the funds. The second objective is to meet the liquidity needs of the PCJPB. The third objective is to achieve a return on its invested funds on its invested funds.

III. BENCHMARKS

Investment performance will be compared to the performance benchmark selected by the PCJPB, which approximates the PCJPB's portfolio and the specific restrictions on the PCJPB's portfolio in accordance with applicable current legislation by the State of California. The benchmark will be reviewed periodically to ensure it remains appropriate and consistent with the PCJPB's risk and return expectations.

IV. POLICY

At all times, the PCJPB shall invest its funds in accordance with the rules and restrictions established by the law of the State of California (including the *Code*). In addition, the PCJPB shall conduct its investments under the "prudent investor standard": "When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency." (*California Government Code Section 53600.3*).

The Board of Directors delegates, on an annual basis, the authority to invest funds to the Executive Director of the PCJPB, or designee, who shall serve as the PCJPB's trustee for purposes of placing investments pursuant to this Investment Policy. The Board of Directors shall review and specifically reauthorize this delegation of authority on an annual basis (*California Government Code Section 53607*).

1. Criteria for Selecting Investments. Criteria for selecting investments and the order of priority are:

- a. Safety. The safety and risk associated with an investment refer to the potential loss of principal, interest or a combination of these amounts. The PCJPB shall operate only in those investments that are considered safe. Investments in instruments and with institutions permitted under Section 2, 6, and Section 7, are deemed to constitute safe investments within the meaning of this Investment Policy.
- b. Liquidity. An adequate percentage of the portfolio, in the approximate amount of six months' operating expenses, should be maintained in liquid short-term investments which can convert to cash if necessary to meet disbursement requirements. For purposes of this Investment Policy, fixed income securities maturing in one year or more are considered investment term, and fixed income securities maturing in less than one year are considered short-term cash equivalents. All funds available for investment shall be directed to the managers of the PCJPB's investment portfolio.

- c. Return on Investment. The PCJPB's investment portfolio shall be designed with the objective of attaining the safety and liquidity objectives first, and then attaining a market rate of return throughout the budgetary and economic cycles, consistent with the portfolio's benchmark as described in the section entitled "Objective" (see above). This benchmark takes into account the PCJPB's investment risk constraints and the cash flow characteristics of the portfolio.

2. Diversification. The PCJPB will focus on diversification and invest in securities consistent with the diversification limits established by this policy and consistent with California Government Code.

3. **Safekeeping and Custody.** All security transactions, including collateral for repurchase agreements, will be executed on a Delivery versus Pay Basis (DVP). The assets of the PCJPB shall be held in safekeeping by the PCJPB's safekeeping agent, or secured through third party custody and safekeeping procedures. A due bill or other substitutions will not be acceptable.
4. **Maturity of Investments.** The specific security guidelines including maximum maturities and qualified Fixed Income instruments can be found in Section 10 "Summary of Instruments & Limitations" of this Investment Policy. The PCJPB has received authorization to purchase securities with a term remaining to maturity greater than five years. For purposes of compliance with this Policy, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. Securities with term to maturity greater than five years shall not exceed 30% of the overall portfolio value.

The maximum dollar weighted average maturity of the fund is five years. This policy limitation leaves open the flexibility to take advantage of interest rate fluctuations as well as yield curve differences to maximize the return on investment. The imposed maximum dollar weighted five year average maturity limits the market risk to levels appropriate for an intermediate income fund. For the purposes of calculating the "average life" of the fund, callable and asset backed securities will be run to their stated final maturity.

5. **Deposit of Funds.** As far as possible, all money belonging to or in the custody of the PCJPB including money paid to the PCJPB to pay the principal, interest or penalties of bonds, shall be deposited for safekeeping in state or national banks, savings associations or federal associations, credit unions or federally insured industrial loan companies in California (as defined by *California Government Code Section 53630*). Pursuant to *California Government Code Sections 53635, 53637 and 53638*, the money shall be deposited in any authorized depository with the objective of realizing maximum return, consistent with prudent financial management.
6. **Allowable Investment Instruments.** The PCJPB also may invest in any investment instrument as authorized by the *California Government Code*, as it may be amended from time to time, and subject to any conditions set forth in the *California Government Code*. This Policy may be more restrictive than *California Government Code* regarding the limitations of certain investment types, as shown in the table in Section 9. These investment instruments include but are not limited to:
 - a. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest, pursuant to *California Government Code Section 53601(b)*.
 - b. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government sponsored enterprises, pursuant to *California Government Code Section 53601(f)*.

- c. Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section. This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (*California Public Utilities Code Section 11501, et seq.*). Pursuant to *California Government Code Section 53601(g)*.
- d. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). Eligible commercial paper shall have a maximum maturity of 270 days or less. No more than 40 percent of the agency's money may be invested in eligible commercial paper. The agency may invest no more than 10 percent of its total investment assets in the commercial paper and medium-term notes of any single issuer pursuant to *California Government Code Section 53601(h)*.
- e. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by *California Financial Code Section 5102*), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to *California Government Code Section 53601(i)*.
- f. Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements as defined in *California Government Code Section 53601(j)*.
- g. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of the agency's moneys that may be invested pursuant to *California Government Code Section 53601(k)*. The agency may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer.
- h. Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as described by *California Government Code Section 53601(l)*.

- i. Local government investment pools. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 as described by *California Government Code Section 53601(p)*.
- j. A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (a) or (b) of this Policy, the following limitations apply: 1) The security shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. 2) Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this *California Government Code Section 53601(o)*.
- k. Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state. Pursuant to *California Government Code 53601(c)*

Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. Pursuant to *California Government Code 53601(d)*.

Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Pursuant to *California Government Code 53601(e)*
- l. Supranational obligations including United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to *California Government Code Section 53601(q)*.
- m. Collateral is defined in this Investment Policy to mean property (as securities) pledged by a borrower to protect the interest of the lender. For purposes of this Investment Policy, the following investments are considered to have collateral backing: Certificates of Deposit protected by either the FDIC or pledged securities

in conformance with California Codes and this Investment Policy; or Bankers' Acceptances (protected by an irrevocable time draft or bill of exchange) whereby the accepting bank incurs an irrevocable primary obligation thus guaranteeing payment on the draft or bill. A secondary obligation rests with the issuing company; Commercial Paper (protected by an unsecured promissory note from the issuer who must be rated A1/P1/F1 or better) thereby guaranteeing that the earning power and/or liquidity had been established to fulfill the obligation to pay; and, asset backed securities which are rated AAA by both Moody's and Standard & Poor's.

7. **Prohibited Investments.** The PCJPB shall not invest any funds in inverse floaters, range notes or mortgage derived interest-only strips. The PCJPB shall not invest any funds in any security that could result in zero interest accrual if held to maturity; however, the PCJPB may hold this prohibited instrument until its maturity date. The limitation does not apply to investments in shares of beneficial interest issued by diversified management companies as set forth in *California Government Code Section 53601.6*.

8. **Portfolio Transactions.** The PCJPB's investment advisors are expected to seek best execution for all portfolio transactions. Best execution relates to the expected realized price net of commissions and is not necessarily synonymous with the lowest commission rate. Investment advisors are to obtain three independent bids from SEC licensed brokerage institutions, licensed by the state as a broker-dealer, as defined in *California Government Code Section 53601.5*, or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank, prior to the execution of each portfolio transaction. The investment advisors, at their sole discretion and authority, will choose which broker dealers or brokerage firms from which to solicit bids and final selection is to be made based on the best interests of the PCJPB. Investment advisors may incur Realized capital losses as part of their management of the portfolio in order to maximize overall earnings through reinvestment into different securities .

9. **Summary of Instruments & Limitations.** Subject to the limitations set forth in *California Government Code Sections 53600 et seq.* which may be amended from time to time, the Executive Director or his designee may invest in the following instruments, subject to the limits of flexibility described above and in the table below. Limitations set in this Policy may be more restrictive than required by *California Government Code*:

Instrument	Credit Rating	% of Fund	% of Fund per Issuer	Maximum Maturity
(a) U.S. Treasury Obligations		100	N/A	15 years
(b) Obligations of U.S. Agencies or Government Sponsored Enterprises		100	N/A	15 years
(c) Bankers' Acceptances		40	30	180 days
(d) Commercial Paper	A1/P1/F1	40	10	270 days

Instrument	Credit Rating	% of Fund	% of Fund per Issuer	Maximum Maturity
Local agencies with less than \$100M of investment assets under management may invest no more than 25% of the agency's money in eligible commercial paper				
(e) Negotiable Certificates of Deposit		30	N/A	5 years
(f) Repurchase Agreements		100	N/A	1 year
Reverse Repurchase Agreements & Securities Lending		20	N/A	92 days
(g) Medium Term Corporate Notes	"A" category (split rated issues not allowed)	30	10	5 years
(h) Shares of beneficial interest issued by diversified management companies	Highest rating by two NRSROs	20	10	N/A
(i) Local Government Investment Pools		100	N/A	N/A
(j) Asset-backed and mortgage-backed securities	"AA" category	20	N/A	5 years
(k) Municipal Obligations		100	N/A	10 years
(l) Supranational Obligations	"AA" category	30%	N/A	5 years
Local Agency Investment Fund			Up to current state limit	
San Mateo County Investment Fund			Up to current state limit	

10. Oversight

- a. Quarterly, the Executive Director shall submit an investment report to the Board of Directors within 45 days of the end of the quarter. The report shall include the following information:
 - i. type of investment, issuer, date of maturity, par and dollar amount invested in all securities, investments and money held by the PCJPB;
 - ii. description of any of the PCJPB's funds, investments or programs that are under the management of contracted parties, including lending programs;

- iii. for all securities held by the PCJPB or under management by any outside party that is not a local agency or the State of California LAIF, a current market value as of the date of the report and the source of this valuation;
 - iv. statement that the portfolio complies with the Investment Policy or the manner in which the portfolio is not in compliance; and
 - v. statement that the PCJPB has the ability to meet its pool's expenditure requirements (cash flow) for the next six months or provide an explanation as to why sufficient money shall or may not be available.
- b. Annually, the Executive Director shall perform, or cause to be performed, an independent audit of the PCJPB's assets as reported for the investment program's activities. It is to be conducted in such a way as to determine compliance with the PCJPB's Investment Policy and State Codes. Such independent auditors will express an opinion whether the statement of assets is presented fairly and in accordance with generally accepted accounting principles.
- c. If the PCJPB places all of its investments in the LAIF, FDIC-insured accounts in a bank or savings and loan association, or the SMCIF (or any combination of these three), the Executive Director can simply submit, on at least a quarterly basis, the most recent statements from these institutions to meet the requirements of items 1-3 above, with a supplemental report addressing items 4 and 5 above. (*California Government Code Section 53646(b)-(e)*).

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

* * *

**Amending the Statement of Investment Policy for the Peninsula Corridor Joint Powers Board
and Delegating Investment Authority for Fiscal Years 2024 and 2025**

WHEREAS, as encouraged by applicable State law and in accordance with best practices, the Peninsula Corridor Joint Powers Board (JPB) adopted a Statement of Investment Policy in August 1999; and

WHEREAS, the JPB may annually render a statement of said Investment Policy to the Board of Directors for review and approval pursuant to Section 53646 of the Government Code; and

WHEREAS, the JPB has amended or reaffirmed its Statement of Investment Policy over the years, most recently in November 2020, to align with descriptions of investments contained in the California state law and to more clearly reflect the JPB’s strategy for the investment of its funds; and

WHEREAS, in presenting the Statement of Investment Policy to the Board of Directors for this year, staff recommends amending the Statement of Investment Policy to align with state law, including Government Code Section 53601; and

WHEREAS, staff further recommends that Investment Authority for the period of July 1, 2024, through June 30, 2025 be delegated to the Executive Director, or designee, who shall serve as trustee for purposes of placing investments pursuant to the aforementioned policy.

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

1. Amends the Statement of Investment Policy, as reflected in Exhibit A, which is attached hereto, as follows:

- Amend the Investment Policy to align the delegation of investment authority with Government Code Section 53607;
- Amend the Investment Policy to align with the increase, from 30 to 45 days, allowed for quarterly investment reporting to be made to the board, per updates to Government Code Section 53646;
- Amend the Investment Policy's section on Maturity to note that while state law allows for investment in Federal and Federal Agency Securities with a maturity of up to 15 years, not more than 30% of the portfolio will be invested in securities with a maturity of more than five years;
- Add language to reflect an amendment to Government Code section 53601(o), which took effect on January 1, 2024, and which clarified that mortgage and lease backed securities issued by the federal government or its agencies are not subject to the AA minimum rating imposed on non-governmental issued securities;
- Update the language pertaining to realized losses to denote that incurring losses in rebalancing the portfolio to increase overall earnings is permitted; and
- Update the table of authorized investments to denote that Shares of Beneficial Interest issued by diversified management companies must maintain the highest rating issued by at least two Nationally Recognized Statistical Rating Organizations (NRSRO's).

2. Delegates investment authority to the Executive Director, or designee, for Fiscal Years 2024-2025.

Regularly passed and adopted this 1st day of February 2024 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
Nadine Fogarty, Director, Real Estate and TOD
Subject: **Update Regarding SamTrans Purchase of a New Headquarters Building and Recommended Next Steps for Caltrain**

Finance Committee Recommendation Technology, Operations, Planning, and Safety Committee Recommendation Advocacy and Major Projects Committee Recommendation

Purpose and Recommended Action

This report provides an update regarding SamTrans’ plans to purchase a new headquarters building and a recommendation to the Peninsula Corridor Joint Powers Board (JPB) regarding next steps in the search for a new Caltrain headquarters space.

Staff recommend pursuing two paths concurrently:

1. Move forward with negotiations with SamTrans to define the terms of a lease for Caltrain to co-locate in the new SamTrans headquarters building; and
2. Engage in a competitive search process to identify other headquarters options for consideration.

Significance

Caltrain staff currently occupy office space owned by the San Mateo County Transit District (SamTrans) at 1250 San Carlos Avenue in San Carlos. Under the existing Independent Cost Allocation Plan (ICAP), Caltrain reimburses SamTrans for its share of depreciation costs for the building as well as for maintenance and security expenses and overhead costs associated with the shared services provided by SamTrans. SamTrans recently entered a lease-to-purchase agreement that will enable acquisition of a new headquarters building located adjacent to the Millbrae Caltrain Station. As a result, Caltrain staff are analyzing Caltrain’s options for future office space, which include co-locating with SamTrans, either as a lessee or co-owner, or leasing or purchasing office space along the Caltrain corridor independent of SamTrans.

The purpose of this briefing is to provide an update regarding the SamTrans acquisition, results of an initial analysis of Caltrain’s options, and recommended next steps.

Budget Impact

This informational item has no budget impact.

Background

The current SamTrans headquarters building is outdated, suffers from significant deferred maintenance and is rapidly deteriorating. For the last several years, SamTrans has been exploring the potential to redevelop the building to include new office space using a public-private partnership approach; however current financial market conditions, including high interest rates, make this approach infeasible for the foreseeable future. Recently, SamTrans shifted its focus to consider the acquisition of a building rather than redeveloping its current facility given that current office market conditions present an opportunity to purchase a building with favorable terms. The SamTrans Board authorized SamTrans staff to begin a search for a new headquarters building in August 2023, and approved acquisition of a building in December.

The new SamTrans headquarters is a mixed-use building with 157,000 square feet of office and 23,000 square feet of ground floor retail. SamTrans will acquire the building through a lease-to-purchase agreement, and the developer will pay for and complete tenant improvements over the next 12-15 months.

To facilitate Caltrain's consideration of its options, including co-locating with SamTrans or relocating independent of SamTrans, and the costs and benefits of leasing versus owning, staff agreed to share confidential information pursuant to a common interest agreement. In addition, SamTrans agreed to make its broker available to Caltrain to provide information about the market.

Caltrain retained Arup to assist in evaluating Caltrain's options, including analyzing office space currently on the market and estimating a range of potential costs under different scenarios. The analysis focused on locations within walking distance of a Caltrain station and relied upon the following criteria:

- Ability to meet Caltrain's current and expected future space requirements and operational needs.
- Cost to purchase or lease and any other financial considerations.
- Expected impact on employee retention and recruitment.
- Other key location factors such as frequency of Caltrain service and presence of neighborhood amenities such as restaurants and cafes.

Key findings from the analysis include:

- No properties that meet Caltrain’s criteria are currently listed for sale; however, brokers reported that properties that meet the criteria only become available occasionally, will be “off-market,” and will require some patience to find.
- A variety of office properties are available for lease along the Caltrain corridor, a high proportion of which are in San Francisco (4th and King station) and San Jose (Diridon station). Properties near these stations also tend to have the lowest asking rents.
- Millbrae scores high for staff retention and recruitment, given its BART and Caltrain access. Redwood City and San Mateo also appear to be good locations based on estimated commute times for existing staff.
- Overall, San Francisco (4th and King), Redwood City and Millbrae stations appear to be the most promising locations according to the criteria.

While the new SamTrans headquarters is expected to have higher rents and fewer amenities than some other Caltrain options, some cost savings are expected to be achieved from co-locating with SamTrans, including cost efficiencies from shared space (including the board room and other meeting rooms), as well as reduced cost of shared services provision to a remote location. Staff are working to better quantify existing building-related costs and estimate additional costs of locating separately from SamTrans, in order to be able to evaluate the cost impact of different Caltrain headquarters options.

Recommendation

Staff recommend pursuing two paths concurrently:

1. Move forward with negotiations with SamTrans to lease office space; and
2. Engage in a competitive search process to identify other headquarters options for consideration.

Prepared By: Nadine Fogarty Director, Real Estate and TOD Phone: 650-730-6115

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Finance Committee
Through: Michelle Bouchard, Executive Director
From: Alex Burnett, Bell Burnett & Associates
Subject: **Receive Update on Caltrain's Strategic Financial Plan and Fiscal Cliff Projections**



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 Strategic Financial Plan (SFP) that was first presented to the Board of Directors on April 6, 2023.

Discussion

In November 2022, Caltrain began the process of developing a Strategic Financial Plan in response to the ongoing impacts of the COVID-19 pandemic on Caltrain's finances. The objective of the SFP was to forecast Caltrain's operating position over the next ten years while sustaining a competitive and attractive level of service; maintaining a commitment to equity; building ridership by holding fares steady; and completing electrification.

A special Board workshop was conducted in April 2023 to present the SFP, which concluded that Caltrain is facing a significant 10-year cumulative operating deficit. In the near term, Caltrain can effectively manage its operating costs and use its financial resources to delay the fiscal cliff by two years until Fiscal Year (FY) 2026. However, Caltrain still needs significant additional funding to support both operations and its capital investments moving forward. Key take-aways from the initial SFP effort included:

- Successfully funding operations in FY24 and FY25
- Maintaining current service levels with no fare increases in FY24 and FY25
- Recognizing future costs of O&M of electric service, including cost of electricity, create significant long-term financial pressure

Since that time, staff has continued to monitor revenue and cost assumptions. The objective of this update is to continue to refine the SFP, including the latest long-term revenue and cost projections as we learn more, additional data is obtained, and PCEP approaches in service date of September 2024. Key changes include updated:

- Ridership projections
- Revenue and farebox forecasts
- PCEP operating costs

Key take-aways from the update to the SFP include:

- Ridership growth remains slow and growth strategies are critical
- Revenues are lagging, including Go Pass
- Operating shortfall as soon as FY26
- Without a significant increase in ridership and/or Measure RR revenues, dedicated additional long-term funding is needed

Budget Impact

This informational item has no impact on the budget.

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

**Peninsula Corridor Joint Powers Board
Staff Report**

To: Finance Committee
Through: Michelle Bouchard, Executive Director
From: Dahlia Chazan; Deputy Chief, Caltrain Planning
Subject: **Adopt Caltrain Energy Policy**

Finance Committee Recommendation Technology, Operations, Planning, and Safety Committee Recommendation Advocacy and Major Projects Committee Recommendation

Purpose and Recommended Action

Staff proposes that the Finance Committee recommend that the Board of Directors (Board) of the Peninsula Corridor Joint Powers Board (JPB or Caltrain) adopt the Caltrain Energy Policy (“Energy Policy”).

Discussion

Caltrain is at the beginning of the process of managing its energy demand and sourcing, but financial modeling demonstrates that once electrified, electric power will be among Caltrain’s highest costs for the foreseeable future. Caltrain is meeting this challenge via three, related efforts:

1. Strategic Financial Plan (SFP): In 2022, Caltrain hired the consulting firm Bell Burnett & Associates (BB&A) to help it navigate an array of financial challenges, such as long-term ridership decline, an increasing operating deficit, and cost drivers including increased electric cost. The Strategic Financial Plan is intended to quantify and assess these challenges, and to address near-term risk while exploring opportunities to increase revenue.
2. Energy Procurement Strategy (EPS): BB&A is preparing an Energy Procurement Strategy. The EPS is significant as electric power is poised to dramatically increase costs upon Caltrain’s electrification and completion of PCEP. The EPS will make recommendations for Caltrain’s energy procurement, including the vendors it will procure from terms of procurement. It will be guided and governed by the Caltrain Energy Policy.
3. Caltrain Energy Policy: The Energy Policy sets Caltrain’s organizational objectives and values to direct staff work on energy matters. Energy policy decisions often require tradeoffs, and the Energy Policy offers a framework Caltrain staff can utilize to evaluate these tradeoffs. The full Energy Policy is attached as an appendix. The Energy Policy’s objectives are as follows:

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

* * *

Adopting Caltrain Energy Policy

Whereas, the Peninsula Corridor Joint Powers Board (JPB or Caltrain) is at the beginning of the process of managing its energy demand and sourcing, but financial modeling demonstrates that once electrified, electric power will be Caltrain’s highest cost for the foreseeable future; and

Whereas, Caltrain is meeting this challenge via three, related efforts:

1. Strategic Financial Plan (SFP): In 2022, Caltrain hired the consulting firm Bell Burnett & Associates (BB&A) to help it navigate an array of financial challenges, such as long-term ridership decline, an increasing operating deficit, and cost drivers including increased electric cost. The Strategic Financial Plan is intended to quantify and assess these challenges, and to address near-term risk while exploring opportunities to increase revenue.
2. Energy Procurement Strategy (EPS): BB&A is preparing an Energy Procurement Strategy. The EPS is significant as electric power is poised to dramatically increase costs upon Caltrain’s electrification and completion of PCEP. The EPS will make recommendations for Caltrain’s energy procurement, including the vendors it will procure from and terms of procurement. It will be guided and governed by the Caltrain Energy Policy.
3. Caltrain Energy Policy: The Energy Policy sets Caltrain’s organizational objectives and values to direct staff work on energy matters. Energy policy decisions often require

tradeoffs, and the Energy Policy offers a framework Caltrain staff can utilize to evaluate these tradeoffs. The full Energy Policy is attached as an appendix; and

Whereas, The Energy Policy's objectives are as follows:

1. Balance sustainability with financial imperatives
2. Improve Caltrain's environmental sustainability.
3. Minimize operational and maintenance impacts.
4. Enhance system resilience.
5. Support the regional economy; and

Whereas, staff recommends that Caltrain adopt the Energy Policy to express Caltrain's organizational priorities and objectives on energy, and to facilitate decision-making related to energy matters; and

Whereas, adopting the Energy Policy will not impact the timing of implementation of the SFP or EPS; and

Whereas, the proposed Energy Policy supersedes all previous resolutions adopted by the Board of Directors of the Peninsula Corridor Joint Powers Board related to energy policies, including Resolution No. 2016-32, No. 2017-10, and No. 2018-44; and

Whereas, staff expect to update the Energy Policy periodically to ensure its continued relevance and to address changing energy market and regulatory conditions; and

Whereas, adopting the Energy Policy does not have a direct impact on the budget. However, the Energy Policy provides a framework for Caltrain's future energy procurement and other energy investment decisions, which are expected to have a material impact on Caltrain's budget, and electric power will become Caltrain's greatest cost and source of financial risk.

Now, Therefore, Be It Resolved that the Board of Directors of the Peninsula Corridor Joint Powers Board hereby adopts the Caltrain Energy Policy as provided in Attachment 1; and

Be It Further Resolved that the proposed Energy Policy supersedes all previous resolutions adopted by the Board of Directors of the Peninsula Corridor Joint Powers Board related to energy policies, including Resolution No. 2016-32, No. 2017-10, and No. 2018-44.

Regularly passed and adopted this 1st day of February, 2024 by the following vote:

Ayes:

Noes:

Absent:

Chair, Peninsula Corridor Joint Powers Board

Attest:

JPB Secretary

Caltrain Energy Policy

Definitions

- *Carbon intensity*: carbon dioxide per a kilowatt-hour of electricity consumed. Describes the relative harm to the atmosphere of a given resource or activity.
- *Fossil fuel(s)*: a natural fuel composed of hydrocarbons, formed in the geological past from the remains of living organisms. Fossil fuels include substances such as oil, coal, and natural gas. The combustion of fossil fuels creates atmospheric carbon that has been proven to cause global warming and consequently global climate change.
- *Greenhouse gas (GHG)*: gases that trap atmospheric heat. These include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and fluorinated gases.
- *Low Carbon Fuel Standard Program (LCFS)*: a program by the State of California, which compensates agencies for substituting fossil fuels with low carbon fuels.
- *Renewable energy*: electricity that comes from a source that when consumed is not depleted. In California, the term "eligible renewable" refers to energy sources that qualify for the state's Renewable Energy Portfolio Standard (RPS). Qualifying resources include solar photovoltaic, wind, biomass, and small hydropower as "renewable". Nuclear power and large hydroelectric sources are not eligible renewable sources in California.
 - *Distributed energy resources (DER)*: energy sources that are modular and generate electricity near where the user consumes it, away from a centralized power plant. In California, this typically refers to solar photovoltaic and energy storage / batteries.
- *Sustainability*: avoidance of the depletion of natural resources in order to maintain an ecological balance.

BACKGROUND & PURPOSE

Owned and operated by the Peninsula Corridor Joint Powers Board, Caltrain's rail service significantly reduces Bay Area fossil fuel dependence by providing an alternative to reliance on carbon intense, inefficient single occupancy vehicle travel. In California, transportation accounts for nearly half of the state's GHG emissions. Maximizing ridership on public transportation, including Caltrain's commuter rail service, is a vital method of reducing GHG emissions from on-road transportation.

The Peninsula Corridor Electrification Project will transition Caltrain from a rail system fueled by diesel to one primarily powered by electricity. The financial and sustainability impacts of decisions Caltrain makes about energy will increase in proportion with its

electricity consumption. Electrification presents Caltrain with new risks and opportunities that the agency has not previously addressed, such as substantially greater participation in California's dynamic, rapidly evolving electric power market and policy environment. It also presents Caltrain with significant price and cost exposure given the amount of electricity that Caltrain will need to purchase to provide electric service.

The Energy Policy it is intended to equip Caltrain staff and Board with guideposts to navigate existing and emerging questions related to fuel and energy procurement, technology acquisition, and project development, among others. The Energy Policy describes organizational values regarding energy, which encompasses issues of cost, savings, revenue opportunities, sustainability, regulation, carbon intensity, and the trade-offs among these factors. The policy lays a foundation for the development of energy-related standard operating procedures.

Objectives

1. Balance sustainability with financial imperatives.

- Minimize cost and price volatility in electricity purchases while seeking to procure 100% renewable energy.
- Seek to capture energy from regenerative braking and pursue compensation for energy from regenerative braking.
- Strive to maximize revenue from the Low Carbon Fuel Standard (LCFS) program, which will be committed to funding Caltrain's ongoing operations to the extent regulations allows.
- Consider implementing or partnering with others to implement distributed energy resource (DER) projects within the Caltrain right-of-way that are financially viable and compatible with the Rail Corridor Use Policy.
- Participate in applicable energy programs and opportunities that generate revenues, cost-savings, and/or returns.
- Monitor, and where relevant, engage in regulatory processes at agencies that regulate energy and energy markets and whose decisions may significantly affect Caltrain's operations and financial interests once electrified.

2. Improve Caltrain's environmental sustainability.

- Seek to reduce the use of fossil fuel and fossil fuel infrastructure throughout the organization.
- Increase the proportion of renewable energy content in Caltrain's energy procurements.

3. Minimize operational and maintenance impacts.

- Prioritize maintaining continuity of rail operations and consider operational impacts and maintenance costs as part of a lifecycle cost analysis for energy-related projects.

4. Enhance system resilience.

- Caltrain will explore options to increase the resilience of its electric power supply and infrastructure by researching energy storage opportunities, microgrids, or other relevant technologies and programs to deliver its critical transportation services.

5. Support the regional economy.

- Consider the economic impact of energy procurement practices and projects and seek to positively benefit the regional economy.