

**Peninsula Corridor Joint Powers Board
Finance Committee
1250 San Carlos Avenue, San Carlos, CA 94070
Minutes of January 22, 2024**

Members Present: Ray Mueller (arrived at 2:52 pm), Devora “Dev” Davis (Vice Chair),
Monique Zmuda (Chair)

Staff Present: R. Barnard, K. Beltz, A. Burnett (Bell, Burnett & Associates), M. Bell (Bell
Burnett & Associates), M. Bouchard, N. Fogarty, J. Harrison, D. Seamans,
A. Timbers, A. To, M. Tseng

1. Call to Order/Pledge of Allegiance

Chair Zmuda called the meeting to order at 2:30 pm and led the Pledge of Allegiance.

2. Roll Call

District Secretary Dora Seamans 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 December 18, 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***

Public comment

Adina Levin, Friends of Caltrain and Menlo Park resident, commented on the time sensitiveness of the San Francisquito Creek Bridge issue and whether Congressional representatives' support was sought to get the permit moving forward.

Chair Zmuda asked Robert Barnard, Chief of Design and Construction, whether the Congressional delegation had been briefed.

Michelle Bouchard, Executive Director, commented that the delegation was briefed and working with the Army Corp of Engineers.

Motion/Second: Davis/Zmuda

Ayes: Davis, Zmuda

Absent: Mueller

5. Accept Statement of Revenues and Expenses for the Period Ended December 31, 2023

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

- Revenue was a total of \$100.1 million compared to \$101.5 million on the adopted budget; unfavorable variance of \$1.4 million
- Year-to-date expenses totaled \$91.2 million compared to \$97.6 million of the adopted budget, resulting in a favorable variance of \$6.4 million
- Annual revenue forecast for the first six months of fiscal year (FY) 2024 was in line with the adopted budget

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

- Vacancies due to ability or inability to attract and retain the positions that have been approved in the budget
- Significant amount of testing under the operator rail budget; additional station work not budgeted in CalMod (Caltrain Modernization) Program

Motion/Second: Davis/Zmuda

Ayes: Davis, Zmuda

Absent: Mueller

6. Amend Statement of Investment Policy and Delegate Investment Authority for Fiscal Years 2024 and 2025

Kevin Beltz, Manager of Treasury Debt and Investments, provided the presentation that included the following:

- Invest in US (United States) treasuries or agencies for up to 15 years; added language to include no more than 30 percent of holdings to go beyond five years
- State legislature change pertained to mortgage-backed obligations and collateralized mortgage-backed obligations
- Removed section on reauthorization of the Local Agency Investment Fund (LAIF) and San Mateo County Investment Fund
- Money market funds required to maintain triple-A rating by two rating agencies

Vice Chair Davis requested a red-lined version of the changes to the Statement of Investment Policy to be provided at the Board Meeting.

Motion to approve the recommendation with a red-lined version of policy to go to the Board/Second: Davis/Zmuda

Ayes: Davis, Zmuda

Absent: Mueller

7. Update Regarding SamTrans Purchase of a New Headquarters Building and Recommended Next Steps for Caltrain

Nadine Fogarty, Director of Real Estate Development, provided the presentation that included the following:

- Retained Arup Group to assist in initial independent evaluation of options and focused on areas within a 15-minute walk from San Francisco, San Carlos, or Diridon Caltrain station
- Current space approximately 22,000 square feet – does not include PCEP (Peninsula Corridor Electrification Project) occupying the ground floor space

Staff provided further clarification in response to Chair Zmuda's comments and questions, which included the following:

- SamTrans's understanding of Caltrain's need to take the time to conduct its own analysis on space needs, costs, and financial situation
- SamTrans to move forward with the new headquarters regardless of Caltrain's decision on a location and shared staff will reside with SamTrans
- SamTrans open to discussing shared ownership option
- Issue RFP (request for proposal) to search for opportunities, such as the ability to co-locate with a different public agency that has extra office space along the corridor

Motion/Second: Davis/Mueller

Ayes: Mueller, Davis, Zmuda

Noes: None

8. Receive Update on Caltrain's Strategic Financial Plan and Fiscal Cliff Projections

Ms. Bouchard introduced Mike Bell, Bell Burnett & Associates, and provided a brief summary. Alex Burnett, Bell Burnett & Associates, provided the presentation that included the following:

- Measure RR funds advanced to PCEP placed into the operating budget-funded for both FY2024 and FY2025
- Significant capital investment in FY23 from both annual allocation of Measure RR as well as additional from TIRCP (Transit and Intercity Rail Capital Program)
- 20 percent ridership growth assumption with electrification. FY24 forecasted projection for roughly 12.5 percent, which results in 50,000 average weekday ridership, about 80 percent of 2019 levels
- FY24 budget dropped to 22 percent in farebox revenue in comparison to 2019. Measure RR and current farebox revenues combined are not sufficient to pay all of the operating expenses
- Rail operator costs are projected to almost double. Electricity will become the second-largest operating cost

- Communications with Community Choice Aggregators (CCA) about discounts, price points, and CARB certification
- Working with PG&E (Pacific Gas & Electric Company) on power delivery and to understand billing determinants, and focused on net energy usage
- Significant increase in the maintenance of equipment. Each train set need \$1 million to \$1.5 million for annual maintenance
- Need to determine Go Pass objectives, pricing parameters, and increase core users. Continue as active participants in Clipper BayPass discussions

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

- Status of Clipper BayPass and revenue shares
- Items included in other revenue category, such as LCFS (Low Carbon Fuel Standard), parking, shuttle, operating grants, and State rail assistance
- Suggested adding event trains and shuttle service for last mile service, including at Stanford during sporting events on weekends, and expanding Go Pass to other sectors
- Work with regional sister transit agencies and MTC (Metropolitan Transportation Commission) to pursue other regional measures or monies

Mr. Bell expressed concerns about relying on State, Federal, or regional measures and commented that the agency needs to pay more attention to what it can do to protect itself and stop deficits.

Public comment

Adina Levin commented that it is prudent to look at a Plan B option, and urged transit agencies to work together to craft a program that can be rolled out more broadly.

Director Mueller left the meeting at 4:09 pm

9. Adopt Caltrain Energy Policy

Amelia Timbers, Environmental Compliance Manager, provided the presentation that included the following:

- Energy will be 10 to 15 percent of the operating budget once electrified
- Energy policy can help with questions related to consumption and generation, but not transmission and distribution
- Controlling costs in the energy policy while aspiring for 100 percent renewable energy
- Intent and desire to monetize regenerative braking and seeking to decarbonize the railroad

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

- Carbon content impacts credit amounts. Targeting 100 percent renewable and zero GHG (greenhouse gases)
- Large hydroelectric is not CARB (California Air Resources Board) qualified because it has some carbon content, which impacts CARB rules
- Look at pursuing special status as a leader or preferred user for electricity when there are power grid shutdowns
- Add to policy: local carbon fuel standards; GHG-free, or minimum standards/tiers of how to look at things; discussion/decision at Board or Committee level when there are large contracts and energy procurement; regulatory processes and coordinating with energy procurement partner; special status identifying Caltrain as a leader or preferred user

Director Davis motioned to approve the recommendation with the addition of local carbon fuel standards; GHG-free, or minimum standards/tiers of how to look at things; discussion/decision at Board or Committee level when there are large contracts and energy procurement; regulatory processes and coordinating with energy procurement partner; special status identifying Caltrain as a leader or preferred user, seconded by Chair Zmuda.

Ayes: Davis, Zmuda

Noes: Mueller

10. Committee Member Requests – There were none.

11. Date/Time of Next Regular Finance Committee Meeting: February 26, 2024 at 2:30 pm.

12. Adjourn – The meeting adjourned at 4:31 pm