

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

Members Present: Devora “Dev” Davis, Monique Zmuda (Chair)

Members Absent: Ray Mueller

Staff Present: R. Barnard, M. Bouchard, J. Harrison, L. Ko, C. Liao, M. Louie, E. Ng, S. Sargent, M. Rush, M. Tseng, B. Thompson, A. To, K. Yin

1. Call to Order/Pledge of Allegiance

Chair Zmuda called the meeting to order at 2:32 pm and led the Pledge of Allegiance.

2. Roll Call

Chair Zmuda noted that two Board Members were present and confirmed a quorum.

3. Public Comment on Items not on the Agenda

Adrian Brandt shared information about the increased cost of electricity and usage and regenerative braking from a prior Bay Area Rapid Transit (BART) Board Meeting, relating it to the upcoming Caltrain electrification.

4. Intersecting Minutes of May 29, 2024

Motion/Second: Davis/Zmuda

Ayes: Davis, Zmuda

Noes: None

Absent: Mueller

5. Accept Statement of Revenues and Expenses for the Period Ended May 31 and June 30, 2024

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

- Year-to-date expenses of \$179.4 million for the period ended May 31, compared to the budgeted amount of \$175.3 million, favorable outcomes from increase in Measure RR revenue of \$3.71 million
- Year-to-date expenses total of \$174.1 million for the period ended May 31, compared to the adopted budget of \$176.3 million, decrease in office expenses, services, professional services, and maintenance which was offset by the increase claims, payments, and reserves
- Net surplus amount between revenues and expenses amounts to \$5.2 million

Motion/Second: Davis/Zmuda

Ayes: Davis, Zmuda

Noes: None

Absent: Mueller

6. Approve and Ratify Fiscal Year 2025 Insurance Program

Marshall Rush, Insurance and Claims Administrator, provided the presentation that included the following:

- 22 percent increase in premiums for FY (fiscal year) 2025 mainly due to \$1 billion increase in property insurance values with addition of new EMUs (electric multiple unit) and electrification infrastructure
- Litigation legal fees reimbursable above \$2 million SIR f(self-insured retention) and calculated in a formula proportional to settlement
- Continue to add new EMUs to fleet of rolling stock. New and existing rolling stock are insured for replacement cost
- Department of Transportation (DOT) to increase liability cap from current amount of \$323 million in February 2026 . Budgeting for changes in addition to insurance options and premiums needed for new headquarter

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

- Broker goes out to bid to meet the Liability Cap
- Different layers to insurance - each layer can be split by different insurers
- Property Insurance and liability increased due to Electrification

Motion/Second: Davis/ Zmuda

Aye: Davis, Zmuda

Noes: None

Absent: Mueller

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

Robert Barnard, Chief Rail Design and Construction, provided the presentation that included the following:

- Unable to obtain permit from United States Army Corps of Engineers in order to fully restore the Creek
- Successful temporary measures have slowed down erosion, protecting the bridge but do not meet aquatic and reparent guidelines set by environmental agencies
- Upcoming preparation: coordinate with the United States Army Corps of Engineers to receive permit, update financial project details, and amend agreement between City of Menlo Park and City of Palo Alto

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

- Permit around Spring 2025 with bid occurring early 2025 in alignment with the dry season on June 15 and October 15.

Public comment

Adrian Brandt suggested the addition of protective bridge coating to prevent and reduce environmental damage on the structure.

Motion/Second: Davis/Zmuda

Aye: Davis, Zmuda

Noes: None

Absent: Mueller

8. Award of Contracts for On-Call Professional Support Services*

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

- Three out of six firms selected to carry out work after a solicitation process: Mott MacDonald Group, RSE Corporation, and WSP USA, Inc.
 - Two-part evaluation of firms: Identify work, issue work directive proposal request to all firms to prompt proposal, and then evaluate proposal of all three firms and establish and evaluate price to put in place a contract

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

- Higher ranking based on expertise for specialized areas
- Firms previously used for projects backfill technical staff

Motion/Second: Davis/Zmuda

Aye: Davis, Zmuda

Noes: None

Absent: Mueller

9. Conduct Public Hearing and Adopt Proposed Fare Structure Changes

Bruce Thompson, Manager of Fare Programs and Michelle Louie, Title VI Equity Administrator, provided the presentation that included the following:

- Annual increase of 32 percent from May 2023 to May 2024
- Year-over-year increase of 43 percent for Youth Clipper ticket
- Investment estimation calculated on reduction in fare revenue based on last year's data- expectation that youth riders will become adult riders when of age
- Disparate impact and disproportionate burden policy thresholds at 10 percent for
- No disparate impact or disproportionate burdens with youth fare change

- Beneficial change for Minority, Non-Minority, Low-Income, Non-Low-Income

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

- MTC (Metropolitan Transportation Commission) to update timeline for the Next Generation Clipper launch
- Unable to link accounts of riders to track youth-adult ridership correlation
- No notable increase in the purchase quantity on monthly passes
- New companies introduced to GoPass Program for 2024
- Two year budget cycle will need to account for the increase in GoPass fare

James Harrison, General Counsel, noted that the presentation and public comments were part of the public hearing.

Public comments

Adrian Brandt commented about that Youth age requirement and SMART (Sonoma-Marín Area Rail Transit) having the similar pilot that yielded most youth ridership increase.

Hallie Matthews supports changes.

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

- Caltrain is not in the same position (budget) as SMART
- Timeline for Clipper Next Generation
- Correlation between youth and adult ridership
- No large notable increase in monthly passes in comparison to other tickets and Go Passes

Chair Zmuda closed the public hearing.

Motion/Second: Davis/Zmuda

Aye: Davis, Zmuda

Noes: None

Absent: Mueller

10. Allocation of the TIRCP (Transit and Intercity Rail Capital Program) Reimbursed Funds and Amendment to Fiscal Year 2025 Capital Budget

Cleo Liao, Manager of Budgets, provided the presentation that included the following:

- \$150 million in (TIRCP) - \$30.5 million approved in June 2024 for projects, while \$119.5 million recommended for identifying capital projects waiting to be approved in August 2024 for the following:

- \$44.4 million to be used for critical operating and other capital needs
- \$47.5 million to be allotted for prior funding commitments
- \$27.6 million to increase the Fiscal Year Capital Budget from \$105.1 million to \$132.7 million

Motion/Second: Davis/Zmuda

Aye: Zmuda

Noes: None

Absent: Mueller

11. Clipper BayPass Pilot Program Participation Agreement Amendment

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

- All agency transit institutional pass pilot launched in two phases under direction of the Fare Integration Task Force
- Inclusion of Phase 1 participants in Phase 2 (without impacting capacity)
- All-agency coverage and reimbursement for a specified period for large events, exclusion of San Francisco Airport from GoPass
- Extend Phase 1 to facilitate smoother transition to Phase 2 for users

Public comment

Adrian Brandt asked for clarification about simultaneously signing up for BayPass and GoPass. Mr. Sargent commented the need to protect GoPass program's revenue source and participants can purchase BayPass as add-on.

Motion/Second: Davis/Zmuda

Aye: Davis, Zmuda

Noes: None

Absent: Mueller

12. Allocation of State Rail Assistance Funding for Operating Assistance

Eve Ng, Director of Grants and Fund Management, provided the presentation that included the following:

- SRA (State Rail Assistance) funding comes through SB (State Bill) 1, for commuter and intercity rail and half-cent sales and use tax on diesel fuel
- Reallocate \$5.5 million in broadband funds for operating assistance, followed by \$17.8 million funds for 2023-2025) in SRA Cycle 2 funds for operating assistance

Ms. Ng confirmed Chair Zmuda's comment about funds being a grant, so budget does not need to be amended. She also noted that the funds have flexibility to be used between 2025-2029.

Motion/Second: Davis/Zmuda

Aye: Davis, Zmuda

Noes: None

Absent: Mueller

13. Committee Member Requests

There were none.

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

15. Adjourn – The meeting adjourned at 3:48 pm