

**SAN MATEO COUNTY TRANSIT DISTRICT  
1250 SAN CARLOS AVENUE, SAN CARLOS, CALIFORNIA**

**MINUTES OF BOARD OF DIRECTORS MEETING  
FEBRUARY 9, 2011**

Members Present: O. Ahmad, J. Deal, C. Groom, R. Guilbault, S. Harris, Z. Kersteen-Tucker, A. Lloyd, K. Matsumoto (Chair), A. Tissier

Staff Present: J. Cassman, G. Harrington, R. Haskin, R. Lake, M. Lee, N. McKenna, D. Miller, M. Scanlon, M. Simon

Chair Rose Guilbault called the meeting to order at 3:08 p.m.

**REPORT OF THE NOMINATING COMMITTEE – ELECTION OF 2011 OFFICERS**

Director Shirley Harris reported the nominating committee (Director Art Lloyd, Zoe Kersteen-Tucker and herself) met and recommends Director Karyl Matsumoto for chair and Jerry Deal for vice chair for 2011.

Director Matsumoto was elected chair and Director Deal vice chair (Harris/Lloyd).

**CONSENT CALENDAR**

The Board approved the consent calendar (Guilbault/Harris):

- a. Approval of Minutes of Board of Directors Meeting of January 12, 2011
- b. Acceptance of Statement of Revenues and Expenses for December 2010
- c. Acceptance of Quarterly Investment Report and Fixed Income Market Review and Outlook for the Quarter Ended December 30, 2010

**PUBLIC COMMENT**

Carlos Babcock, Silicon Valley Bicycle Coalition, said Director Carole Groom has formed a committee for the second annual Streets Alive. He said Streets Alive is a way to get residents of San Mateo County out on the streets and explore their own cities. The event is scheduled for Sunday, May 1, 2011.

Ed DeLanoy, San Carlos, said there is a fuel saving option by running shorter Caltrain trains.

Jerry Grace, San Lorenzo, said the Chinese New Years parade is February 12 in San Francisco.

Adina Levin, Friends of Caltrain, thanked the Board for its leadership during this very difficult economic time and requested a public meeting on the issue of the SamTrans budget and its contribution to the Caltrain operating budget. She said the community is working together to find long-term solutions, but we need to work together for some short-term creative solutions.

Andy Chow, Friends of Caltrain, said the SamTrans Board needs to take a proactive role and responsibility for helping to save Caltrain. He said SamTrans needs to be public about the

financial situation because the public's perception is that Caltrain is in this situation because of SamTrans.

Shirley Ingalls, Mountain View, said Caltrain is her primary mode of transportation. She would be devastated if Caltrain service was cut. Ms. Ingalls asked that the contribution to Caltrain not be slashed.

Yoriko Kishimoto, Friends of Caltrain, said the three county transit agencies need to speak with one voice and ask the Metropolitan Transportation Commission (MTC) to redirect Regional Measure 2 (RM2) money allocated for Dumbarton Rail to Caltrain.

Heyward Robinson, Menlo Park, said the Dumbarton money is available and it is operating money. He encouraged the Board to take a leadership role in the Caltrain situation and find a solution.

Jim Bigelow, Redwood City/San Mateo County Chamber of Commerce, said Caltrain has a commitment to provide service for passengers coming from the East Bay. While planning is still going on for Dumbarton Rail, now is the time to have a public hearing at MTC and bring the RM2 money to Caltrain.

Chair Matsumoto said Kelly Fergusson of Menlo Park had to leave but will submit written comments.

## **REPORT OF CHAIR**

### **Appointment of Karyl Matsumoto as the Representative to the San Mateo County Transportation Authority**

Director Rose Guilbault said she is recommending the reappointment of Chair Matsumoto to serve on the San Mateo County Transportation Authority (TA) Board representing SamTrans.

A motion (Lloyd/Harris) to recommend Chair Matsumoto to the TA Board was approved unanimously.

Director Guilbault thanked her colleagues on the Board for their support during this past challenging year. She said staff is tremendous and appreciates all the work they do for this Board. Director Guilbault thanked General Manager/CEO Michael Scanlon for the amount of work, support and leadership that he gives to this county and on a national level.

## **REPORT OF THE GENERAL MANAGER/CEO**

Mr. Scanlon reported:

- Welcomed Director Groom to the Board and congratulated Chair Matsumoto and Director Jerry Deal on their reappointments.
- Thanked Director Guilbault for her past year as chair.
- Congratulated Chair Matsumoto and Director Deal for being elected chair and vice chair, respectively.
- Congratulated Chair Matsumoto for her reappointment to the TA Board.

- Thanked Executive Officer Customer Service and Marketing Rita Haskin, Marketing Manager Pat Boland and Graphic Designer Robert Casumbal for the American Public Transportation Association “Telling Our Story” video.
- Investment in human capital continues with the Department of Motor Vehicles mandated operator training, maintenance training and professional development classes.
- Ten bus operators, who were laid off in December 2009, were recalled and will return on March 11.
- On March 20, the bus stops at Hillsdale Shopping will be relocated to accommodate a redesign of the former Meryvn’s store. The affected routes are Routes 54, 250, 251, 262, 294 and 295.
- Staff has been working with officials and neighbors at Menlo Atherton High School to reduce overcrowding at the bus stop.
- At the February 3 Peninsula Corridor Joint Powers Board meeting, the Board approved staff’s recommendations to conduct two public hearings at the March 3 meeting. The two public hearings are to consider the declaration of a fiscal emergency and hear public comment on Draconian cuts in service that will be required to become effective on July 1 of this year unless additional funding is identified. These cuts will transform Caltrain from what it is today to just a five day a week, peak hour only, commuter railroad. There would be no midday, evening or night service and no service south of San Jose Diridon. Up to seven stations would be closed along the Peninsula north of San Jose Diridon Station. Only 48 weekday trains would be provided, which is about half of what has been provided in recent years. There is widespread concern, interest, support and energy for finding funding both in the short and long term.
- On January 21, the Silicon Valley Leadership Group, headed by Carl Guardino, held a summit and on January 29 the Friends of Caltrain held a summit at the San Mateo County Transit District auditorium. About 800 emails have been received on this issue telling what type of a hardship it would create. Mr. Scanlon said he is heartened and somewhat encouraged that there appears to be a broad base understanding of how critical and serious this issue is.
- The chair of the Santa Clara Valley Transportation Authority wrote to Chair Guilbault and attached a memorandum prepared by their general manager which articulates a number of ideas for possible “short-term solutions.” Staff is in the process of evaluating the recommendations and will continue to work diligently with the partners and MTC.

Mr. Scanlon cautioned everyone that the repayment of the right-of-way funds due SamTrans will not be able to serve any purpose in the short term. Those funds have long been programmed to prevent the collapse of the SamTrans system itself, which everyone knows has been battling its own structural deficit. This Board has had a financial capacity subcommittee for the past five years working diligently on the SamTrans structural problem. He said part of the strategy was to eliminate the non-Transportation Authority portion of SamTrans contribution to Caltrain over a two-year period or roughly \$5.8 million last year and an additional \$5.8 million reduction this year. Last year MTC came through and helped SamTrans, but a capital swap had to be done. SamTrans had to agree to do without the purchase of 10 or 11 buses in order to swap \$4 million in capital funds to bring into the operating side so the entire \$5.8 million hit didn’t have to happen last year. These cuts have been coming for a long time.

In recent years, SamTrans has done service cuts, fuel hedging, layoffs of administrative and hourly personnel, hiring freeze, furloughs and unpaid holidays. The administrative staff's salaries have been frozen since July 2008, the outstanding debt has been refinanced to lower the amount of debt service needed and employer contributions have been frozen to the retiree medical. Despite all of this, there were still deficits in the operating budget in Fiscal Year (FY) 2009 of \$21 million, FY10 of \$16 million, FY11 \$21.7 million and a preliminary number for FY12 of \$15-\$20 million. He said he will never forget, particularly the people from the Coastside, that came in and how moving it was when Director Guilbault spoke to them in Spanish and the real hard stories that were told and are true.

Mr. Scanlon said he is as much of a fan of Caltrain and as much as he would like to see Caltrain not suffer even in the short term, he can not see himself recommending decimating the bus system, particularly in light of the demographics of the customers who utilize Caltrain versus utilizing the bus system. He has promised to work with the partners and turn over every stone to try and find a solution, but a solution has to be found for Caltrain or SamTrans.

- Mr. Scanlon said it seems that his compensation package detracts from all the hard work of all his co-workers at this agency who are not paid nearly as well as he is and who work very hard. He said it also diverts public attention away from solving the very real problem that this agency faces. Mr. Scanlon said he is prepared to make some sacrifice, along with his fellow employees. There are labor negotiations in July and compensation is something that needs to be looked at. It is not the salary, but the housing allowance and relocation that this Board enabled him and his family to move here that rolls up into the W-2 each year and that is what distorts the salary. If it ever becomes a distraction from what is going on or the Board feels they would be better served by someone else and if the time has come for him to leave so be it. It is important that the work gets done, and that the focus continues to be on the customers and the people who need us.

Director Shirley Harris said Mr. Scanlon was hired because he was the best person for the job and she still feels he is the best person to lead the agency. She said it is unfortunate that the salary articles have taken front page, but hopefully the corrections are seen as well as the erroneously reported information.

Director Omar Ahmad said he hopes that reporters would fact check, but it is pretty clear that isn't happening. He said one of the things that he will not accept is a lesser CEO. Director Ahmad is glad Mr. Scanlon is here and he has the Board's backing and he is very happy with the job he is doing.

Director Tissier said people don't understand the complexity of running three agencies and with Mr. Scanlon at the helm this issue will get resolved. The reason Mr. Scanlon is here and the reason this Board cares for him is he will look for solutions. He has worked throughout the country and knows the hardship is everywhere, but every time there has been an issue, whether it is SamTrans or Caltrain we all come together and try to work through it. This is valuable and there are not a lot of CEOs that can look at the big picture and say "we are going to get there" but we are all going to put our heads together to figure it out. Director Tissier said Mr. Scanlon has always done this under any circumstance and SamTrans has sustained itself longer than most

have been able to do because of his level of creativity and vision. She said we all need to stick with it and we will get through these issues and certainly don't want to see Mr. Scanlon hanging out there.

Director Lloyd said he has been in transportation his entire career and what the media did infuriates him with the accusations. He said things were misquoted and misread.

Director Kersteen-Tucker said she was furious when she read the article. She said this Board is very glad Mr. Scanlon is here and hopes these trivial things don't bring him down.

Director Deal said Mr. Scanlon is not just a CEO, but a valuable leader. The Board can get a CEO anywhere and for less money, but they won't be as valuable as Mr. Scanlon.

Director Guilbault said as a former journalist, not everyone misquotes information. She said there are times when misinformation is misquoted or misreported. Director Guilbault said the Board's role is stewards of the county and this Board takes that role very seriously and that is why we have the leadership of Mr. Scanlon. She said in the past leadership hasn't been as strong and this Board is very fortunate to have someone of Mr. Scanlon's caliber and leadership.

Chair Matsumoto said the buck stops here and it is up to this Board to evaluate Mr. Scanlon's performance and decide his compensation. She said this Board has been very cognizant of watching the people's monies and know what faces this county and the decision is the Board's solely. Chair Matsumoto said the Board knows Mr. Scanlon is the best for this organization.

Mr. Scanlon said he is more worried about the organization than himself.

#### Public Comment

Jerry Grace, San Lorenzo, said Mr. Scanlon is a good person and doing a great job.

### **COMMUNITY RELATIONS COMMITTEE**

#### **SUBJECTS DISCUSSED**

- a. Accessibility Update
- b. Paratransit Coordinating Council (PCC) Update
- c. Citizens Advisory Committee Liaison Report
- d. Performance Report – Paratransit/Senior Mobility Initiatives
- e. Multimodal Ridership Report – December 2010

### **FINANCE COMMITTEE**

#### **RESOLUTIONS**

- a. Authorize Execution of the Proposition 1B Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) Certifications and Assurances

The motion (Lloyd/Ahmad) to approve the resolution was approved unanimously by roll call.

**INFORMATIONAL**

- b. Fiscal Year 2010 Comprehensive Annual Financial Report

**LEGISLATIVE COMMITTEE**

**SUBJECTS DISCUSSED**

- a. State and Federal Legislative Update

**PLANNING, DEVELOPMENT & SUSTAINABILITY COMMITTEE**

**SUBJECTS DISCUSSED**

- a. Update Grand Boulevard Economic and Housing Opportunities Assessment Phase 1

**WRITTEN COMMUNICATIONS**

In reading file

**BOARD MEMBER COMMENTS**

Director Kersteen-Tucker said in light of the comments from Friends of Caltrain on the written documents the Board has been receiving, and Caltrain is a line item in the SamTrans budget, she would like to request, at a future meeting, a more focused discussion of the various funding options before this Board to consider. Mr. Scanlon said this is possible, but it couldn't be done by the March meeting. He said staff is very busy putting together the SamTrans budget. Mr. Scanlon said this is not a cash flow problem, but a structural problem. He said the soonest staff will be able to present this information is April.

Director Ahmad requested a Board retreat to discuss strategic issues. He said in San Mateo County the leading area of job growth is in food service. He said when you look at where and who fills these jobs, SamTrans is a critical link for these people to get to work and get home safely. Director Ahmad said SamTrans funding has been at the whim of the State and the State has pretty much said "if it's not nailed down, it's ours." He said with the greatest respect for people he serves with on other boards, there was a quote "It's not a Caltrain problem, it's a SamTrans problem." He said they are wrong. Director Ahmad said long before anyone else talked about saving Caltrain, this agency stepped up, and not only did it once, but year after year after year. He said there is no group more passionate about trying to save Caltrain and doing the right thing for Caltrain riders than this organization, but this organization has its own mandates and its own purposes and we need to stick to what this agency was formed to do.

Mr. Scanlon said staff will work with the chair about a retreat and what is it that everyone hopes to accomplish. Chair Matsumoto asked if the Board members could be polled and see what they would like to see on the agenda, priorities of staff and what staff envisions.

**DATE AND TIME OF NEXT MEETING** – March 9, 2011 at 2 p.m., San Mateo County Transit District, Administrative Building, 1250 San Carlos Avenue, San Carlos, CA 94070.

**GENERAL COUNSEL PROPOSAL**

- a. Closed Session: Conference with Labor Negotiator – Pursuant to Government Code Section 54957.6, Teamsters Union, Local 856 (Bus Transportation Supervisors, Dispatchers and Radio Controllers)
- b. Closed Session: Conference with Labor Negotiator – Pursuant to Government Code Section 54957.6, Amalgamated Transit Union, Local 1574 (Customer Service Center Employees)
- c. Closed Session: Conference with Labor Negotiator – Pursuant to Government Code Section 54957.6, Amalgamated Transit Union, Local 1574 (Bus Operators, Mechanics, Utility Workers and Storeskeeper Employees)

Legal Counsel David Miller said there will be a closed session today for an update on pending labor negotiations.

The meeting adjourned to closed session at 4:09 p.m.

Meeting reconvened to open session at 4:21 p.m.

Mr. Miller said the Board met in closed session to hear a report on pending labor negotiations with the units listed on the agenda. He said these discussions continue and staff will keep the Board apprised of developments as they take place. Mr. Miller said there is no action required today.

Adjourned at 4:22 p.m.