1250 San Carlos Avenue, San Carlos, California

Minutes of Board of Directors Special Meeting / June 18, 2024

Members Present: (In Person)	M. Chuang, B. Esser, M. Fraser (Chair), R. Medina, R. Mueller, P. Ratto
Members Present: (Via Teleconference)	None
Members Absent:	D. Canepa, J. Gee (Vice Chair), J. Powell
Staff Present:	A. Chan, D. Santoro, D. Olmeda, K. Jordan Steiner, D. Covarrubias, J. Cassman, S. van Hoften, J. Mello, M. Tolleson, C. Schultz, L. Millard-Olmeda, N. Kramer, A. Patel, M. Kumar, M. Tseng, J. Brook

1. Call to Order/Pledge of Allegiance

Chair Marina Fraser called the meeting to order at 1:06 pm and led the Pledge of Allegiance.

2. Roll Call

Deputy District Secretary Margaret Tseng confirmed that a quorum of the Board was present.

3. Discuss Purpose of the Workshop

April Chan, General Manager/CEO, provided a brief summary of the Strategic Plan process so far. She said the project team was planning on presenting a draft plan to the Board in the fall for adoption. She said they would also be developing a Measure W expenditure plan.

She introduced the primary consultant on the project: Joshua Schank, Managing Principal, InfraStrategies. Mr. Schank introduced the project team including Millie Tolleson, Director, Planning; Chelsea Schultz, Manager, Strategic Planning; Nate Conable, Principal, Fehr & Peers; and Asiya Patel, Planning Analyst. Mr. Schank reviewed the workshop agenda.

4. District Strategic Plan Work Session and Financial Forecast Update

<u>Strategic Plan Overview</u>

Mr. Schank outlined the broad purpose and scope of the plan, including the timeline and its relation to other work the District is doing.

<u>Recap of November 2023 Board Workshop</u>

Mr. Schank said that the findings from the November 9, 2023 workshop have been incorporated into the draft plan, including the identified strengths, opportunities, weaknesses, and threats.

District Strategic Plan Framework

Mr. Schank outlined the plan framework, including the components of Mission, Vision, Core Values, Goals, Objectives, and Initiatives.

Core Values

- Equity
- Excellence
- Innovation
- Partnership
- Safety
- Sustainability

Director Ray Mueller asked if there are external indicators to show that the plan is addressing the larger community. Mr. Schank said the project team has developed metrics to evaluate progress, and that Goal 6, Collective Efforts, shows how the District interfaces with partnerships and collaborates with agencies outside of SamTrans.

Director Marie Chuang asked if the core values had changed since the earlier workshop. Mr. Schank said that they developed the core values in collaboration with the leadership team while incorporating feedback from employees across all departments. Ms. Schultz confirmed that they had only modified the descriptions of the core values and not the values themselves.

Director Mueller asked if the concept of impact was included in the core values. Mr. Schank said that the concept of impact is reflected within the values of Excellence, Equity, and Sustainability.

Mr. Schank outlined the plan goals.

Goals

1. Better Mobility
2. Outstanding Customer Experience
3. Employer of Choice
4. Leading Responsibly
5. Strong Management
6. Collective Efforts

Director Chuang asked if Goal 3, Employer of Choice, and Goal 5, Strong Management, are correlated. Mr. Schank said that Strong Management is intended to get into the issue of shared services and address how the District ensures that all agencies are sufficiently resourced to deliver the shared services; therefore, the transportation services are delivered by all components of the District. He said that part of what makes the District a good place to work is feeling like you have support and resources to successfully conduct business.

Sticky Note Exercise: Board members were invited to write down their responses to the following questions on sticky notes and place them under their respective categories on posterboards:

- What resonates with you the most about the strategic framework?

- Does this framework address the employee input and industry trends we discussed at the last workshop?
- What would it take to overcome any obstacles you foresee that could hinder implementation?

The Board meeting recessed from 1:40 to 2:00 pm for participants to complete the exercise.

Mr. Schank shared the different themes that emerged from the Board members' responses to the three questions from the exercise.

What Resonates?

Director Peter Ratto: Resonated with the ability to being able to react to environmental issues that occur on a daily basis and still be able to achieve a positive result.

Director Mueller: Resonated with the need to make sure that the scale of the Strategic Plan does not dilute the operation and data collection. He added that when the scale gets large, we should not let it interfere with operations.

Mr. Schank noted comments regarding focusing on employees and customer service experience.

Director Rico Medina: Regarding federal and state budgetary constraints, said that the economic situation is fluid and not predictable.

Reflects Input and Trends

Mr. Schank noted comments that the current framework does reflect employee input and industry trends, and outstanding customer service.

Director Ratto: Compile and sort all input from employees and management and ensure that collected data is preserved.

Director Chuang: Establish consistency and trust. After capturing input and trends, how do we deliver an innovative experience that demonstrates the value of their contributions?

Mr. Schank emphasized the importance of sharing with stakeholders how their input has been incorporated and maintaining ongoing communication.

Overcoming Obstacles

Director Mueller: List foreseeable obstacles and identify external indications to give us time to adapt so that we do not become "dog and squirrel;" i.e., what indicators can we track to anticipate obstacles before they hit, preventing us from getting caught up in the moment?

Mr. Schank noted comments including sales tax revenue goes down, taxes, Measure W, and revenue from state and fed. He asked if there is anything we can do now to put ourselves in a better position in the case of reduced sales tax revenue.

Director Medina: Like most cities, we should try to maintain reserves and make sure contingency operating plans are adequately funded.

Director Mueller: Understanding that if you had to dedicate certain portions of that reserve balance to different pieces of the operation without going past that, where you would consider doing that to keep healthy.

Director Chuang: If the sales tax revenue drops, the Board would have to make difficult decisions regarding the priorities of the project, and the core values should be able to help guide us in doing that.

Ms. Schultz said some of the other work streams that they are doing as part of the larger Strategic Plan project will help to prepare us for some of these different revenue or tax scenarios.

Chair Fraser: Another pandemic or catastrophic earthquake in the Bay Area would change everything.

Director Esser: Proactive approach to regional transit consolidation, although we do not have a sense of what that would look like, that is, would it be functional consolidation with expansion of the shared services model, organizational consolidation, or a macro-level Bay Area consolidation?

Ms. Chan said collaboration is something that all the transit operators are working on; they want to be proactive in terms of how to collaboratively deliver better service.

Director Chuang: Develop consistency, regularity to reflect and improve processes to make sense. We need to follow through and be consistent. The way to build trust is to deliver what you promised. Consolidation is an easy topic for the public to grab onto. SamTrans needs to be proactive in articulating that we have reliable service.

Director Medina said that people need to understand and appreciate what consolidation entails.

Director Ratto: We have a lot of external obstacles. There is an overly simplistic view about the essence of merging, how consolidation would work. A lot of detail goes into mergers, which are far more difficult than most people realize.

Strategic Plan Implementation

Action Plan

Mr. Schank reviewed the development of the Action Plan and provided examples of how its objectives and initiatives will be applied to the goals of the Strategic Plan.

Goal 1: Better Mobility

Objective 1A. Improve and expand existing SamTrans services

Example: Initiative 1A.1. Invest in new or existing service in core corridors by increasing service frequency and implementing transit priority of infrastructure

Director Ratto: This initiative pinpoints service frequency.

Goal 2: Outstanding Customer Experience

Objective 2A. Improve the transit and paratransit rider experience

Example: Initiative 2A.5. Pilot the use of paid ambassadors to improve the customer experience

Director Chuang: How does the ambassador program work? How do you identify that people feel safer when riding with ambassadors onboard? Mr. Schank noted that ambassadors have a direct line to contact security personnel if needed. Ms. Schultz added that ambassadors could help riders with wayfinding, transfers, or paying their fare.

Director Medina: How would success be measured since the bus is different from the train? Mr. Schank said measuring customer experience is critical to the success of the plan.

Director Mueller: Critical for the long-term workforce that part of the metric look at whether operators would be able to drive a vehicle in a self-driving environment in the event of failure of AI (artificial intelligence) driving technology. The ambassador program is an opportunity to retrain the bus operator workforce in this future scenario.

Director Chuang: Asked whether a survey will go out to all customers, which Mr. Schank confirmed is addressed by Goal 3. Ms. Schultz said the next phase of work for the project team included thinking through the progress reporting structure and what types of adjustments could be made to each goal or initiative as we move through implementation.

Goal 3: Employer of Choice

Objective 3D. Provide a safe and modern workplace for all District employees

Example: Initiative 3D.1.

Director Mueller: Need to understand the process to set "to be determined" metrics for some of the complex, large-ticket items for this goal.

Director Chuang: A matrix needs to be created to address time urgency. Ms. Schultz said they are prioritizing work on the items that have no metrics listed.

Director Medina: There is now a timeframe and objective for moving the District headquarters to Millbrae.

Goal 4: Leading Responsibly

Objective 4A. Improve internal processes

Example: Initiative 4A.3. Ensure annual/biannual Operations and Capital budgets reflect funding and staffing needs required to achieve the initiatives outlined in this Strategic Plan

Mr. Schank noted that the budget process must relate to the initiatives that are in the works.

Goal 5: Strong Management

Objective 5A. Improve outcomes for Shared Services

Example: Initiative 5A.1. Develop mutually agreed-upon Shared Services Agreements to improve service delivery and clarify expectations, roles, and responsibilities

Chair Fraser: We need to ensure that these objectives/initiatives are incorporated into our General Manager/CEO's performance goals.

Director Chuang: The matrix outlines the process for delivering shared services. However, staff may have differing interpretations of how to deliver those services. How do you maintain consistency in delivery and expectation? Mr. Schank said the team made sure the initiatives were interpreted the same way by all staff. He said staff changes and new data comes in. Leadership needs to guide. Ms. Schultz said they have a process outlined in the initiatives.

Ms. Chan said the Caltrain leadership team provided input during the initial planning process for the District Strategic Plan.

Director Chuang: If the timing in the framework does not work out, how is that addressed? Mr. Schank said that the plan is a living document. He noted that Initiative 5B.2 outlined that they would come back to review the initiative in Year 5. Ms. Schultz said they could include a section addressing timing in their annual progress reports.

Director Esser: Ms. Chan is listed as being the lead all of the initiatives for Goal 5. It would be helpful to list a second level of support, such as Human Resources or Finance. Mr. Schank and Ms. Schultz confirmed they have a version of the Action Plan that outlines those supporting roles.

Goal 6: Collective Efforts

Objective 6B. Support implementation and policies for transit-supportive land use in SamTrans' service area

Example: Initiative 6B.1. Develop and implement SamTrans Transit-Oriented Development (TOD) Policy

Mr. Schank noted that he was open to responding to any future questions regarding the Action Plan that the directors may have.

Strategic Plan - Next Steps

Mr. Schank provided the next steps for finalizing the Strategic Plan and outlined the Capital Improvement Plan (CIP) and Measure W framework. He said typically the plan should be updated every five years.

The Board meeting recessed from 3:00 to 3:07 pm.

Preview of District Financial Outlook

Ms. Schultz introduced Jon Ravenelle, Senior Consultant, InfraStrategies, who provided a presentation on an overview of the financial modeling process and a baseline District financial outlook. She also introduced Hank Peng, Manager, Financial Planning and Analysis.

Overview of Financial Modeling Process

Mr. Ravenelle discussed the relationship of the Strategic Plan to the financial forecasts, Measure W budget, and the Capital Improvement Plan. He outlined the FAST financial modeling process.

Baseline District Financial Outlook

Mr. Ravenelle discussed the following topics:

- 10-year baseline operating revenue and expenditure projections, and operating outlook
- Major capital projects for Fiscal Year 2024 through Fiscal Year 2033 and preliminary 10-year unconstrained capital outlook

Director Chuang: Does the charging infrastructure mentioned include the zero-emission battery only or does it include the hydrogen infrastructure? Mr. Ravenelle said it includes both the battery electric and hydrogen components.

Financial Outlook - Next Steps

Ms. Schultz summarized the next steps, including:

- Finalize baseline capital scenario with constrained capital project list (now)
- Build the 10-year CIP and Measure W Budget Framework (summer 2024)
- Share draft results of constraining process with Board in upcoming meeting or retreat; discuss potential project tradeoffs based on financial outlook (fall 2024)
- Finalize CIP and Measure W Framework and bring back to Board for adoption (late 2024/early 2025)

Director Chuang: What are the criteria for scenario modeling? Mr. Ravenelle said it is part science, part art. He said that revenues, expenses, and timing are the levers that you can pull; i.e., what is the prioritization of projects based on the Strategic Plan and how do we layer those from a timing perspective into the financial model?

Chair Fraser thanked the consultants and staff for all their contributions to the plan and workshop.

Concluding Remarks

Ms. Chan said staff will be providing an update to the Board on the progress of the Strategic Plan in the fall, likely in September.

5. Adjourn

The meeting adjourned at 3:34 pm.

An audio/video recording of this meeting is available online at https://www.samtrans.com/about-samtrans/video-board-directors-cac-and-measure-w-coc. Questions may be referred to the District Secretary's office by phone at 650-508-6242 or by email to board@samtrans.com.