

**CITIZENS ADVISORY COMMITTEE
and
2000 MEASURE A CITIZENS WATCHDOG COMMITTEE**

Wednesday, October 10, 2007

MINUTES

1. CALL TO ORDER

The Regular Meeting of the Citizens Advisory Committee (CAC) was called to order at 4:38 p.m. by Vice Chairperson Jacobvitz, in Conference Room B-104, Valley Transportation Authority (VTA), 3331 North First Street, San Jose, California.

ROLL CALL

Members Present

Ellen Fletcher
Ray Hashimoto
Judi Kirkham
Robert Jacobvitz, Vice Chairperson

Gaye Morando

Margaret Okuzumi
Charlotte Powers
Laura Stuchinsky
Noel Tebo

Representing

Bicyclists
Building Industry Association
South Bay AFL-CIO Labor Council
Building Owners and Managers Association
(BOMA) –Silicon Valley
Santa Clara County Chamber of Commerce
Coalition
North County Cities
City of San Jose
Silicon Valley Leadership Group
City of San Jose

Members Absent

Stephen Blaylock
Don Burnett
Chris Elias
Roberta Hughan
Luis Mendez
Sally Probst
Connie Rogers
Martin Schulter, Chairperson

Representing

Mass Transit Users
West Valley Cities
Environmentalists
Santa Clara County
Pedestrians
Senior Citizens
South County Cities
Disabled Persons

A quorum was not present and a Committee of the Whole was declared.

2. ORDERS OF THE DAY

There were no Orders of the Day.

3. PUBLIC PRESENTATIONS

Jerry Grace, Interested Citizen, stated that he is pleased to attend the CAC Meeting. He presented his Special Olympics Gold Medal Award to the Committee.

Vice Chairperson Jacobvitz congratulated Mr. Grace for his gold medal achievement.

4. Committee Staff Report

Member Tebo took his seat at 4:41 p.m.
Member Okuzumi took her seat at 4:42 p.m.

Jim Lawson, Government Affairs Manager and Staff Liaison, reported the following:

1. On August 30, 2007, the Board of Directors unanimously approved the Comprehensive Operations Analysis (COA) – Revised Service Operating Plan and implementation is slated for January 2008;
2. The BART Environmental Scoping Meetings in the cities of Milipitas, San Jose, and Santa Clara are underway;
3. The Federal Transit Administration (FTA) gave approval through a Notice of Intent (NOI) to prepare a federal Environmental Impact Statement (EIS) for the BART Extension Project and notified VTA that the \$8 million federal earmark for the project has been released;
4. The following VTA sponsored bills are now on Governor Schwarzenegger's desk for signature:
 - AB 574 (Torrico): Amends VTA's existing statutory authority to implement high-occupancy toll (HOT) lanes in two transportation corridors within Santa Clara County to allow VTA to issue bonds backed by HOT lane revenues.
 - AB 1492 (Laird): Authorizes use of the "yield-to-buses" signs again.
 - SB 184 (Alquist): Makes several important technical changes to current law to ensure that local and regional entities that use their own money to advance their State Transportation Improvement Program (STIP) projects would not be denied reimbursement by the California Transportation Commission (CTC) for arbitrary reasons.
 - SB 264 (Alquist): Allows VTA the flexibility to impose a one-eighth-cent local sales tax for transportation purposes, subject to a two-thirds vote of the electorate.
5. VTA partnered with San Mateo County and its City and County Government Association for the Hydrogen Shuttle Bus. The vehicle is expected to be delivered by the end of the month.

On order of Vice Chairperson Jacobvitz, there being no objection, the Committee of the Whole received the Committee Staff Report.

5. Chairperson's Report

Vice Chairperson Jacobvitz requested that Member Powers report on the September 13, 2007 CAC and Policy Advisory Committee (PAC) Joint Workshop Meeting.

Member Powers reported that the workshop involved discussions on the following topics: Hay Group's Organizational and Financial Assessment of VTA including the VTA Board Organizational Structure and the VTA State Audit requested by Assembly Members Lieber and Beall and Senator Alquist. The following CAC members were in attendance at the workshop are: Charlotte Powers, Margaret Okuzumi, Don Burnett, Noel Tebo, Ray Hashimoto, and Ellen Fletcher.

Member Powers provided a summary of the significant items discussed at the workshop. She referred to the Organizational and Financial Assessment recommendation, and commented about the proposal to combine the Technical Advisory Committee (TAC) with the PAC. She stated that it may not be a good merger due to the distinct function and purpose of each committee.

Member Powers also noted the concern about the current Board Structure, which does not have an equal population vote nor a seat for each city. She noted that this concern is addressed by having equal representation in various Advisory Committees. The current city groupings could also strategize within their respective group on how to best serve the needs of the residents of their group. Member Powers reported that both Committees agreed that each of the Advisory Committees must re-align their committee mission.

Member Fletcher commented that PAC Chairperson Moylan suggested re-instating the Transportation Authority Board Structure prior to VTA's creation in 1995. Members Powers and Fletcher noted that re-instating the old structure will be a "throwback" as VTA is an independent organization now and many complex changes have happened since 1995.

Member Tebo stated that he learned in the workshop that city groupings could strategize and not rotate their representative to keep the organizational knowledge on the Board.

Member Powers stated that both committees will review the workshop discussion. Subsequently, she and PAC Chairperson Moylan will meet again to discuss next steps.

Vice Chairperson Jacobvitz thanked the members who attended the workshop.

Member Okuzumi stated that she will forward to staff a proposal that could be distributed to both committees.

Vice Chairperson Jacobvitz welcomed new Member Judi Kirkham, representing the South Bay AFL-CIO Labor Council.

Member Kirkham introduced herself and expressed her enthusiasm in serving on the CAC.

BUSINESS REFERRED TO COMMITTEE BY THE BOARD OF DIRECTORS/ GENERAL MANAGER

The Agenda was taken out of order.

COMBINED CAC AND 2000 MEASURE A CITIZENS WATCHDOG COMMITTEE CONSENT AGENDAS

7. CAC Quarterly Attendance Report

On order of Vice Chairperson Jacobvitz, there being no objection, the Committee of the Whole reviewed the CAC Quarterly Attendance Report.

CITIZENS ADVISORY COMMITTEE REGULAR AGENDA

8. VTA's Financial Update

Jerry G. Mikolajczyk, Chief Financial Officer, reported that VTA is financially secure. He provided an update on VTA's Financial Management, highlighting on the accomplishments and benefits to VTA, including: 1) Improved cash management with an increased cash balance by \$200 million over the last six months, which will yield interest earnings; 2) Reduced 2000 Measure A outstanding debt by \$54.7 million that will yield interest savings of \$35 million over the life of the bond; 3) Refinance of Series F & G to a fixed rate, that will result in additional reduction of Measure A debt by \$17.2 million, for a total \$71.9 million reductions; 4) Implemented cash management procedure improvements such as acceleration of grant billings that resulted in receipt of \$150 million in less than 90 days and payment of accounts payable based on contract terms; 5) Portion of the long-term debt refunded with savings of \$1.6 million; 6) reduced variable interest rate risk on portion of outstanding debt; 7) VTA's credit rating was upgraded by two of the national credit rating agencies; and 8) FY 08 and FY 09 Biennial Budget adopted by the Board maintains healthy operating reserves and provides reduction of passenger fares for selected media and categories. He noted that the improvements were a team effort from VTA.

Member Fletcher requested explanation of the cash management system. Mr. Mikolajczyk responded that the cash management is a series of procedures that analyzes the cash in and cash out of the organization. Examples of which are the daily report that analyzes all the cash inflow and outflow, implementing economic analysis of projects prior to approval, effectively collecting grant monies, and cash expense monitoring.

Member Okuzumi requested a breakdown of the \$200 million increased cash balance. Mr. Mikolajczyk responded that included are: 1) more than \$150 million from the State's Traffic Congestion Relief Program (TCRP); 2) \$21 million sale of property to BART; and 3) accumulation of Measure A tax.

Member Tebo inquired about the forecasts regarding breaking even or recovering the lost revenues as a result of the fare reductions contained in the biennial budget. Mr. Mikolajczyk responded that the expected loss of revenues will be about \$1 million. VTA hopes to recover that cost through increased ridership. The actual results will be seen after VTA performs its analyses following the COA implementation in 2008.

Member Stuchinsky took her seat at 5:08 p.m. and a quorum was declared.

On order of Vice Chairperson Jacobvitz, there being no objection, the Committee received the VTA Financial Update.

6. Minutes of August 8, 2007

M/S/C (Fletcher/Hashimoto) to approve the Minutes of August 8, 2007.

9. Regional Transportation Plan – Valley Transportation Plan (VTP) 2030 Briefing

Chris Augenstein, Transportation Planning Manager, provided a handout entitled, “VTP/RTP Timelines.” He noted that Metropolitan Transportation Commission’s (MTC) Regional Transportation Plan (RTP) and VTA’s Valley Transportation Plan (VTP) 2030 are dynamic long-range planning documents for the region (RTP) and for the County (VTP).

Mr. Augenstein discussed the timelines and stated that VTP and RTP run in an almost parallel schedule. The VTP provides input to the RTP through the project list. The VTP project list is developed through the numerous planning studies and the review of important stakeholders. He reviewed the current schedule and noted that VTA is currently working on the updates to the VTP 2030 that was adopted by the Board in 2005. The updated VTP 2035 will most likely carry over the projects that were listed in the original VTP 2030.

Upon inquiry of Member Stuchinsky about greenhouse gases, Mr. Augenstein noted that the Governor has set some goals such as reduction of carbon dioxide to 1990 levels. The current challenge is to find ways on how to reach that goal through a regional transportation plan, how to have a meaningful role, and find practical vision to meet the goal.

NOTE: M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.

Mr. Grace asked what are the updates to the VTP 2030. Mr. Augenstein responded that staff is currently developing those updates.

Member Powers inquired about the fiscal impacts of the updates that will be included in the plan. Mr. Augenstein responded that VTA receives financial projections from MTC and those estimates help VTA frame the project list. VTA will present in April 2008 a financially constrained project list and financially unconstrained project list.

Member Okuzumi inquired when will VTA conduct a public visioning process and obtain public input as MTC does. Mr. Augenstein stated that there are already numerous projects in the pipeline. However, there are new proposals for VTP 2035 that addresses new opportunities and ideas such as HOT lanes, new revenue sources, etc. Mr. Augenstein stated that the visioning process will be part of the planning process but not the same sequence as MTC's. Mr. Augenstein stated that the whole process is very dynamic and the schedules may change. He noted that currently, MTC is asking for the project list very early in the process, before the fund estimates are obtained.

Vice Chairperson Jacobvitz requested the Committee Members and VTA staff to introduce themselves for the benefit of new Member Kirkham.

On order of Vice Chairperson Jacobvitz, there being no objection, the Committee received the Regional Transportation Plan/Valley Transportation Plan (VTP) 2030 briefing.

2000 MEASURE A CITIZENS WATCHDOG COMMITTEE REGULAR AGENDA

10. Lessons Learned by the 1996 Measure B Transportation Improvement Program

Mr. Lawson introduced Tracey Loveridge, current Administrator and Senior Fiscal Officer for Santa Clara County's 1996 Measure B Transportation Improvement Program (MBTIP).

Ms. Loveridge recognized and thanked Members Okuzumi and Tebo for their service as members of the Citizens Watchdog Committee of the 1996 MBTIP. She also recognized audience members Kathy Blevins and John Rowe for their contribution to the 1996 MBTIP.

Ms. Loveridge stated that some of the challenges faced by the 1996 MBTIP Watchdog Committee were lack of quorum, Committee Member Term of two years, and enabling members to understand the purview of the Committee. To address some of these issues staff, at the recommendation of the Committee, offered and provided training to the members regarding the Committee's purview, financial reports, audit requirements, and the different processes that apply to the Committee. Ms. Loveridge stated that the training was pivotal to the Committee's success.

Ms. Loveridge referred to the sample reports that were received by the 2000 Measure A CWC, which includes VTA reports and Measure A reports. She commented that receiving reports about VTA's entirety may cloud the focus of the Committee.

For the 1996 MBTIP Watchdog Committee, they received Agendas and Minutes. She noted that memos that were forwarded to the Committee do not indicate whether they are for action or information. The former Watchdog Committee participated in site visits outside of the scheduled Committee regular meeting dates to have the opportunity to see the actual project process. The former Watchdog Committee received regular presentations that were sometimes status reports only and other times need direction or action. Ms. Loveridge emphasized the importance of clearly defining the type of reports

(i.e. status or for action) so that the Committee can feel empowered and be able to make formal recommendations prior to the final approval of the governing Board. It is also important to define the timing of such reports in a calendar so that the Members are aware when a particular report will be presented and be able to focus and ask pertinent questions.

Ms. Loveridge noted the Committee's charge was to review, define the scope, and report to the public the audit findings. To assist members, staff conducted Audit Training in a comfortable environment where members could freely ask questions on the sample reports that were provided. With respect to public reports, the former Watchdog Committee provided reports through letters and the website.

Member Okuzumi thanked Ms. Loveridge for accepting CAC's invitation and providing presentation at the meeting. She requested that Ms. Loveridge provide the list of regular reports they have furnished to the former Watchdog Committee.

Ms. Loveridge stated that she will transmit those reports to Mr. Lawson for Committee distribution.

Upon inquiry of Mr. Grace, Ms. Loveridge briefly discussed the 1996 Measure B purpose and projects.

The Committee thanked Ms. Loveridge for attending the meeting and providing the presentation.

On order of Vice Chairperson Jacobvitz, there being no objection, the Committee received the Lessons Learned by the 1996 Measure B Transportation Improvement Program.

11. Publication of Completed Project Prior to the Collection of Measure A Sales Tax

Mr. Lawson stated that this item was placed on the agenda at the request of Member Burnett. He requested deferral of the item as Member Burnett is not in attendance. He noted that this item could be combined with the discussion of publishing the annual report of the Committee. He noted the challenge VTA is facing with regard to the high cost estimates that were received to publish the annual report. He stated that VTA is currently examining ways on how to publish the annual report economically.

Member Stuchinsky requested that the Committee discuss some of Ms. Loveridge's suggestions such as the conduct of training regarding financial statements and audit.

Mr. Lawson responded that the training will be offered to members in their own time in the future.

Member Powers left the meeting at 5:38 p.m. the quorum was lost, and a Committee of the Whole was declared.

On order of Vice Chairperson Jacobvitz, there being no objection, the Committee of the Whole deferred discussion on the publication of completed project prior to the collection of Measure A Sales tax.

COMBINED CAC AND 2000 MEASURE A CITIZENS WATCHDOG COMMITTEE ITEMS

12. CAC and the 2000 Measure A Citizens Watchdog Work Plan

Mr. Grace inquired about the purpose of the Citizens Watchdog. Mr. Lawson explained that the 2000 Measure A Citizens Watchdog Committee name was from the Measure A Ballot language that was passed in 2000.

Stephen Flynn, Senior Management Analyst, stated that the discussion about the Joint PAC and CAC Workshop will be added to the November 2007 Committee Work Plan.

On order of Vice Chairperson Jacobvitz, there being no objection, the CAC and 2000 Measure A Citizens Watchdog Work Plan was reviewed.

13. Announcements

There were no Announcements.

14. ADJOURN

On order of Vice Chairperson Jacobvitz , there being no objection, the Meeting was adjourned at 5:40 p.m.

Respectfully submitted,

Elaine F. Baltao, Board Assistant
VTA Board of Directors