

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

Wednesday, January 12, 2011

MINUTES

1. CALL TO ORDER

The Regular Meeting of the Citizens Advisory Committee (CAC) was called to order at 4:37 p.m. by Chairperson Powers, Conference Room B-104, VTA River Oaks Campus, 3331 North First Street, San Jose, California.

ROLL CALL

Attendee Name	Title	Status
Jeremy Barousse	CAC Member	Present
Stephen Blaylock	CAC Member	Absent
Clinton Brownley	CAC Member	Present
Bena Chang	CAC Member	Present
Chris Elias	CAC Member	Present
William Hadaya	CAC Member	Present
Ray Hashimoto	CAC Member	Present
Roberta Hughan	CAC Member	Absent
Robert Jacobvitz	CAC Vice Chairperson	Present
Bruce Liedstrand	CAC Member	Present
Aaron Morrow	CAC Member	Present
Charlotte Powers	CAC Chairperson	Present
Sally Probst	CAC Member	Present
Connie Rogers	CAC Member	Present
Martin Schulter	CAC Member	Present
Noel Tebo	CAC Member	Present
Herman Wadler	CAC Member	Present

A quorum was present.

2. ORDERS OF THE DAY

There were no orders of the day.

3. PUBLIC PRESENTATIONS

There were no Public Presentations.

4. Committee Staff Report

Greta Helm, Chief External Affairs Officer and Staff Liaison, provided a brief staff report, highlighting: 1) U.S. 101 Tully Road Interchange Improvement Project

Groundbreaking Event; 2) Blossom Hill Pedestrian Overpassing Project; 3) Service updates; 4) New Airport Flyer bus wrap; and 5) VTA's Clipper launch date scheduled for February 16, 2011.

5. Chairperson's Report

Chairperson Powers introduced and welcomed new CAC/CWC Member William Hadaya representing the Santa Clara County Chambers of Commerce Coalition. She requested Committee Members introduce themselves.

Chairperson Powers provided a brief report, highlighting: 1) Diridon Station Joint Policy Advisory Board Meeting held on December 17, 2010 and 2) Assembly Bill 41 related to funding for Transit Systems throughout the State.

Member Hashimoto arrived at the meeting and took his seat at 4:47 p.m.

Chairperson Powers suggested the Committee forward input from their respective constituents on projects that would be of interest for discussion at the CAC/CWC Committee.

Member Chang noted the following: 1) Caltrain Summit scheduled for Friday, January 21, 2011 at Stanford University regarding the future of Caltrain; and 2) Transportation Policy Committees interest in promoting the ECO Pass Program.

Ms. Helm referenced the Advisory Committee Enhancement (ACE) Process and recommended the item be forwarded to the next meeting of the VTA Board of Director Chairperson and Advisory Chairperson's to request to work on the item of interest.

Member Morrow noted the following: 1) Committee for Transit Accessibility's (CTA) concern regarding their quarterly meetings; and 2) requested that the ACE Committee reconvene to address CTA's concerns; and 3) CTA's main focus this year is bus stop accessibility.

Vice Chairperson Jacobvitz invited the Committee to attend the Building Owners and Managers Association (BOMA) luncheon on March 4, 2011 at the Crown Plaza in San Jose. The Committee requested that the invitation be emailed to the Members.

The Agenda was taken out of order.

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

COMBINED CAC AND 2000 MEASURE A CITIZENS WATCHDOG COMMITTEE CONSENT AGENDAS

6. Minutes of November 10, 2010

M/S/C (Tebo/Jacobvitz) to approve the Regular Meeting Minutes of November 10, 2010.

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

8. CAC 2010 Year End Attendance Report

On order of Chairperson Powers and there being no objection, the Committee received the CAC Quarterly Attendance Report.

7. Monthly Legislative History Matrix

Scott Haywood, Policy and Community Relations Manager, provided a brief overview on the Governor's Proposed Budget, noting the \$25 billion deficit and the intent to address the state's fiscal challenges by reducing spending and tax increases.

Mr. Haywood commented on the Governor's Proposed Budget, highlighting: 1) Transportation is set at the current funding levels; and, 2) Reenactment of the swap to address the challenges with Proposition 26.

On order of Chairperson Powers and there being no objection, the Committee reviewed the Monthly Legislative History Matrix.

2000 MEASURE A CITIZENS WATCHDOG COMMITTEE REGULAR AGENDA

9. Review of 2000 Measure A Citizen Watchdog Committee Duties, Responsibilities and Limitations

Stephen Flynn, Senior Management Analyst, reported staff provides an annual review of the CWC's duties, responsibilities, and limitations that concurs with the review of the 2000 Measure A Financial Reports and Statements for the prior fiscal year.

Mr. Flynn continued that the CWC's responsibilities are: 1) review the 2000 Measure A expenditures to ensure the funds are being spent in accordance with the intent of the ballot; 2) conduct an independent audit of the 2000 Measure A Transportation Improvement Program (TIP) financial statements and records performed annually; 3) conduct public hearings and issue reports annually to inform the citizens of Santa Clara County on how the 2000 Measure A tax dollars are being spent; and 4) publish the results of the independent audit and the annual report in local newspapers.

Chairperson Powers expressed appreciation and thanked Macias, Gini & O'Connell (MGO) for their diligent work on the audit of FY 2009, which was clear, concise, and very well done.

On order of Chairperson Powers and there being no objection, the Committee reviewed the 2000 Measure A Citizen Watchdog Committee Duties, Responsibilities and Limitations.

10. Independent Auditor Initiation of Compliance Audit of FY 10

David Bullock, Certified Public Accountant (CPA), and Craig Boyer, CPA, representing Macias, Gini & O'Connell (MGO), a Certified Public Accounting Firm, provided a brief overview of the Independent Auditor Initiation of Compliance Audit of FY 2010.

Mr. Boyer directed attention to the presentation entitled, "MGO – Proud to be Boring Accountants - FY 09/10 Presentation to the CWC of the 2000 Measure A Transit Improvement Program," highlighting: 1) Auditor's Communication with those Charged

with Governance; 2) Auditor's responsibility under Generally Accepted Auditing Standards (GAAS); 3) Planned scope and timing of the audit; and 4) Significant findings from the audit.

Mr. Boyer stated that the meeting provides an opportunity for MGO to receive input from the Committee and to follow up on issues and/or concerns from the Committee on the proposed audit plan.

On order of Chairperson Powers and there being no objection, the Committee received the Independent Auditor Initiation of Compliance Audit of FY 10.

CITIZENS ADVISORY COMMITTEE REGULAR AGENDA

11. FY 2012 & FY 2013 Biennial Budget Assumptions

Joe Smith, Chief Financial Officer and Staff Liaison, reported that a high level overview of VTA's Budget process was provided at the January 6, 2011 Board of Directors Regular Meeting.

Mr. Smith introduced Carol Lawson, Fiscal Resources Manager, Budget, who reported that the biennial budget will be developed using the Expenditure Prioritization, Key Financial Principles, and Deficit Reduction Targets, which were recommended by the Ad-Hoc Financial Recovery Committee and approved by the Board.

Ms. Lawson reviewed the FY 2012 and FY 2013 Recommended Budget, timeline, including discussions at the April 22, 2011 Board Workshop and May Advisory Committees. Board consideration is scheduled for June 2, 2011.

Ms. Lawson provided a brief overview, highlighting: 1) Wages and Benefits; 2) VTA Investment Portfolio interest rate; 3) Sales Tax Growth; 4) Measure A Operating Assistance; 5) Low Sulfur Diesel Fuel Price; 6) Fares; 7) Bus and Light Rail Ridership; 8) Total Miles and Hours for Bus and Light Rail Fleet Size; 9) State Transit Assistance (STA) Funding Level; 10) Federal Operating Grants Preventive Maintenance Funding Level; 11) Capital Program Funding Level; 12) Operating Reserves Funding Level; and 13) Harvey M. Rose, LLC Recommendations.

Ms. Lawson stated there are no plans to reduce service or increase fares at this time. The budget assumptions do not reflect wage increases for American Federation of State, County, and Municipal Employees (AFSCME), Services Employees International Union (SEIU), and Transportation Authority Engineers and Architects (TAEA).

Ms. Lawson continued that VTA's projected sales tax growth rate assumptions are 3.49 percent in FY 2012 and 5.78 percent in FY 2013, which are based on Moody's Analytics' baseline trend forecast and are in the "Most Likely" category.

Ms. Lawson reported that Federal Transit Administration (FTA) Section 5307 grant program is designed primarily to fund capital acquisitions, noting funds can also be awarded for preventive maintenance activities in support of operations. Over the last couple of years, VTA has used 100 percent of available Section 5307 funds for preventive maintenance to offset the loss of Sales Tax Revenues and STA funding.

Ms. Lawson noted that beginning in FY 2012, VTA will gradually move toward the goal of reaching historical levels of 35 percent funding for Preventive Maintenance and

65 percent for Capital Replacement by FY 2018. The proposed Section 5307 funding split for operations support and capital replacement is scheduled as 90/10 percent split in FY 2012 with 80/20 percent split in FY 2013.

Ms. Lawson continued that the FY 2012 and FY 2013 VTA Transit Capital Program will be structured to use grant funds to the greatest extent. Debt Reduction Funds will be used to provide any required local matching funds for grants. Projects not eligible for grants will be prioritized based on pre-determined scoring criteria to provide the greatest emphasis to maintain the existing infrastructure, support functions, and service network.

The level of local funding available for non-grant eligible projects will be limited to the positive operating balance in excess of the 15 percent Operating Reserves goal if available.

Ms. Lawson stated that staff has reviewed the Harvey M. Rose proposed recommendations, noting some of the proposals will play a role in VTA's budget assumptions.

On order of Chairperson Powers and there being no objection, the Committee received the FY 2012 & FY 2013 Biennial Budget Assumptions.

COMBINED CAC AND CITIZENS WATCHDOG COMMITTEE ITEMS

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

Mr. Flynn noted the following agenda items would be agendaized on a future Committee Agenda: 1) Countywide Transportation Plan and 2) Independent Compliance Auditor Report.

Member Brownley suggested the Committee work with staff and the Board to develop a report or publication geared toward performance measures in the community.

Chairperson Powers suggested the Committee receive a briefing on Caltrain financial issues and solutions to identify long-term dedicated sources for operations. Member Chang stated that she would email the information regarding Caltrain Summit scheduled for January 21, 2011 to Ms. Helm's for distribution to the Committee.

Chairperson Powers referenced the CAC/CWC Confidential Roster, noting the importance for the Committee to adhere to the Brown Act by not participating in communications by e-mail or telephone.

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

OTHER

13. ANNOUNCEMENTS

There were no Announcements.

14. ADJOURNMENT

On order of Chairperson Powers, there being no objection, the meeting was adjourned at 6:07 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Office of the Board Secretary