

Policy Advisory Committee

Thursday, September 10, 2009
4:00 PM

VTA Conference Room B-104
3331 North First Street
San Jose, CA

AGENDA

CALL TO ORDER

1. ROLL CALL

2. ORDERS OF THE DAY

- The quorum requirement for this meeting is: 8

3. PUBLIC PRESENTATIONS:

This portion of the agenda is reserved for persons desiring to address the Committee on any matter not on the agenda. Speakers are **limited to 2 minutes**. The law does not permit Committee action or extended discussion on any item not on the agenda except under special circumstances. If Committee action is requested, the matter can be placed on a subsequent agenda. All statements that require a response will be referred to staff for reply in writing.

4. Receive Committee Staff Report. (Verbal Report) (Lawson)

5. Receive Chairperson's Report. (Verbal Report) (Abe-Koga)

6. Receive City Grouping Report. (Verbal Report) (Committee)

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

CONSENT AGENDA

7. Approve the Minutes of August 13, 2009.

REGULAR AGENDA

8. Review Freight Rail Relocation (FRR) Project Update. (Verbal Report) (Robinson)
9. Review update on Caltrain/High Speed Rail. (Verbal Report) (VTA Staff)
10. Discuss VTA Governance. (Lawson)

OTHER

11. Review PAC Work Plan. (Lawson)

12. ANNOUNCEMENTS

13. ADJOURN

NOTE COMMITTEE MEMBERS: In order to establish a quorum for this meeting, members are asked to call the Office of the Board Secretary (408) 321-5680 or E-mail: board.secretary@vta.org before 5:00 p.m. on the day prior to the meeting. Thank you for your cooperation.

In compliance with the Americans with Disabilities Act (ADA), those requiring accommodations or accessible media for this meeting should notify the Board Secretary's Office 48 hours prior to the meeting at (408) 321-5680 or E-mail: board.secretary@vta.org TDD (408) 321-2330. VTA's Homepage is located on the Web at: <http://www.vta.org>.

All reports for items on the open meeting agenda are available for review in the Board Secretary's Office, 3331 North First Street, San Jose, California, (408) 321-5680, the Monday, Tuesday, and Wednesday prior to the meeting. This information is available on VTA's website at <http://www.vta.org>, and also at the meeting.

Policy Advisory Committee

Thursday, August 13, 2009

MINUTES

CALL TO ORDER

The Regular Meeting of the Valley Transportation Authority (VTA) Policy Advisory Committee (PAC) was called to order at 4:02 p.m. by Chairperson Abe-Koga in Conference Room B-104 Valley Transportation Authority (VTA), 3331 North First Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status
Chris Moylan	City of Sunnyvale	Present
David Whittum (Alternate)	City of Sunnyvale	NA
Chuck Page	City of Saratoga	Absent
Kathleen King (Alt)	City of Saratoga	Absent
Dave Cortese	SCC Board of Supervisors	Absent
Michael F. Kotowski	City of Campbell	Present
Jason Baker (Alt)	City of Campbell	NA
Kris Wang	City of Cupertino	Absent
Gilbert Wong (Alt)	City of Cupertino	Absent
Perry Woodward	City of Gilroy	Present
Cat Tucker (Alt)	City of Gilroy	NA
Megan Satterlee	City of Los Altos	NA
Val Carpenter (Alt)	City of Los Altos	Present
Joe Pirzynski	Town of Los Gatos	Present
Diane McNutt (Alt)	Town of Los Gatos	NA
Pete McHugh	City of Milpitas	Present
Vacant (Alt)	City of Milpitas	NA
Marshall Anstandig	City of Monte Sereno	Present
Curtis Wright (Alt)	City of Monte Sereno	NA
Marby Lee	City of Morgan Hill	NA
Steve Tate (Alt)	City of Morgan Hill	Present
Margaret Abe-Koga	City of Mountain View	Present
Laura Macias (Alt)	City of Mountain View	NA
Pat Burt	City of Palo Alto	Present
Larry Klein (Alt)	City of Palo Alto	NA
Kansen Chu	City of San Jose	Present
Jamie Matthews	City of Santa Clara	Present
Jamie McLeod (Alt)	City of Santa Clara	NA
Rich Larsen	Town of Los Altos Hills	Absent

A quorum was present.

2. ORDERS OF THE DAY

There were no Orders of the Day.

3. PUBLIC PRESENTATIONS:

There was no Public Presentations.

4. Committee Staff Report

Jim Lawson, Senior Policy Advisor, reported 1) Board approval of three of the five VTA labor organizations: SEIU, TAEA and AFCSME. Negotiations with ATU are ongoing; 2) Employees enjoyed the Filipino American Fiesta at River Oaks. VTA Chairperson Dolly Sandoval attended the festivities; 3) Chairperson Sandoval and Vice Chairperson attended the San Jose Jazz Festival with VTA's mascot Terry Firma attended to promote transit' role in providing a sustainable, and accessible and environmentally responsible travel option; 4) VTA General Manager announced the process to reduce VTA Bus and Light Rail Service in order to deal with current financial challenges; 5) At the recommendation of the PAC the Board voted to advance the fare increase from January to October 2009; 6) Board approved the purchase of up to 107 forty foot, low floor, hybrid buses from the Gillig Corporation. The initial purchase of 70 vehicles is funded by Federal Stimulus American Recovery and Reinvestment Act funds (ARRA) at \$42 million with the balance of \$4 million coming from VTA Transit funds. These buses will replace the oldest vehicles in the fleet with low emission diesel electric hybrids; and 7) A series of public meetings are being held along the BART right of way to bring residents up to date on the progress of the project.

Mr. Lawson provided an update regarding the State Budget highlighting: 1) Largest impact for public transportation is the elimination of State funding for transit operations in FY 2009/10; 2) Use of \$562 million in unanticipated Public transportation "spillover" revenues are projected to accrue in FY 2010 to pay debt service on transportation bonds; 3) Redirection of \$225 million in Public Transportation Account revenues to the General Fund for transportation bond debt service; 4) Appropriates to cities and counties the remaining amount of bond funds authorized in Proposition 1B for local streets and roads; 5) Delays the first and second quarter payments under Proposition 42 for local streets/roads to the third quarter (March 2010) of the fiscal year; 6) Provides for a loan of \$135 million from the State Highway Account to the General Fund to be repaid by June 30, 2013; and 7) Appropriates \$134 million in Proposition 1A bond funds to the California High – Speed Rail Authority.

Member Moylan commented that VTA Board Chairperson mentioned at the Regular Board Meeting August 6, 2009 the PAC Committee recommended accelerating the fare increases from January 2010 to October 2009.

5. Chairperson's Report

There was no Chairperson's Report.

6. **City Grouping Report**

There was no City Grouping Report.

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

Member Chu arrived at the meeting and took his seat at 4:10 pm.

CONSENT AGENDA

7. **Minutes of May 14, 2009**

M/S/C (Mc Hugh/Pirzynski) to approve the Minutes of May 14, 2009. Alternate Member Carpenter abstained.

8. **VTP Highway Program Semi – Annual Report**

On order of Chairperson Abe-Koga and there being no objection, the Committee reviewed the VTP Highway Program Semi – Annual Report.

9. **Programmed Projects Quarterly Monitoring Report for April – June 2009**

On order of Chairperson Abe-Koga and there being no objection, the Committee reviewed the Programmed Projects Quarterly Monitoring Report for April – June 2009.

Member Burt arrived at the meeting and took his seat at 4:25 pm.

REGULAR AGENDA

10. **January 2010 Service Changes**

Jim Unites, Deputy Director, Operations Service & Operations Planning, provided a report regarding the Transit Service Reduction Plan highlighting: 1) Financial Overview; 2) Public Outreach; 3) Schedule; 4) Service Reductions and major changes; and 5) Environmental Review.

Mr. Unites reported there will be an 8 percent decrease in bus service hours. He noted changes to 62 of VTA's 73 bus routes and cancellation of 6 routes. He commented 47 major route /schedule changes and weekend changes are proposed.

Mr. Unites reported Light Rail service changes will experience 6.5 percent decrease in car hours with the discontinuation of Mountain. View service after 10:30 pm and the reduction of train consist sizes.

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

Mr. Unites provided an update of impacts including: 1) Operating Expenses; 2) Ridership; and 3) Paratransit. He noted the Environmental review is scheduled with the CEQA requirement, initial study, negative declaration Public Hearing and Comments, and VTA Board Adoption.

Committee Member Chu commented he has received constituent complaints on the proposed deletion of the River Oaks Shuttle as residents in the area assist in paying for this service. Staff explained the shuttle was a City of San Jose development condition of the housing developers of the area. VTA entered into partnership with the developers (reviewed annually) to operate the shuttle as a public service. The developer pays about \$60, 000 annually. They pass those fees to the homeowners as a component of rent or homeowner's association fees. VTA contributes approximately \$246, 000 annually and the air district provides \$9,500.

Mr. Unites reported shuttle ridership is low averaging about 4 passengers per trip and is scheduled for deletion. Staff indicated the developer must provide shuttle service under the terms of the development condition. He noted it is a City of San Jose issue to address.

Member Chu commented service reductions can impact the general public's support of the BART project.

Member Kotowski indicated he attended the public meeting in the City of Campbell and it was well attended. He commended VTA staff for their good work.

Chairperson Abe-Koga expressed concern regarding the deletion of Line 34 which serves seniors in Mountain View. She noted VTA staff had started meeting with stakeholders in Mountain View to develop improvements to this community bus before the need for service reductions. She asked the process to continue even if the route is discontinued. She mentioned seniors commented they are willing to pay a higher fare to keep the service.

Member Burt questioned whether structural changes to VTA's sales tax revenue stream were occurring especially in a shift in the business to business sales tax. He inquired regarding employee retirement contributions and indicated the San Mateo County Grand Jury has recommended in that County public agencies implement a two-tiered system to save expenses.

On order of Chairperson Abe-Koga and there being no objection, the Committee reviewed the January 2010 Service changes.

11. Implementing the Regional Transportation Plan: MTC's Proposed Policies

John Ristow, Chief Congestion Management Officer, provided a report indicating Staff's recommendations with regards to MTC's proposed programs. He reported the core programs proposed by the Metropolitan Transportation Commission (MTC) include:

1) Freeway Performance Initiative (FPI); 2) Transit Capital & Regional Streets and Road Rehabilitation (“Fix It First”); 3) Transportation for Livable Communities (TLC); 4) Regional Bike Program; and 5) Climate Initiatives.

Mr. Ristow indicated the MTC adopted a Regional Transportation Plan for the Bay Area on April 22, 2009. The plan follows 3 main themes to establish transportation policy, economy, equity, and environment. He further outlined the goals to carry out the plan from the policy themes include: 1) Maintenance and Safety; 2) Reliability Efficient Freight Travel; 3) Security and Emergency Management; 4) Clean Air; 5) Climate Protection; 6) Equitable Access; and 7) Livable Communities.

Mr. Ristow indicated VTA staff recommends a portion of the funds allocated for the Freeway Performance Initiative (FPI) shift to the Transit Capital & Regional Streets and Road Rehabilitation (Fix It First”). He further noted staff recommends regional policy making should occur on the regional level and more implementation and funding decisions should occur on the local level.

Member Moylan expressed concern with MTC’s proposal of allocating 2/3’s of the funding be programmed at the regional level. This would require Santa Clara County projects to compete with the eight other Bay Area Counties for the funds. He recommended land use decisions should be made locally. He further supported staff’s recommendation the Freeway Performance Initiative should not be aggressively funded rather move to “Fix It First.”

Member Pirzynski proposed aggressively lobbying MTC representatives to take a leadership role and encourage support of PAC’s recommendation.

The Committee discussed incorporating the “Fix It First,” “Regional Policy/Local Implementation” and ‘Simplification” aspects of the VTA staff proposal. The Committee also discussed whether to recommend that MTC and Caltrans consider total travel time on both the freeways and the local street system before the determination of installing or activating ramp meters.

M/S/C (Pirzynski/McHugh) to adopt VTA staff recommendations with regards to MTC’s proposed programs. The Committee unanimously recommended: 1) Specify that two-thirds of Transportation for Livable Communities (TLC) programming of the Congestion Management Agency’s (CMA) be the minimum desirable level; and 2) Recommend the VTA Board of Directors and other elected officials in Santa Clara County individually and collaboratively advocate VTA’s policy positions to the MTC Commission.

12. Joint Development Portfolio & Priority Schedule

Bijal Patel, Deputy Director Property Development and Management, provided a PowerPoint presentation regarding the Joint Development Program Update highlighting: 1) Compilation of Real Estate Inventory; 2) The Joint Development Portfolio including

the categorization of assets and research; 3) The Priority Schedule; and 4) The Next Steps.

Ms. Patel provided a comprehensive summary of the basic data on all VTA controlled real estate assets suitable for revenue generation. She indicated assets must first meet the following criteria: 1) Property is owned, leased or otherwise controlled by VTA; and 2) Property offers potential for revenue generation through leasing, joint development, sale, licensing or other asset disposition.

There are over 40 real estate sites with potential to generate revenue. The sites range in size from less than an acre to over 120 acres. Ms. Patel noted the sites are located throughout Santa Clara County. She further indicated the real estate inventory is to be segregated into 4 categories: 1) Joint Development; 2) Interim Leasing; 3) Permanent Disposition; and 4) Land Banking.

On order of Chairperson Abe-Koga and there being no objection, the Committee reviewed the Joint Development Portfolio & Priority Schedule.

Member Burt left the meeting at 5:37 pm.

13. Grand Boulevard Initiative – Status Report

Robert Swierk, Senior Transportation Planner, provided a PowerPoint presentation regarding the Grand Boulevard Initiative – Status Report highlighting: 1) Initiative Overview; 2) Initiative Vision; 3) El Camino Real – State Route 82; 4) Background of the Boulevard Task Force; 5) Guiding Principles; 6) Progress to Date; 7) Benefits to VTA and Member Agencies; and 8) Moving Forward.

On order of Chairperson Abe-Koga and there being no objection, the Committee reviewed the Grand Boulevard Initiative – Status Report.

14. Development Program Enhancements & Proactive CMP Report April – June 2009

Robert Swierk, Senior Transportation Planner, provided a PowerPoint presentation regarding Development Review Program Enhancement highlighting: 1) VTA's Development Review Program; 2) Review Process; 3) Enhancements; 4) Enhancement Approach; 5) Improve Process & Reporting; 6) Expand Outreach & Influence; 7) Conduct Targeted Research; 8) Proactive CMP Report; 9) Proactive CMP Report Enhancements; and 10) Schedule.

On order of Chairperson Abe-Koga and there being no objection, the Committee reviewed the Development Program Enhancements & Proactive CMP Report April – June 2009.

15. Advisory Committee Enhancement Update: August

Jennie Loft, Public Information Officer, and Stephen Flynn, Senior Management Analyst, provided a report regarding the Advisory Committee Enhancement Update for August.

Ms. Loft stated at the July 22, 2009 meeting a consensus was not reached to modify advisory committees structure. Ms. Loft provided an overview of the goals and accomplishments of the Task Force. She stated the report will be forwarded to the September 2009 Administration and Finance Committee for consideration.

Ms. Loft thanked Chairperson Abe-Koga, Vice Chairperson Page, and Member Moylan for their diligence and hard work on the Task Force.

Member Moylan stated the Chairperson for the Committee for Transit Accessibility recommended a meeting should be held periodically with all Chairpersons of the Advisory Committees to discuss pertinent issues to place on the work plan.

On order of Chairperson Abe-Koga and there being no objection, the Committee received the Advisory Committee Enhancement Update: August.

16. Advisory Committee Enhancement (ACE) Subcommittee Report

On order of Chairperson Abe-Koga and there being no objection, the Committee reviewed the Advisory Committee Enhancement (ACE) Subcommittee Report.

OTHER

17. Committee Work Plan

The Committee reviewed the Work Plan.

On order of Chairperson Abe-Koga and there being no objection, the Committee reviewed the Work Plan.

18. Announcements

There were no Announcements

19. ADJOURNMENT

On order of Chairperson Abe-Koga and there being no objection, the meeting was adjourned at 5:53 p.m.

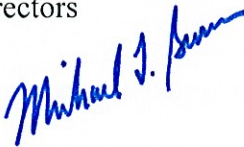
Respectfully submitted,

Jacqueline Golzio, Board Assistant
VTA Board of Director

MEMORANDUM

TO: VTA Board of Directors

FROM: Michael T. Burns
General Manager



DATE: August 27, 2009

SUBJECT: Governance Issue

At the August 20 Administration and Finance Committee (A&F) Meeting, the Committee received an update on activities related to the governance issue. As you know, the Board through the A&F Committee is attempting to address the concern raised in the Organizational and Financial Assessment that Board turnover is an impediment to continued good governance of VTA.

Staff presented an update on activities with the three small city groups concerning the selection process for next year's Board members. Staff reported that the West Valley cities had settled on a process in keeping with their past practice. The North County cities are working toward a resolution having last met in April and are planning to meet again in September. The Milpitas, Morgan Hill and Gilroy Group (MGM), despite regular meetings, is still wrestling with the challenges of a geographically separated city grouping.

Mayor Bob Livengood of Milpitas addressed the committee and stated that the current city group does not work and while not perfect, the recommendation of moving Milpitas into a group that includes Sunnyvale and Santa Clara was what the City of Milpitas wanted.

Discussion followed among the committee members. The committee ultimately agreed to send a copy of the transcript from this discussion to the member cities affected (MGM group, Sunnyvale) to convey the content of the discussion and encourage a solution going forward. The transcript is attached and has been slightly edited for readability. I would ask that if any content is misrepresented, it be brought to everyone's attention.

This item will be considered for the expected final time at the October 15 A&F Committee Meeting with the intention that a recommendation will be forwarded to the Board of Directors at their November meeting.

If you have any questions or need further information, please contact Jim Lawson at (408) 321-5516 or Scott Haywood at (408) 321-7544.

AF Agenda Item #17 – VTA Governance
Transcript.

Lawson provided his staff report (Committee Memo Attached)

- Casas: Just an update on the North County Cities. Yoriko Kishimoto is running for State Assembly and she's been chairing the North County Cities Meetings. She's been busy. We'll be meeting in September to finalize our methodology and then complete the process to ensure that we have those members selected by the end of November.
- Gage: I think we need to bring this to an end. We've been dealing with this for about 6¹ years as I recall back when we started when Forrest and I, when we started talking about it. I'd like to see us make a final decision by the October meeting on what we want to do because it keeps on coming back like a bad dream. I know we have Mayor Livengood here, did you want to say a few words?
- Livengood: I am the Mayor of Milpitas and I think Jim has encapsulated what's been happening with the other groups and Mr. Casas as well with the North County. I would like to make brief comments about the group that Milpitas has been a part of since 1994. We have sent a couple of letters to you and I think you probably know that the City of Milpitas is not happy with the prospect of staying within the Group 4 with the Cities of Morgan Hill and Gilroy. We have never really liked that arrangement, we have never really thought that there was any logical reason why Milpitas is grouped with Morgan Hill and Gilroy. So for us the status quo doesn't work anymore. We don't want to be in Group 4. We want to move and be in a different grouping. So that's our first priority. We want to change the current groupings.
- There have been a lot of proposals that have been floated on how to make that change and what it looks like. And frankly, none of them are perfect and we are not completely happy with any of them. However, the one that makes the most sense to us is the proposal that puts Milpitas in a grouping with Santa Clara and Sunnyvale. And the reason for that is many fold. First off, we think there are some very direct connections and a lot of nexuses between the 3 cities, the light rail line that three cities share, the county expressway systems that are predominant in all 3 cities, population wise we are, three of the 5 largest cities in the county, development of anything along those corridors affects all three cities. We have Freeway 237 that connects all 3 cities as well. So we have a lot of things that pull us together, those three cities. So we like that part of the proposal.

¹ Ad-Hoc Restructuring Committee Members in 2003 : Gage, LaPoll, Pirzynski, Williams
Ad-Hoc Restructuring Committee Members in 2004: Gage, Pirzynski, Williams
Ad-Hoc Restructuring Committee Members in 2005: D. Chu, gage, Pirzynski, Williams

I would be remiss if I didn't mention that we also feel that the same proposal presents a problem with overall representation for South County based on population formula that will really grant them, a little bit more, in terms of representation than, Mr. Casas' group will get or my group would get. However, I think that offsetting that and balancing that, the South County is a very different, and distinct and diverse, from the rest of Santa Clara County. So granting them representation on a full time basis on the VTA Board while it may be an overrepresentation; it is important that the South County be heard. They are a distinct area and they have their own set of issues, their own transportation challenges that are not shared by the rest of Santa Clara County. So in a nutshell, 1) Milpitas doesn't want status quo, we don't accept it anymore. We are not interested in staying in that group; and 2) it makes the most sense for us to be with Santa Clara and Sunnyvale based on a lot of issues. That's how we landed, recognizing that none of these proposals are perfect for us but clearly any of them is better than what we have today. There can be no logical argument for continuing having that group with Milpitas, Morgan Hill, and Gilroy. It just doesn't make any sense. Our position is that we hope this Committee and ultimately the VTA Board will make that change and move Milpitas with Santa Clara and Sunnyvale and I think all in all, although not perfect, will be much better than what we have today. Thank you.

Gage: Thank you Bob. I'm sure they'll take that into consideration. I tell you this goes back to the time when I was the Mayor of Gilroy and Jim was on the Milpitas Council and we were arguing then about transportation issues and trying to switch who's going to be in charge because Milpitas had a whole bunch of stuff and Gilroy had a whole bunch of stuff. So it's time to bring it to a close, it's been 15 years, I think anything that takes that long, either they need to forget it or just take into consideration those proposals. And I know that Morgan Hill and Gilroy just have nothing in common with Milpitas. You have BART going through Milpitas and 50% percent of the rural land in South County, which presents a lot of problems in itself in terms of buses and paratransit and etc.

Casas: Sunnyvale did vote against that very proposal as a city (combining Sunnyvale, Santa Clara and Milpitas as a city group). And of course the West Valley is doing successful in their current configuration and North County is successful in their current configuration. And obviously San Jose is able to work effectively. It's unfortunate that the alignment that had been historically designated has three communities that have 2 which have similarities and 1 that does not. Not finding a way to collaboratively work together on representation to the VTA Board is problematic. Shared interests, shared concerns, I think you do have similar transportation concerns. You have 680 coming up to Pleasanton, they have 152 going up Pacheco Pass. You have a lot of people going through your communities.

However, I totally understand where you are coming from. And so we have a dispute. This is where Greg Sellers and I had significant difference in opinions because if it's working everywhere but this one group, by disrupting other groups, and not having a relatively reasonable solution that doesn't create additional conflicts, has been kind of a catalyst. The VTA Board only has certain conditions that we can support as it is the cities that actually come to the conclusion. I think that it has been an interesting discussion and we already know that West Valley will already be moving forward with their recommendation for individuals for VTA. North County is going to be moving forward, but for the MGM group I think it's something that we're going to have to figure out a way to help to mediate some of the challenges that are being presented in Group 4. So I'd be happy to offer VTA Board support to help resolve the MGM issues.

Livengood: David, we would welcome VTA's position. However, they have made very clear to me through a letter from Chair Kniss that they are not going to do that. VTA staff is not going to get involved in the issues related to Milpitas, Morgan Hill, and Gilroy. So that's not going to happen. In short that leaves me in a position, what am I supposed to do? I've got two small cities who together, their population, is just a little bit greater than the City of Milpitas, but they hold all the cards. I don't have any cards because I am one vote out of three. And yet our population is growing. By the next Census, we'll be the fourth largest city in Santa Clara County. And I have no clout in my group because Morgan Hill and Gilroy have clearly said we're sticking together, we're taking the Board seat, and we're going to be the alternate as well. So that leaves Milpitas with BART coming through, 72,000 people, with the most diverse community in Santa Clara Valley, with no representation. Not the alternate, and not the regular, because they have said, the MGM group has met, and Gilroy and Morgan Hill have said, "Milpitas, you will no longer be getting these seats." So I can't, in good conscience sit before you or anybody else and say I am okay with that. I've got this huge project to go to my city that's going to have the most impact in the City of Milpitas more than any other city in the valley. I can't say to you or anybody that it's okay with us. The answer to your question is, we would love for the Board to step in and fix that but they said they won't. If the Board was able to step in and say, "okay Milpitas, Morgan Hill and Gilroy, you will continue the current rotational system you had for 15 years," and that means Milpitas is due to get the regular seat in December of this year, we will be fine with that. But VTA is telling us, "we would not do that."

Casas: I think what it comes down to, I would say San Jose has the largest block of votes within the cities because it's the combined cities that we hope to make the decision, that there may be a resolution, that if cooperation can't be encouraged, that there is a hammer associated with that. And I don't know if that's something that Morgan Hill and Gilroy have fully

understood. Again, there are additional opportunities over the next couple of months to have that discussion. Entrenching an idea of non-participation does not make a lot of sense, especially when we're talking about countywide or regional issues. So I think that there may be a viable alternative for the Board of Directors and the City of San Jose to mediate the challenges Group 4 is facing by entering the discussion on how it can be resolved.

Gage: I hear what Bob is saying and what David is saying but you also have to look at the position from Gilroy and Morgan Hill. You know some of the projects that we have going down there, in the first place, High Speed Rail is going through there, it's going through San Jose, it's not going to Milpitas, it's not going to Palo Alto or Los Altos or any of those. But on top of that we have the realignment of 152 and 101 through there and a lot of things. If Milpitas is in that position in dealing with BART, we have a lot of issues that are coming down there because a lot of the population has moved south of us and now travels through the valley. I hear what Bob is saying and I agree with him and I know that where you want to go is to have a two year or is it two terms?

Burns: For the Board appointments, they are two-year appointments but the intent is to try to get appointments for a consecutive 2 year terms resulting in 4 year terms for Board Members.

Gage: I guess my point is, if you're doing that and you have things that are more in common, it's easier to work together than it is for Gilroy or Morgan Hill. Bob, I know BART is coming in and it's important. However we have all these things going on, we need your help here. The current grouping is not going to work, it hasn't worked, even though there have been rotations, its just doesn't work. So right now Gilroy is over 50 thousand and Morgan Hill is approaching 40 thousand, that's 90 thousand people. There's another 6-7 thousand in San Martin, so you're talking 100k people down in South County now and that population is the fastest growing per capita in Santa Clara County. That is a topic for another day. I really want to bring this issue to closure and I am going to recommend that to our chair that at least by October, we can at least vote on it. If we can't do anything else, let's just vote and get it out of the way because we've been messing around with this for about 6-7 years and that's long enough.

Reed: I have some questions. I am looking at the staff report, summary of what the Board has already done with this issue, Item #1 – Eliminate the concept that city groups select their representatives through a rotation process. Was that a requirement or just that a practice?

Lawson: The rotation process was established when the small city groups came together and it seemed to be a fair way to distribute representation.

Reed: Understood. That was a practice, but was it a requirement of the VTA Board to rotate?

Lawson: The VTA Board is not in a position to do that. To correct Mayor Livengood, it's not that we won't, we can't get involved in the relationship within a small city group. Each of those city groups have established the rotation process and the Hay Group had identified that as a cause for rapid board turnover.

Reed: I get that. Is the VTA Board in a position, if it wanted to, to grant Mr. Livengood's wish to insist that that city group rotate the seats?

Casas: San Jose as a city amongst the other cities is in the position.

Allmand: Each city grouping is responsible for determining the selection of their appointees.

Reed: Right, unless we make a big change.

Allmand: Correct and all cities agree to it. Because this goes back to the Joint Powers Agreement back in 1994 that established the groupings and provided that each grouping has the autonomy to determine the selection of the representatives.

Reed: I was just trying to figure out what my options are. So it's not an option for VTA Board to tell those 3 cities they should rotate.

Allmand: That's correct. It's up to them.

Reed: Unless we want to reorganize things and have the vote of all cities and have to pass by majority of the cities and majority of the population.

Allmand: That's correct, amend the JPA.

Reed: That's our only choice to solve the problem that Milpitas is having right now?

Gage: Oh no, there's other choices there. If the cities of Sunnyvale and Santa Clara and Milpitas chose to get together in a new city grouping...

Casas: That still requires a majority of the cities with a majority of the population to agree.

Gage: If everybody agreed to that, why won't the other cities agree to that?

Casas: Well Sunnyvale has already voted against that concept.

Gage: Because they'll have another rotation in there?

Casas: Yeah. So I think the challenge is, and I wasn't at the meeting so I can't speak to it. When I was talking about San Jose actually having the hammer, they have the majority of the population. And although it's just one city, it has the majority of population in Santa Clara County. So the way to accomplish this rotation is to have San Jose enter into the fray as a city encouraging the cooperation of the other cities looking at how this could be resolved.

Reed: But that will take the vote of all cities.

Casas: And it changes the idea.

Reed: And it changes the JPA in order to require these 3 cities to rotate or to change the groupings to put Santa Clara, Sunnyvale, and Milpitas.

Lawson: To be very precise, it would require the vote of the VTA Board of Directors, Santa Clara County Board of Supervisors, and majority of the cities with a majority of the population.

Reed: All four have to say yes, in order to change the JPA.

Lawson: Correct.

Allmand: And a resolution is adopted.

Reed: Let me ask you a question Mayor Livengood, the South County cities said they're not going to rotate the position, or they are just going to do a four year term?

Livengood: They said to me and at the MGM meeting Milpitas will no longer, as long as the grouping stays the way it is, it's their intention that Gilroy and Morgan Hill will hold both seats. Milpitas is scheduled to get the seat per the previous rotation coming up this December. They have said that from this point forward, they will, Gilroy and Morgan Hill will share one the regular position and one the alternate position. Milpitas will not have neither, forever.

Reed: Well I don't like that and I'd certainly support a resolution of the VTA Board that says don't do it that way.

- Casas: And that would be the vote of the VTA Board position without being a directive.
- Reed: It's not a directive, I mean, I don't think it's a good way to do business so we might have the power of persuasion as opposed to power of direction.
- Casas: I don't think a city council would want to be seen as uncooperative. And again, I see you (Milpitas) as sitting in a very unfortunate seat and I appreciate your advocacy on trying to resolve the issue in one way or the other.
- Livengood: And one thing that's happening right now is we're so wrapped up in this whole governance thing that I have told my staff we've got to fix this first before we deal with BART. We've got projects, we've got your staff calling us and saying we have issues to discuss with you regarding BART. We can't deal with BART and all these environmental issues until we get this governance issue resolved. All that BART work is going to wait, it's going to cost delays, going to cause cost increases for VTA and a lot of issues are going to pop up in the next couple of months because we're not ready to deal with BART unless we get this governance issue resolved. That's where we're spending all of our time. I've got two of my staff members here today, and that's what we're spending our time on, figuring out how do we, as a city, get representation on the VTA and that's what our number one priority is and all that other stuff has taken a back seat.
- Casas: So I think a resolution along the lines you have spoken is appropriate. We can't force the hand but we can strongly encourage cooperation.
- Gage: We can encourage Sunnyvale too to make an exception. I think there's an issue there. Because everybody else has something in common, and we don't. Milpitas certainly has needs just like we do but there's nothing to talk about because their issues are 180 degrees different than what ours are. And so the cities down there feel they can't get anything accomplished, we're in the southern end of the county and I think you've heard North County, Palo Alto saying the same thing.
- Casas: Within our city grouping I would say Los Altos Hills has limited or no interest in common issues, completely different, and yet they work collaboratively together, both as communities and representatives. So I think there is clear opportunity to do that. It's just unfortunate that personalities have found themselves entrenched. Again, I think a resolution is an appropriate thing to do.
- Burns: We have heard the sentiment of the Committee, and heard from Mayor Livengood. Why don't we provide that sentiment, using the minutes so there's no editorializing, to the three cities in the city grouping and

encourage them to try to come to some agreement and report back in September to A&F rather than going to the Board directly at this time. Let everybody know the sentiment of the committee and what's been said here today and see if the cities themselves can come to some agreement.

Casas: I would support that.

Gage: Send it to Sunnyvale as well. They need to be part of this discussion.

Livengood: I'm fine with that Mike, I just want to make sure that when you make this position clear to the 3 cities that you also say that Milpitas' position is we don't want to be in group 4 and we do support a grouping that has Milpitas, Sunnyvale, and Santa Clara. That will be our number one request none of it is perfect for us but it's the best thing we've seen so far.

Gage: I have one more year after this year to serve so even if they rotate they'll still have representation down there on the Board from the Board of Supervisors and a voting member. Ken, is not a voting member but he's also a supervisor. We ought to be able to work this thing out. I am not trying to take sides here but I do understand the relationships between the cities and you know, I think we're fighting over ground that all we have to do is work together and we can solve the problem. I don't know if it's going to get you anywhere if we don't work together anyway. Milpitas got into the rotation and Morgan Hill and Gilroy said "Hey Bob, we need some help here." And you know it's in your best interest to help because the next time around they may say, "Gee Bob, we asked you the last time you didn't care so you know, take a hike." So I'd like to see the cities work it out. Because that's my only issue from my perspective in my district south county. But I also understand for years and years we've tried to work together. It's not that we haven't worked together, it's just that we have issues that are so different that there's really nothing in common to talk about. And it just takes more time, more meetings and everything else than it would take if you have common issues. So that's just food for thought. Bring it back, that's a good suggestion and we'll go from there. So that item will not be forwarded to the Board.

Later during Items of Concern and Referral to Administration.

Casas: Request to bring back in October as he will not be attending in September.

Gage: Fine with me. Any objections – no.



Date: August 11, 2009
 Current Meeting: August 20, 2009
 Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Senior Policy Advisor, Jim Lawson

SUBJECT: VTA Governance

Policy-Related Action: Yes

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Direct staff to monitor the city groups' implementation of the governance recommendations approved by the VTA Board of Directors at their May 1, 2008 meeting and continue to investigate any additional strategies for improving VTA's governance.

BACKGROUND:

VTA engaged the Hay Group to conduct a comprehensive Organization and Financial Assessment (Assessment). As a result of the Assessment, VTA received a set of recommendations designed to strengthen VTA's governance, financial management and organizational effectiveness.

In the area of governance, the Assessment identified Board turnover as a critical challenge to VTA's governance structure. Turnover is particularly high for the small city groupings. The Assessment recommended that the Board examine alternatives to lengthen the term of office for Directors and to work with appointing authorities to ensure that eligibility to serve on the Board include appropriate qualifications and that there is enough time left in the elected official's term of office so they do not "term out" during their tenure as a Director.

To further address these issues, as well as concerns regarding the geographical configuration of the small city groupings, Director Sellers was asked to work with VTA staff and consultants to develop recommendations for the Board's consideration.

The recommendations were presented to the Policy Advisory Committee (PAC), the Citizens Advisory Committee (CAC) and several city councils. At the May 1, 2008 Board of Directors meeting, the Board approved the following recommendations:

1. Eliminate the concept of city groups selecting their representative(s) through a rotation process. Each of the city groups will "select" their representative(s) to serve as a Director on the VTA Board.
2. VTA Directors will still serve two-year terms. However, the appointing authorities will be encouraged to reappoint representatives to consecutive terms.
3. Include a process for selecting VTA Directors within the city groups. VTA Directors should have the required experience and qualifications in transportation.

At the request of Director Casas, the Board deferred taking action on a fourth recommendation which would have amended the VTA Administrative Code regarding reconfiguring the small city groups until the August 7, 2008 Board of Directors meeting. This allowed Director Casas and Director Sellers additional time to work together as the Governance Committee to discuss the recommendation and determine if there are additional governance alternatives the Board should consider.

The two members of the governance committee invited two members of the PAC and two members of the CAC to participate in the committee's activities. They met regularly in the spring and early summer and developed an alternative recommendation for the Board to consider.

At the August 7, 2008 VTA Board of Directors meeting, the Board appointed the Administration and Finance (A&F) Committee to take up the issue and make a recommendation to the Board on the proposed changes to VTA's governance.

The A&F Committee discussed the issue at its August 21, 2008 meeting. The Committee requested that staff return in September with a summary of several proposed changes to VTA's governance as well as the necessary legal steps required to implement any of the proposals.

At the September 18, 2008 A&F Committee meeting, the committee reviewed the necessary legal steps required to implement the proposals and directed staff to develop a presentation for Santa Clara County cities and the County Board of Supervisors. The presentation would provide an overview of the governance options and determine if the cities and county have a preferred alternative.

At the October 16, 2008 A&F Committee meeting, the committee agreed to evaluate the effectiveness of the governance changes approved by the Board at their May meeting prior to implementing any additional changes. The committee agreed to revisit the item in one year. In the interim, the city groups need to decide amongst themselves how they will make their appointments to the Board in-lieu of the board rotation schedule. The committee directed staff to develop a schedule for working with the cities on the governance changes and to report the progress back to the committee.

Staff has been following the schedule that was presented to the A&F Committee at their November 20, 2008 meeting.

January - March, 2009

Staff attended city group meetings and strategized with cities regarding options for appointment processes.

April, 2009

Staff provided an update to A&F Committee.

April - July, 2009

Staff continued to work with the city groupings on the selection process.

August, 2009

Staff was directed to report back to the A&F Committee at their August meeting on the progress the small city groups have made.

November, 2009

VTA to request each city grouping forward their appointment(s) to the Board for 2010.

DISCUSSION:

The elimination of the rotation schedule has the potential to achieve many of the goals that the Hay Group recommended. Members will no longer be simply rotated onto the Board but must gain the support and trust of their colleagues within their city group. If directors perform well on the Board, the city group may request that they serve several terms, therefore eliminating the high turnover problem.

Because the power to select members now rests squarely with the city group members and not with the rotation schedule, members will need to be even more accountable to one another regardless of the city they represent.

There does remain a strong interest from several cities to reconfigure the existing city groupings. As the committee is aware, strong opinions exist on this issue, however there does not appear to be consensus on a single approach. Staff welcomes any and all ideas to increase the effectiveness of VTA's governance and will continue to provide support to the small cities on this issue.

ALTERNATIVES:

The committee can provide alternative recommendations to the City Groups and/or the Board.

FISCAL IMPACT:

There is no financial impact.

Prepared by: Scott Haywood, Policy & Community Relations Manager
Memo No. 2188