

## **POLICY ADVISORY COMMITTEE**

Thursday, January 13, 2011  
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: 9

**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) (Matthews)**

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

#### **CONSENT AGENDA**

**6. Approve the Regular Meeting Minutes of November 10, 2010.**

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## REGULAR AGENDA

7. INFORMATION ITEM - Receive nomination subcommittee report. (Verbal Report)
8. ACTION ITEM - Conduct voting to determine the Committee's chairperson and vice chairperson for calendar year 2011 to complete the election process.
9. INFORMATION ITEM - Receive a report on the FY 2012 and FY 2013 Biennial Budget Assumptions.
10. INFORMATION ITEM - Receive a report on High Speed Rail Update. (Verbal Report) (Fisher)
11. INFORMATION ITEM - Receive an update on the Sustainable Communities Strategy activities as part of the implementation of SB 375.

## OTHER

12. Review PAC Work Plan. (Lawson)
13. ANNOUNCEMENTS
14. ADJOURN

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## Policy Advisory Committee

Wednesday November 10, 2010

### MINUTES

#### CALL TO ORDER

The Regular Meeting of the Valley Transportation Authority (VTA) Policy Advisory Committee (PAC) was called to order at 4:07 p.m. by Chairperson Jamie Matthews in the Auditorium, Valley Transportation Authority (VTA), 3331 North First Street, San Jose, California.

#### 1. ROLL CALL

Attendee Name	Title	Status
Jim Griffith	City of Sunnyvale	Present
David Whittum (Alternate)	City of Sunnyvale	NA
Howard Miller	City of Saratoga	Present
Kathleen King (Alt)	City of Saratoga	NA
Dave Cortese	SCC Board of Supervisors	Absent
Michael F. Kotowski	City of Campbell	Present
Jason Baker (Alt)	City of Campbell	NA
Gilbert Wong	City of Cupertino	Absent
Barry Chang(Alt)	City of Cupertino	Absent
Cat Tucker	City of Gilroy	Absent
Dion Bracco(Alt)	City of Gilroy	Absent
Megan Satterlee	City of Los Altos	NA
Casas, David (Alt)	City of Los Altos	Present
Joe Pirzynski	Town of Los Gatos	Present
Diane McNutt (Alt)	Town of Los Gatos	NA
Vacant	City of Milpitas	Absent
TBD (Alt)	City of Milpitas	Absent
Marshall Anstandig	City of Monte Sereno	Present
Curtis Wright (Alt)	City of Monte Sereno	NA
Marby Lee	City of Morgan Hill	Present
Steve Tate (Alt)	City of Morgan Hill	NA
John Inks	City of Mountain View	Present
Jac Siegel (Alt)	City of Mountain View	NA
Gail Price	City of Palo Alto	Absent
Larry Klein (Alt)	City of Palo Alto	Absent
Kansen Chu	City of San Jose	Absent
Jamie Matthews	City of Santa Clara	Present
Jamie McLeod (Alt)	City of Santa Clara	NA
TBD	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 were no Public Presentations.

## 4. **Committee Staff Report**

Jim Lawson, Executive Policy Advisor and Staff Liaison, provided a report, highlighting: 1) VTA unveiled the new hybrid buses. Congress Members Zoe Lofgren and Mike Honda, Silicon Valley Leadership Group (SVLG) President Carl Guardino, and VTA Board Chairperson Sam Liccardo attended the unveiling. The vehicles were purchased with American Recovery and Reinvestment Act (ARRA) funds and manufactured locally. The manufacturer, Gillig Corporation, estimated that 338 local jobs were supported by the purchase; 2) Ridership indicated a moderate increase over the last year reversing a long-term negative trend; 3) Fare revenues have remained constant; and 4) Bids were received for the Blossom Hill Bicycle and Pedestrian Overcrossing. Completion is scheduled for September 2011.

Mr. Lawson congratulated Chairperson Jamie Matthews for being elected Mayor of the City of Santa Clara and, Member Anstandig re-elected to the Monte Sereno City Council.

Mr. Lawson reported Measure B, the \$10 vehicle registration fee for roadway repairs was passed by voters. Also passed by voters was Proposition 22, which is designed to stop state raids on gas tax funds.

Mr. Lawson noted the Board of Directors recognized outgoing VTA Board Member Don Gage for his leadership and service to VTA. VTA Board Member Liz Kniss will replace Board Member Gage on the Caltrain Board. The Board also recognized retiring Assemblyman Albert Torrico.

Mr. Lawson reported the following items were heard before the Board: 1) Steve Palmer, VTA's federal lobbyist provided a report regarding surface transportation authorization legislation, and the FY 2011 transportation appropriation process; 2) the Board adopted the Final Relocation Plan for the Silicon Valley Berryessa Extension; 3) presentation regarding the new BART vehicle acquisition status; and 4) the Board authorized an agreement with the City of San Jose for a West San Carlos Light Rail Station plan using developer fees to study and identify sources of capital and operating funds.

**On order of Chairperson Matthews** and there being no objection, the Committee received the Committee Staff Report.

## 5. **Chairperson's Report**

Chairperson Matthews provided a report highlighting: 1) Joint Advisory Committee meeting scheduled for December 8, 2010 is cancelled; 2) election of PAC Chairperson and Vice Chairperson has been scheduled for the January 13, 2011 meeting; and 4) VTA's bond sale is progressing well, with commitments of \$641 million in proceeds from both tax exempt and taxable instruments.

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

### **CONSENT AGENDA**

6. **Minutes of October 14, 2010**

M/S/C (Kotowski/Griffith) to approve the Minutes of October 14, 2010.

7. **Programmed Project Monitoring – Quarterly Report**

M/S/C (Kotowski/Griffith) to receive the Programmed Project Monitoring – Quarterly Report.

8. **Proactive CMP Quarterly Report for July through September 2010**

M/S/C (Kotowski/Griffith) to receive the Proactive CMP Quarterly Report for July through September 2010.

### **REGULAR AGENDA**

9. **State Transportation Improvement Program Amendment**

Marcella Rensi, Transportation Planning Manager, Planning & Grants, provided an overview of the staff report.

M/S/C (Griffith/Miller) to recommend the Board of Directors amend the 2010 State Transportation Improvement Program (STIP) Program for Santa Clara County reprogramming \$50.44 million to the Silicon Valley Rapid Transit Project – Berryessa Extension from the Airport People Mover Project. Authorize funding the Airport People Mover Project in the 2012-2013 Measure A Capital Budget.

Member Pirzynski took his seat at 4:25 p.m.

10. **TFCA 40% - Project Selection Criteria**

Bill Hough, Transportation Planner III, provided an overview of the staff report. He reported the Technical Advisory Committee (TAC) received this item as part of its agenda at the October 10, 2010 meeting and approved the staff recommendation.

The Committee discussed project selection and scoring criterion. They recommended staff return with an annual update of the policy. VTA staff proposes a new screening rule that indicates “only projects where all other funding is secured or committed will be considered for TFCA 40% funding.”

M/S/C (Miller/Griffith) to recommend that the Board of Directors modify the criteria used to evaluate and select projects for the Transportation Fund for Clean Air (TFCA) Program Manager fund and review the status of ongoing Santa Clara County TFCA projects. The Committee requested staff return with an annual update of this policy.

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

**11. Vehicle Emissions Reductions Based at Schools Program**

Celeste Fiore, Transportation Planner II, provided an overview of the staff report. She provided an updated memorandum for this item.

Alternate Member Casas commented that an additional call for projects with a longer time frame could result in stronger applications.

**M/S/C (Pirzynski/Inks)** on a vote of 8 ayes to 1 no to 0 abstentions to recommend that the Board of Directors approve the recommended Vehicle Emissions Reductions Based at Schools (VERBS) Program projects. Alternate Member Casas opposed.

**12. Community Design & Transportation FY11/12 Capital Grants Awards**

Celeste Fiore, Transportation Planner II, provided an overview of the staff report. She presented an updated memorandum for this item.

**M/S/C (Kotowski/Griffith )** to recommend that the Board of Directors approve the recommended projects for the Community Design and Transportation Program.

**13. SB 375 – Sustainable Communities Strategy Update**

John Sighamony, Senior Transportation Planner, provided an overview of the staff report.

Member Pirzynski, requested clarification regarding the housing allocation process and inquired if the Regional Agencies requested each County to make a decision on the preferred allocation process. Staff responded that the Regional Agencies are offering the Counties an opportunity to discuss a preferred process and a decision should be made by March 2011. Staff also noted that the Santa Clara County Association of Planning Managers (SCCAPO) requested that they be the lead in the housing allocation process.

Member Miller questioned how the entire process would work within Santa Clara County given the timeframes. Staff responded that it is difficult to tell at this point however, it should be noted that this process is new for everyone involved including the Regional Agencies and will become defined and clarified as the process moves forward.

**On order of Chairperson Matthews** and there being no objection, the Committee received an update on the SB 375 – Sustainable Communities Strategy.

**OTHER**

**14. Committee Work Plan**

**On order of Chairperson Matthews** and there being no objection, the Committee reviewed the Work Plan.

**15. Announcements**

Member Miller asked members to respond to the PAC Nominating Committee if they are interested in holding office in 2011.

Alternate Member Casas invited the Committee to the Cities Association upcoming dinner at the Los Altos County Club. Alternate Member Casas announced November 28, 2010 the City of Los Altos will close its main street downtown for holiday festivities.

**16. ADJOURNMENT**

**On order of Chairperson Matthews** and there being no objection, the meeting was adjourned at 5:18p.m.

Respectfully submitted,

Jacqueline F. Golzio, Board Assistant  
Office of the Board Secretary



Date: November 19, 2010  
 Current Meeting: January 13, 2011  
 Board Meeting: N/A

## BOARD MEMORANDUM

**TO:** Santa Clara Valley Transportation Authority  
 Policy Advisory Committee

**THROUGH:** General Manager, Michael T. Burns

**FROM:** Board Secretary, Sandra Weymouth

**SUBJECT:** Conduct Elections for Committee Chairperson and Vice Chairperson for 2011

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**Policy-Related Action:** No

**Government Code Section 84308 Applies:** No

## ACTION ITEM

### RECOMMENDATION:

Conduct voting to determine the Committee's chairperson and vice chairperson for calendar year 2011 to complete the election process.

### BACKGROUND:

VTA has five advisory committees providing input to the Board of Directors: Bicycle & Pedestrian Advisory Committee (BPAC); Citizens Advisory Committee (CAC), Committee for Transit Accessibility (CTA); Policy Advisory Committee (PAC), and Technical Advisory Committee (TAC).

The bylaws for these committees specify that each committee shall elect from its membership a chairperson and a vice chairperson. The duties of the chairperson are to preside at all meetings of the committee and represent the committee before the Board of Directors. In addition, it is the responsibility of the PAC and CAC chairpersons to provide to the Board at each of its regular meetings a verbal report on the previous meeting of their respective committees as well as any concerns. The duty of the vice chairperson is to perform the duties of the chairperson when the chairperson is absent. The chairperson and vice chairperson positions serve for a one-year term and are eligible for election to successive terms. For the PAC and TAC, only members, not alternates, are eligible to serve in these positions.

The advisory committees bylaws specify that the chairperson and vice chairperson elections for four committees (BPAC, CAC, CTA and TAC) are held the last meeting of the calendar year (usually December), and those for PAC are held the first meeting of the calendar year (typically January).

## **DISCUSSION:**

The election process for chairperson and vice chairperson is comprised of three distinct steps. The first step is the appointing of the nomination subcommittee. The second is presentation of the nomination subcommittee's report. The final step is conducting elections to select the chairperson and vice chairperson. Each of these components is conducted during the committee meeting.

### **Appointing the Nomination Subcommittee**

The chairperson requests volunteers to serve on the nomination subcommittee, which is typically comprised of two to four members. If there are no volunteers or an insufficient number, it is the chairperson's prerogative to appoint committee members to serve on it. It is required that each committee votes to approve the appointment of members to the nomination subcommittee. This step normally takes place two meetings prior to conducting the elections.

The nomination subcommittee identifies members interested in serving as the chairperson or vice chairperson. This is done by soliciting nominations from members, either for themselves or other members, and is done at a time other than during the committee meeting. Additionally, it is the nomination subcommittee's responsibility to determine that members who have been nominated are willing to serve.

At its October 2010 meeting, the Committee completed this step by appointing Gail Price from Palo Alto and Howard Miller from Saratoga to the PAC Nomination Subcommittee.

### **Report from the Nominating Subcommittee**

At the meeting immediately preceding the elections, the nomination subcommittee provides a verbal report to the advisory committee identifying committee members who have confirmed their willingness to serve. This establishes the initial list of candidates for the elections to be held at the next meeting. The nomination subcommittee is automatically discharged when its report is formally presented to the committee. No action is required of the committee other than to receive the report.

Due to scheduling issues, the second step in the election process will be completed at the January meeting when the Nomination Subcommittee will provide its report to the Committee.

### **Election of Chairperson and Vice Chairperson**

These elections, which are held at the bylaw-specified meeting whenever possible, are conducted for the chairperson and vice chairperson positions individually and in sequence. Immediately preceding the vote, the Committee is reminded of the Nomination Subcommittee's report of committee members willing to serve. Following this, the chairperson will ask whether there are any nominations from the floor, then close the nominating process to establish the final list of candidates for each position.

For all advisory committees except CTA and PAC, the affirmative vote of a majority of the total authorized membership is required to elect the chairperson and vice chairperson. CTA requires the affirmative vote of nine members or a majority of the members present, whichever is greater, and PAC requires the affirmative vote of the majority of the quorum present.

For PAC, the term for the newly elected chairperson and vice-chairperson commences at the same meeting as the scheduled elections and immediately following completion of the voting for each office. For the other four committees, the term of office begins January 1 of the calendar year following the scheduled vote.

**ALTERNATIVES:**

There are no alternatives since the Committee's bylaws require that the Committee conduct elections to determine its chairperson and vice chairperson for the upcoming year.

**FISCAL IMPACT:**

Prepared by: Stephen Flynn, Sr. Management Analyst  
Memo No. 2671



Date: December 28, 2010  
 Current Meeting: January 13, 2011  
 Board Meeting: N/A

## BOARD MEMORANDUM

**TO:** Santa Clara Valley Transportation Authority  
 Policy Advisory Committee

**THROUGH:** General Manager, Michael T. Burns

**FROM:** Chief Financial Officer, Joseph T. Smith

**SUBJECT:** FY 2012 & FY 2013 Biennial Budget Assumptions

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### FOR INFORMATION ONLY

#### **BACKGROUND:**

In order to facilitate the preparation of the FY 2012 and FY 2013 Biennial Budget, several major assumptions relating to the economy, revenues, service levels, and other factors that affect costs are proposed. In addition to the general assumptions listed below, the biennial budget will be developed using the Expenditure Prioritization, Key Financial Principles and Deficit Reduction Targets as approved by the Board of Directors.

The FY 2012 and FY 2013 Recommended Budget will be published and distributed in April 2011 with Board of Directors' action scheduled for June 2011.

#### **DISCUSSION:**

Staff will use these working budget assumptions as guidelines to develop the recommended FY 2012 and FY 2013 budgets. These assumptions also represent the financial constraints on VTA's operations and the service and expenditure levels planned for these two years. The final assumptions used in the FY 2012 and FY 2013 Recommended Budget may change as additional information is received.

#### **1. Wages and Benefits:**

- i All currently negotiated contracts expire before or during the next biennial budget cycle.

AFSCME-June 2011  
 SEIU-June 2011

TAEA-June 2011  
 ATU-February 2013

- i Currently negotiated wage increase for ATU of 3% effective June 11, 2012 will be reflected as well as provisions for step increases for ATU employees in pay progression.
- i Reflect no wage increase for AFSCME, SEIU, and TAEA. Budgeting of additional costs, if any, for new contracts will be addressed upon contract ratification by the Board.
- i Funding for merit increases for non-represented employees, if any, will be managed through vacancy savings.
- i Projected health insurance premium increase of 9% for FY 2012 and 10% for FY 2013 based on employee benefits broker's estimate.
- i Pension and Retiree Health contributions as a percentage of wages:

Plan	FY12	FY13
ATU Pension	18.0%	18.0%
CalPERS-Employer portion	13.349%	13.8%
CalPERS-Employee portion (paid by VTA)	7.0%	7.0%
Retirees' Other Post Employment Benefits (OPEB) Trust	11.7%	11.7%

- i All other benefits projected to increase at rate of inflation where appropriate.

## 2. VTA Investment Portfolio interest rate:

Fiscal Year	Interest Rate
FY12	1.86%
FY13	2.37%

## 3. Sales tax growth:

Based on the most recent information, including FY 2011 1<sup>st</sup> QTR actual sales tax data received December 15th; projected growth rates for sales tax revenue have been updated as follows.

Fiscal Year	Recommended Growth Assumption	Moody's Analytics (2010) - Trend		
		Pessimistic	Most Likely	Optimistic
FY11	6.88%	6.30%	7.25%	7.66%
FY12	3.49%	2.15%	3.13%	3.56%
FY13	5.78%	4.80%	5.78%	6.21%

The FY 2011 recommended growth assumption is based on projections from Beacon Economics provided in September 2010, adjusted for actual first quarter FY 2011 receipts.

The FY 2012 recommended growth assumption is based on Moody's Analytics' baseline trend forecast adjusted upward slightly to correct for a mismatch between economic recovery timing projections of Moody's vs. Beacon.

The FY 2013 recommended growth assumption is based on Moody's baseline trend forecast.

As updated information becomes available, including actual 2<sup>nd</sup> QTR sales tax receipts and updated forecasts from Beacon Economics, the projected growth rates for all three fiscal years will be finalized prior to distribution of the FY 2012 and FY 2013 Recommended Budget.

**4. Measure A Operating Assistance:**

18.45% of Measure A Sales Tax Revenues.

**5. Low sulfur diesel fuel price:**

Diesel prices are highly unpredictable. While the volatility over the last two years has lessened greatly from the fluctuations seen in 2008, diesel prices have varied from a low of \$1.28 (including tax) in February of 2009 to a high of \$2.69 this fall. The average price per gallon paid in FY 2010 was \$2.31. Current year-to-date FY 2011 average through 12/13/10 is \$2.56. Due to the volatility of the item, the price per gallon assumption for FY 2012 and FY 2013 will be determined as close to the publication of the Recommended Budget as possible.

**6. Fares:**

There are no plans to increase fares at this time.

**7. Bus and Light Rail Ridership:**

Overall, FY 2010 system ridership (bus and rail) decreased by 7.8% from the previous year. Bus ridership totaled 32.0 million, a 7.3% decrease and light rail ridership 9.7 million, a 1.7% decrease. Fiscal Year 2011 system ridership through November is down 4.4% from FY 2010 levels. However, the trend of declining ridership may be slowing somewhat. Although November average weekday system ridership showed a decline of 2.9%, this was vastly improved from the average decline over the previous 18 months of 6.4%.

VTA's ridership is heavily correlated with employment levels in the County. Since the beginning of FY 2010 Santa Clara County unemployment has averaged 11.5%. The average for the previous 24 months was 6.9%. However, there is cause for cautious optimism on this front as the October 2010 unemployment rate was down to 10.6%, the first time the jobless rate dipped below 11% since May 2009. Our economist, Beacon Economics, projects employment to rise by 2.45% and 2.31% in FY 12 and FY 13, respectively with unemployment levels at 8.6% by the end of FY 12 and 7.7% by the end of FY13.

Based on the factors above, current projected growth rates for ridership are as follows:

<b>Fiscal Year</b>	<b>Ridership Growth</b>
FY11	-3.0%
FY12	0.0%
FY13	1.0%

**8. Total Miles & Hours for Bus & LR and Fleet Size:**

Current service levels including the recently introduced Express Light Rail service.

**9. State Transit Assistance (STA) funding level:**

Beginning in FY 2012, the state diesel sales tax rate will be increased to 6.75% in conjunction with a corresponding drop in the per-gallon diesel fuel excise tax to ensure that consumers feel no impact at the pump. High-speed rail/transit bond debt service will have first call on the revenues generated by the diesel sales tax. Any remaining revenues will be split 75% to STA and 25% to intercity rail and other miscellaneous state transit programs. The intent is to ensure, at a minimum, an annual STA Program of \$350 million. According to the latest MTC estimates, VTA's share of a \$350 million program would be approximately \$13.6 million in FY 2012.

**10. Federal Operating Grants Preventative Maintenance funding level:**

Although the Federal Transit Administration (FTA) Section 5307 grant program is designed primarily to fund capital acquisitions, funds can also be awarded for preventive maintenance activities in support of operations. Due to the recent economic downturn, VTA has used 100% of available Section 5307 funds for preventive maintenance the last three years to offset the loss of Sales Tax Revenues and STA funding. Beginning in FY 2012 VTA will begin a gradual reduction of this practice towards the goal of reaching historical levels (35%) by FY 2018. The proposed Section 5307 funding split for operations support and capital replacement is as follows:

<b>Fiscal Year</b>	<b>% Operations Support</b>	<b>% Capital Replacement</b>
FY12	90%	10%
FY13	80%	20%

**11. Capital Program funding level:**

The FY 2012 and FY 2013 VTA Transit Capital Program will be structured to optimize the use of grant funds to the greatest extent possible. 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 that give the greatest emphasis to maintaining 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% Operating Reserves goal, if any.

## 12. Operating Reserves funding level:

Operating Reserves will be designated at 15% of Recommended Budget expenditures. Any positive operating balance in excess of the 15% goal will be designated to the Debt Reduction Fund for use in funding the local portion of future year capital expenditures.

## 13. Harvey M. Rose, LLC Recommendations:

The October 2010 Harvey Rose report commissioned by Working Partnerships, USA included recommendations for VTA in the areas of projections, capital project funding, reserve funding, and pension costs. The table below reflects the Harvey Rose recommendations as well as the VTA staff recommendations as they relate to the assumptions used for the FY 2012 and FY 2013 Biennial Budget.

Harvey Rose, LLC Recommendation	Budget Assumption
Present a range of forecasts for Board consideration	The sales tax growth rates presented in #3 above include the staff recommendation as well as the pessimistic, most likely and optimistic projections.
Use FTA Section 5307 and 5309 funds for preventive maintenance	Begin gradual return to mix of 35% preventive maintenance (operations support) and 65% capital replacement for Section 5307 funds.
Increase use of Measure A funds for VTA operating costs	Maintain current policy to fund at 18.45% level
Set Workers' Compensation and General Liability confidence levels at 50% instead of 90%	Workers' Compensation and General Liability confidence levels at 60% based on historic claims experience*
Release surplus in Workers' Compensation and General Liability Reserves	<ul style="list-style-type: none"> <li>- Consider funding holiday for FY12 &amp; FY13</li> <li>- Use any excess Workers' Compensation and General Liability Reserves to make one-time payment to OPEB/Pension funds to reduce unfunded or other liabilities*</li> </ul>
Eliminate Compensated Absence Reserve	<ul style="list-style-type: none"> <li>a) Use any excess Compensated Absence Reserve to make one-time payment to OPEB/Pension funds to reduce unfunded or other liabilities* or,</li> <li>b) Eliminate need for Compensated Absence Reserve</li> </ul>
Pre-pay annual pension contribution	Pre-pay pension and/or OPEB contributions to reduce interest charges

\*These assumptions will be used to begin the budget preparation but are subject to change depending on need and conditions at the time the budget is adopted.

Prepared By: Carol Lawson, Fiscal Resources Manager, Budget  
Memo No. 2786



Date: December 29, 2010  
 Current Meeting: January 13, 2011  
 Board Meeting: N/A

## BOARD MEMORANDUM

**TO:** Santa Clara Valley Transportation Authority  
 Policy Advisory Committee

**THROUGH:** General Manager, Michael T. Burns

**FROM:** Chief CMA Officer, John Ristow

**SUBJECT:** SB 375 - Sustainable Communities Strategies Update

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### FOR INFORMATION ONLY

#### **BACKGROUND:**

With the adoption of Senate Bill 375, each Metropolitan Planning Organization (MPO) is required to develop a Sustainable Communities Strategy (SCS) as part of the next Regional Transportation Plan (RTP). The Bay Area Region has begun the process to develop the RTP under the new SB 375 requirements through a Regional Advisory Working Group (RAWG). The next RTP is expected to be adopted in 2013. This is a regular update on the recent efforts of VTA coordinating with the Regional Agencies in developing the SCS.

#### **DISCUSSION:**

At the present time, ABAG and MTC are developing a process to develop the next RTP update. This memo discusses the Vision Scenario and the upcoming Valley Transportation Plan (VTP) Update.

#### **Vision Scenario**

In the months of January and February, Regional Agency staff is developing a Vision Scenario to inform discussion and policy for the RTP and the SCS. The initial Vision Scenario will identify places to accommodate all of the region's future population growth as well as a distribution of future employment assuming a broad range of land-use and transportation-related policies, strategies and incentives. This is an unconstrained scenario that describes growth at county, jurisdictional and sub-jurisdictional levels. It will be developed to meet the regional housing target and to the extent practicable to achieve the regional greenhouse gas targets for 2020 and 2035, and other performance targets.

The goal of the SCS is to accommodate our population growth and distribute it in a manner that

reduces greenhouse-gas emissions from light-duty vehicles. This will occur largely through the reduction of vehicle miles traveled (VMT). VMT can be reduced by decreasing the number of automobile trips, shortening trip length, and/or increasing alternative mode shares, such as transit, ride sharing, walking and biking.

These characteristics and location of places will define the Place Types Framework. A place type groups neighborhoods or centers with similar sustainability characteristics and physical and social qualities such as the scale of housing buildings, frequency and type of transit, quality of the streets, concentration of jobs, range of services, or cultural events. The Place Types are based in part on the Station Area Planning Manual developed by the Center for Transit Oriented Development in 2008. Place Types will be used to identify a wide range of areas that could accommodate compact, sustainable growth beyond PDAs and/or transit stations areas.

Throughout December 2010, local governments provided input regarding places of great potential for sustainable development to inform the initial Vision Scenario. Places will include Priority Development Areas (PDAs) and other types of infill areas with capacity for significant sustainable growth. Each place will have a Place Type designation. Confirmation, revision, or establishment of Place Types was facilitated using the Station Area Planning Manual as a guide. County/Corridor working groups will also provide input on the set of policies and strategies that will guide the development of those selected places.

#### Long-Range Transportation Planning

As the Congestion Management Agency for Santa Clara County, VTA will be developing a long-range countywide transportation plan called Valley Transportation Plan (VTP) 2040. This is an update to VTP 2035 adopted by the VTA Board of Directors in January 2009. VTP 2040 will provide programs, projects and policies for roadways, transit, Intelligent Transportation Systems (ITS)/Systems Operations Management (SOM), bicycle and pedestrian facilities, and land use/transportation integration. The projects and funding priorities identified in VTP 2040 will serve as VTA's inputs for the regional transportation plan (RTP), which will be developed by the MTC.

The VTP is required to be a financially constrained plan, which means transportation investments need to be constrained by the projected revenue. It provides a framework for making key transportation decisions, a plan for investing in our transportation system, and strategic direction for VTA's involvement in land use, climate change, and other livability issues.

As the Regional Agencies are gearing towards the development of the RTP with an SCS, the VTA must begin the process to develop its local long range transportation plan. Throughout the coming year Staff will bring periodic items and status reports through committees and the Board as the Regional Transportation Plan and the Valley Transportation Plan take shape. The items will include projects lists, key themes and vision, and information about each program area element. The VTP Update will be different than previous plans in that the projects and programs in the plan must be compatible with the SCS that will be developed as part of the RTP.

We anticipate several unique challenges to this VTP update. These challenges may affect different program areas and different counties in various ways.

- New opportunities and uncertainties associated with the SCS***  
 The RTP and VTP updates will be the first developed with the SCS incorporated. This provides new opportunities to develop a transportation funding plan including more responsive actions to climate change and better land use integration. Innovative and effective projects will better compete for funding. There are also uncertainties. We anticipate the major challenges including long-term vs. short-term impacts, level of maturity of the tools to forecast travelers' behaviors and Greenhouse Gases emission impacts, and specific circumstances to each jurisdiction and area.
- Regional distribution of funding***  
 It is clear that allocating growth to PDAs and funding for infrastructure improvements will be linked together to a greater extent than ever before. Thus it is crucial for the local jurisdictions to realize the importance of the FOCUS program and its impacts on transportation funding allocated to their jurisdictions. FOCUS is a regional development and conservation strategy that promotes a more compact land use pattern for the Bay Area. The program seeks to better link land use and transportation by encouraging the development of complete, livable communities in areas served by transit. Through FOCUS, the four regional agencies support local governments' commitment to these goals by working to direct existing and future incentives to locally identified infill development areas near transit (Priority Development Areas).

Staff is concerned that the PDA Assessment will be used to inform policy for the next Transportation Plan. For one thing, the total PDA area in Santa Clara County is relatively small compared to the countywide area and growth potential. In addition, the question of how much funding will be allocated to non-PDA area still remains. The areas outside of PDAs have their own significance and transportation needs. Many of the infrastructures outside of PDAs support the growth within the PDAs should be supported.

- De-committing "committed projects"***  
 MTC has indicated that the "committed projects" in T2035 are all subject to re-evaluation and potentially be de-committed. The intent is to free up funding allocation for new projects. This is a departure from past practice and can affect some capital projects in the region.

We will continue to work with the regional agencies and Member Agencies to refine a schedule for this process. At the January meeting, Staff will discuss the beginning stages of the plan development as well as present a preliminary draft schedule.

#### Addressing the Sustainable Communities Strategy

The process of updating the RTP with a new SCS element will be a challenging task as the combing of broad land use policies with transportation policy and projects has not been done in previous county wide long range planning efforts. In addition to the transportation planning and land use process, the new SCS will also require the inclusion of the Regional Housing Needs Allocation (RHNA) process. Currently, City and County planning officials and the Santa Clara County Cities Association have taken the lead to discuss the possibility of conducting the RHNA

process through a sub regional allocation process. The alternative is to have ABAG assign the housing allocations to each jurisdiction. ABAG and MTC requested that each county make a decision regarding the subregional process by the end of March 2011. VTA staff will support the City Planning Staff throughout the process in terms of organizational, technical assistance and modeling, where requested.

It is very clear that to address all of the land use and transportation decisions required of the SCS, Santa Clara County needs to proactively develop a SCS at the county level involving land use planning and transportation stakeholders in the process. With coordination of City and County Planning and Transportation Staff, VTA staff will begin to develop a localized SCS county level plan suited to Santa Clara County. Staff will continue to bring items of information as well as policy related to the development of the SCS and the RTP to all our Working Groups, Committees and Board of Directors. The purpose is to bring forward specific items for our Member Agencies to comment on and provide direction to VTA staff in preparing Santa Clara County's long range transportation plan. Below is a timeline that details the important set of dates related to the adoption of the RTP/SCS.

#### Timeline of Events

Below are highlighted major events in the process of developing the RTP/SCS. The events described are important to the final RTP and highlights places where Local Government and other interested partners can input comments. The Regional Agencies usually take input through the Regional Advisory Working Group; however a City, County, Local Government, and other interested parties may submit comments directly to the Regional Agencies.

- ***Regional Advisory Working Group (RAWG) - First Tuesday of Every Month January Meeting - Tuesday, January 4, 2011 at 9:30 AM***  
This is a regular meeting that is in place to take comment from governments and interested citizens regarding the items brought forward in the development of the plan.
- ***December 2010 - Cities submit Placetypes Applications for Vision Scenario***  
Per the discussion above, ABAG requests local agencies to submit Place type designations for their individual locations. The information is included in this exercise will be used to inform the Vision Scenario.
- ***January - February 2011 - Release of Vision Scenario***  
This is the beginning of the discussions regarding various other scenarios. The Vision Scenario will be used as a starting point.
- ***January - February 2011 - Preliminary Financial Estimates***  
This timeframe will also be the release of the preliminary fund estimates for the transportation projects to be included in the RTP/SCS.
- ***March 2011 - A County must decide if it needs to do a Subregional RHNA process***  
March will be the month where our County decides if it wants to pursue a Subregional RHNA process. This will be inputted into the RTP/SCS as well.

- ***Spring 2011 - Develop Project Lists with Local Cities and Counties and Submit Lists to MTC***  
Throughout Spring 2011, VTA Staff will work on transportation projects with our Member Agencies in determining the transportation priorities that will fit into the RTP and our own long-range transportation plan.
- ***Summer through Winter 2011 - Development of Plan Scenarios***  
The Regional Agencies will work with the RAWG and to work with the Project Lists and the land use discussion associated with the Vision Scenarios to develop other scenarios that will inform the RTP/SCS. Local Agencies and other partners are encouraged to work with VTA staff in providing input during this process.
- ***December 2011 - Preferred SCS Scenario***  
During winter of 2011, with input provided from Local Government, interested parties and the RAWG, the Regional Agencies will develop a final SCS Scenario.
- ***January 2012 - Draft SCS Release***  
The Regional Agencies will release the draft SCS for comment and further input from the above groups.
- ***February to November 2012 - Prepare RTP/SCS***  
Throughout 2012, with the assistance of the RAWG, Local Government, and other interested partners the Regional Agencies will work on the draft plan.
- ***November 2012 - Final RHNA Plan***  
The Final RHNA is released and incorporated within the plan.
- ***November to March 2013 - Draft RTP/SCS***  
This is the estimated timeframe for the release of the draft plan for comment.
- ***April 2013 - Final RTP/SCS***  
The Final RTP with the SCS is released and begins its implementation.

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