

Date: _____ April 1, 2008
Committee Meeting Date: _____ April 10, 2008
Board Meeting Date: _____ April 4, 2008

BOARD MEMORANDUM

INFORMATION ITEM

TO: Technical Advisory Committee
Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: Michael T. Burns
General Manager

FROM: Carolyn M. Gonot
Chief SVRT Program Officer

SUBJECT: Measure A Revenue and Expenditure Plan Update Process and Policy Guidance

FOR INFORMATION

BACKGROUND:

On November 2000, the voters in Santa Clara County approved Measure A by 71 percent. The passage of Measure A approved a ½-cent increase in the sales tax dedicated to a list of transportation projects on the ballot. The new sales tax is for 30 years, beginning April 1, 2006.

On June 15, 2006, the VTA Board of Directors approved the 2000 Measure A Revenue and Expenditure Plan. The Revenue and Expenditure Plan provides a roadmap to move the Measure A projects forward through the various stages of development. As part of the development of the Plan, a Project Advisory Committee, consisting of Board members, was formed to review the status of each Measure A project. The Project Advisory Committee recommended that regular reviews of the Expenditure Plan occur. The Board, in their discussions when approving the plan, concurred with the regular reviews of the Revenue and Expenditure Plan.

DISCUSSION:

As recommended by the Project Advisory Committee and approved by the Board, VTA staff is undertaking an update of the Plan. This update of the plan has a two-fold purpose: 1) set policy direction for the long term; and, 2) provide framework for short-term strategic decisions.

In addition, the adoption of a revised 2000 Measure A Revenue and Expenditure Plan will provide short-term direction for key decisions to be made on the following three Measure A projects: Silicon Valley Rapid Transit (SVRT) project, the Downtown East Valley light rail extension to Eastridge Mall, and the Caltrain South County project. The Silicon Valley Rapid Transit Project (BART to Silicon Valley) will be nearing the end of 65 percent design. The light rail extension to Eastridge Mall and the Caltrain South County early phase will have completed

final engineering plans. Staff requires policy direction on the next steps for these and other Measure A projects.

The update process had three critical elements:

1. **Development of policy guidance.** The development of policy guidance is an important step in the direction of updating the Revenue and Expenditure Plan. The Board's Policy Guidance for revising the Measure A Revenue and Expenditure Plan will be consistent with:
 - The VTA Transit Sustainability Policy,
 - The MTC Regional Transportation Plan Policy ("3 E's), and;
 - The VTA Vision Statement, currently being modified.
2. **Revised financial model.** Over the past year, VTA staff has contracted consultant services that are expert in developing financial models for transit agencies. The revised financial model includes industry best practices and provides a structure and level of detail that VTA needs to support the Measure A Expenditure Plan. It is also required for major projects to receive federal funding.
3. **"Portfolio of Plans"**. VTA staff will develop a "Portfolio of Plans" that are consistent with the policy guidance set forth at the beginning of the process. The Portfolio will include different assumptions about new revenue sources and timing of project delivery. VTA staff recommends the Plans address four revenues scenarios: no new revenue, VTP 2035 revenue, 1/8-cent sales tax, and 1/4-cent sales tax.

To accomplish the update of the Plan, VTA staff has outlined a schedule that includes time points for information and discussion for the Board of Directors and the Board Committees. The proposed schedule for updating the plan would occur over the next five months:

April 3, 2008 Board of Directors Meeting

- Introduction of Plan Update Process and proposed Policy Guidance

April 25, 2008 Board of Directors Workshop

- Update on Measure A projects
- Discussion of Policy Guidance
- Description of Financial Planning Tool
- Financial Plan Update

May 15, 2008 Committee Meetings

- Discussion of Policy Guidance

June 5, 2008 Board of Directors Meeting

- Adoption of Policy Guidance
- Direction on the development of a "Portfolio of Plans" and related analysis

August 7, 2008 Board of Directors Meeting

- Presentation of results of the “Portfolio of Plans”
- Discussion of Plans

August 21, 2008 Committee Meetings

- Discussion of “Portfolio of Plans” and recommendations

September 4, 2008 Board of Directors Meeting

- Approval of Revenue and Expenditure Plans
- Direction on near-term projects’ phases

The above proposed schedule is preliminary and subject to change. Discussions will also be held at Advisory Board meetings and an additional workshop in May might be necessary.

As part of the beginning of the update process, staff has developed draft “Policy Guidance” for the Board of Directors review and discussion. The draft Policy Guidance is in Attachment A. This policy guidance will be a key discussion item at the April 25, 2008 Board of Directors Workshop.

Attachment A: Proposed Policy Guidance for Measure A Revenue and Expenditure Plan

1. Maintain Financial Integrity of Organization
 - Protect current transit services as a priority
 - Bond at appropriate debt service coverage levels
 - Develop sound financial capital and operating project plans
2. Increase Transit Usage
 - Provide transit services competitive to auto travel times
 - Respond to travel market needs
 - Increase Transit Ridership
3. Achieve Environmental Improvements
 - Reduce vehicle-miles-traveled (VMT)
 - Reduce greenhouse emissions
 - Improve air quality
4. Support Transit-Oriented Land Use
 - Focus capital-intensive investments on “cores, corridors, and station areas”
 - Advance VTA Joint Development Program
5. Strengthen Complimentary Partnerships
 - Identify opportunities for synergy between project investments
 - Identify and solidify partnership commitments
6. Take Advantage of Leveraged and New Fund Sources
 - Advance projects to ready state
 - Advocate for outside fund sources and matched funds required to advance projects
 - Investigate public-private partnerships
7. Model Various Financial Conditions
 - Investigate “Portfolio of Plans” including
 - No new revenue
 - VTP 2035 revenues
 - 1/8-cent sales tax
 - 1/4-cent sales tax
8. Achieve a Balanced Transportation Plan
 - Provide appropriate levels of service to meet the needs within the county
 - Provide a portfolio of transportation modal solutions
9. Implement the Intent of Measure A
 - Include only those projects in the Plan that have been approved by the voters in the measure.