



ADMINISTRATION & FINANCE COMMITTEE

March 20, 2003

MINUTES

1. CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:05 p.m. by Chairperson Williams in Room 204, City of San Jose, 801 North First Street, San Jose, California.

ROLL CALL

Members Present

Pat Dando, Vice Chairperson
Jane P. Kennedy
Forrest Williams, Chairperson

Members Absent

Don Gage
Pete McHugh
Joe Pirzynski

A quorum was present.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

Chairperson Williams requested that the following Item be added and placed onto Other Items: Anticipated Litigation – Conference with Legal Counsel. Initiation of litigation pursuant to subdivision (c) of Government Code Section 54956.9. One potential case.

Chairperson Williams requested that Agenda Item # 11., Authorize the General Manager to amend the contract with URS Corporation (URS) for preliminary engineering, environmental clearance and final design of the I-880/Coleman Avenue Interchange Project, increasing the approved contract by \$800,000 for a new total contract value not to exceed \$7,739,322 be removed from the Consent Agenda and placed onto the Regular Agenda.

M/S/C (Dando/Kennedy) to accept the Orders of the Day.

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

CONSENT AGENDA

4. **Regular Meeting Minutes of February 20, 2003**

M/S/C (Kennedy/Dando) to approve the Regular Meeting Minutes of February 20, 2003.

5. **Report on Santa Clara Valley Transportation Authority Investments for the Month of January 2003**

M/S/C (Kennedy/Dando) to receive and file the Report on Santa Clara Valley Transportation Authority Investments for the Month of January 2003.

6. **Quarterly Purchasing Report**

M/S/C (Kennedy/Dando) to receive and file the Quarterly Purchasing Report.

7. **Contractor Pre-Qualification Pilot Program Monthly Report**

M/S/C (Kennedy/Dando) to receive and file the Contractor Pre-Qualification Pilot Program Monthly Report.

8. **Monthly Legislative Reports**

M/S/C (Kennedy/Dando) to receive and file the Monthly Legislative Reports.

9. **SCVTA/ATU Pension Plan Annual Report**

M/S/C (Kennedy/Dando) to receive and file the SCVTA/ATU Pension Plan Annual Report.

10. **Amendment to VTA's Federal Fiscal Year 2003 Section 5309 Federal Transit Administration Fixed Guideway Grant Program**

M/S/C (Kennedy/Dando) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to submit a revised grant application to reprogram Federal Fiscal Year 2003 Sec. 5309 Fixed Guideway funds from the Guadalupe Light Rail Station Platform Retrofit project to the Vasona Corridor Light Rail project.

11. (Removed from the Consent Agenda and placed on the Regular Agenda.)

Authorize the General Manager to amend the contract with URS Corporation (URS) for preliminary engineering, environmental clearance and final design of the I-880/Coleman Avenue Interchange Project, increasing the approved contract by \$800,000 for a new total contract value not to exceed \$7,739,322.

12. Cooperative Agreement with Caltrans for Right-of-Way Activities and Construction of the I-880/Coleman Avenue Interchange Project

M/S/C (Dando/Kennedy) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute Cooperative Agreements with the California Department of Transportation (Caltrans), covering right-of-way activities and construction of the I-880/Coleman Avenue Interchange Project.

13. Contract Amendment for Final Design of the Route 152/156 Project

M/S/C (Dando/Kennedy) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to amend the contract with Biggs Cardosa Associates, Inc. (Biggs Cardosa) to include final design services for the Route 152/156 Interchange Project, increasing the approved contract value by \$2,635,000 for a new total contract value not to exceed \$2,898,151 and to extend the term of the contract to April 3, 2006.

The Agenda was taken out of order.

11. Contract Amendment for Final Design of I-880/Coleman Avenue Interchange Project

Vice Chairperson Dando requested a commitment and assurance that the \$4 million dollar loan to accelerate the project is paid back to the City of San Jose Council District 10.

Peter M. Cipolla, General Manager, noted that the \$4 million dollar loan is not a loan to VTA it is a loan to the project, which VTA is constructing for the City of San Jose.

Michael P. Evanhoe, Chief Development Officer, noted that the advance funding is to accelerate the project by one year; therefore, the City of San Jose is going to temporarily loan the project \$4 million from Council District 10.

Chairperson Williams added that by the time the memorandum is forwarded to VTA Board of Directors it is clear that the repayment of funds be a high priority.

Vice Chairperson Dando requested that the memorandum be brought back to the VTA Board of Directors with the amendment that the replenishment of the funds towards the project be a high priority for the VTA Board of Directors.

M/S/C (Dando/Kennedy) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to amend the contract with URS Corporation (URS) for preliminary engineering, environmental clearance and final design of the I-880/Coleman Avenue Interchange Project, increasing the approved contract by \$800,000 for a new total contract value not to exceed \$7,739,322.

REGULAR AGENDA

14. Legislative Positions: Support

Kurt M. Evans, Government Affairs Manager, provided a brief overview on Legislative Positions. Mr. Evans commented on AB 557 (Lowenthal) – Yield to transit buses: this piece of legislation would eliminate the January 1, 2004 sunset date for the state’s Yield-to-Buses Demonstration Program and allows any transit operator in California to participate in the program if its board of directors adopts a resolution to that effect. Mr. Evans commented on AB 839 (Salinas) – Public transit video recordings: this piece of legislation would exempt videotapes or recordings made by security cameras operated as part of a public transit system from the requirement in current law that recordings of routine video monitoring must be kept for one year before they can be destroyed. Mr. Evans commented on ACA 9 (Levine) – Local government taxation: this piece of legislation applies to all local government taxes, not just those dealing with transportation. Specifically, it calls for placing before the voters an amendment to the California Constitution to allow a city, county or special district to impose a special tax with a majority vote of the electorate and a general tax with a two-thirds votes. Mr. Evans commented on SCA 2 (Torlakson) – Local transportation taxes: this piece of legislation applies only to transportation taxes. It would allow for a majority vote for all types of local transportation taxes, but requires that 25 percent of the revenues be used for smart growth planning. Mr. Evans commented on SB 760 (Scott) – Lease/leaseback transactions: this piece of legislation eliminates the January 1, 2004, sunset date for a current sales tax exemption for lease/leaseback transactions involving equipment used in the provision of public transportation services. The intent of SB 760 is to make this exemption permanent.

Vice Chairperson Dando requested amending AB 839 (Salinas) noting a watch position and to work with the legislator in formulating the right language to

address the issues on public safety and amending SCA 2 (Torlakson) noting opposition unless amended with the removal of the 25 percent smart growth.

M/S/C (Dando/Kennedy) to approve submitting a recommendation to the Board of Directors to adopt a support position with the amendments for AB 557 (Lowenthal) – Yield to transit buses, AB 839 (Salinas) – Public transit video recordings, ACA 9 (Levine) – Local government taxation, SCA 2 (Torlakson) – Local transportation taxes and SB 760 (Scott) – Lease/leaseback transactions.

15. Legislative Positions: AB 813 and SCA 7

Mr. Evans commented on AB 813 (Salinas) – Farebox recovery ratios: this piece of legislation excludes those operating costs that are not reasonably within the control of a public transit operator from the calculation of costs in farebox recovery ratios for purposes of qualifying for Transportation Development Act (TDA) funding. This includes those operating costs related to providing Paratransit services required by the federal Americans with Disabilities Act (ADA), the additional costs of liability insurance premiums and settlement claims above those paid by a public transit operator for the previous year, and the additional costs of power and fuel above those paid by an operator for the previous year. This excludes operating costs to provide ADA-required Paratransit services and increases in power costs that are beyond the change in the Consumer Price Index from the calculation of costs in farebox recovery ratios for purposes of determining a public transit operator’s eligibility for State Transit Assistance Program (STA) funding. Mr. Evans commented on SCA 7 (Murray) – Loans of transportation funds: this piece of legislation amends the California Constitution to require that loans from the State Highway Account and the Public Transportation Account to the general Fund or to any other state fund be repaid with interest at the rate of the Pooled Money Investment Account.

M/S/C (Dando/Kennedy) to approve submitting a recommendation to the Board of Directors to adopt a support position for AB 813 (Salinas) – Farebox recovery ratios and SCA 7 (Murray) – Loans of transportation funds.

OTHER ITEMS

16. Summary of Financing/Budget Savings related to Long Term Debt Obligations

Scott Buhner, Chief Financial Officer, provided a brief overview on the Summary of Financing/Budget Savings related to Long Term Debt Obligations. Mr. Buhner commented on 2000 Measure A to relieve some of the pressure from VTA’s current budget dilemma. Mr. Buhner noted that the Internal Revenue Service (IRS) does not permit long-term debt to be issued to fund an operate deficit.

Mr. Buhner noted two strategies VTA is pursuing. Mr. Buhner noted the first strategy of advancing the repayment of the money that was earmarked in 2000 Measure A for operating support. Mr. Buhner noted that the 2000 Measure A ballot language needs to be examined in order to deal with the policy issues, tax issues and legal issues. Mr. Buhner noted that VTA is not consistent with the ballot language regarding service increases for buses and noted the issues with Paratransit service; however, the Tasman East, Capitol and Vasona Light Rail Extensions are appropriate increases in service in which the operating assistance could be used. Therefore, staff believes that VTA can deal with the legal and tax issues associated with funding the Tasman East operating costs when they begin occurring in July 2004. Mr. Buhner noted provisions in the 1941 state law that states that you can fund with debt not only the cost and the capitalized interests of constructing a project but the first 12 months of operating the project. Mr. Buhner noted that this is an area that staff is continuing to pursue. Mr. Buhner commented on the second strategy in which to accelerate the repayment of the sales tax revenue bonds issued. Mr. Buhner noted that VTA is paying \$11 to \$14 million dollars a year in principal and interest out of the VTA Enterprise fund for the sales tax revenue bonds issued. Mr. Buhner noted that VTA staff is continuing to explore ways to accelerate the reimbursement of the sales tax revenue bonds to the VTA Enterprise fund.

Vice Chairperson Dando noted that unless operating funds are identified VTA will have the capability to build and not run a transportation system.

On order of Chairperson Williams, there being no objection, the Committee received and filed the Summary of Financing/Budget Savings related to Long Term Debt Obligations Report

17. (Deferred to the March 21, 2003 Board of Directors Workshop Meeting)

Mr. Buhner noted that the A & F Committee originally requested a fare increase be implemented at a previous A & F Committee Meeting. Mr. Buhner noted that the Fare Modifications for FY 2003 – 2004 will be discussed at the VTA Board of Directors Workshop Meeting on March 21, 2003 and requested that the item be deferred to the March 21, 2003 Board of Directors Workshop Meeting.

On order of Chairperson Williams, there being no objection, the Committee deferred discussion of the Fare Modifications for FY 2003 – 2004 report to the March 21, 2003 Board of Directors Workshop Meeting.

18. Committee Work Plan

On order of Chairperson Williams, there being no objection, the Committee received the Committee Work Plan.

19. Committee Staff Report

Mr. Buhner noted that the tax revenue was lower than anticipated for the quarter ending December 31, 2002. Mr. Buhner noted that budget assumptions will be adjusted to reflect the decrease.

Vice Chairperson Dando queried on the number of VTA employees assuming the positions of contract employees, what are the savings, and quality of the service.

Mr. Cipolla noted the two areas where VTA employees will assume the positions of contract employees are in Information Technology (IT) and Rail & Construction Design. Kaye L. Evleth, Chief Administrative Officer, responded that the departments affected are in IT and Rail & Construction Design and noted that most of the positions are clerical, such as, IT help desk and construction inspection.

20. Chairperson's Report

Chairperson Williams noted the A & F Committee Meeting dates for the April 17, 2003 Meeting at 9:00 a.m. held in room 204 and the May 22, 2003 Meeting at 1:00 p.m. held in room 106.

21. Determine Consent Agenda for the April 3, 2003 Board Meeting

CONSENT: Agenda Item #10., Authorize the General Manager to submit a revised grant application to reprogram Federal Fiscal Year 2003 Sec. 5309 Fixed Guideway funds from the Guadalupe Light Rail Station Platform Retrofit project to the Vasona Corridor Light Rail project; **Agenda Item #12.**, Authorize the General Manager to execute Cooperative Agreements with the California Department of Transportation (Caltrans), covering right-of-way activities and construction of the I-880/Coleman Avenue Interchange Project; **Agenda Item # 13.**, Authorize the General Manager to amend the contract with Biggs Cardosa Associates, Inc. (Biggs Cardosa) to include final design services for the Route 152/156 Interchange Project, increasing the approved contract value by \$2,635,000 for a new total contract value not to exceed \$2,898,151 and to extend the term of the contract to April 3, 2006; **Agenda Item #14.**, Adopt a support position for AB 557 (Lowenthal) – Yield to transit buses, AB 839 (Salinas) – Public transit video recordings, ACA 9 (Levine) – Local government taxation, SCA 2 (Torlakson) – Local transportation taxes and SB 760 (Scott) – Lease/leaseback transactions and **Agenda Item # 15.**, Adopt a support position for AB 813 (Salinas) – Farebox recovery ratios and SCA 7 (Murray) – Loans of transportation funds.

REGULAR: Agenda Item #11., Authorize the General Manager to amend the contract with URS Corporation (URS) for preliminary engineering, environmental

clearance and final design of the I-880/Coleman Avenue Interchange Project, increasing the approved contract by \$800,000 for a new total contract value not to exceed \$7,739,322.

22. Announcements

There were no Announcements.

22.X. Closed Session at 1:45 p.m.

Anticipated Litigation – Conference with Legal Counsel

Initiation of litigation pursuant to subdivision (c) of Government Code Section 54956.9. One potential case.

Reconvened to Open Session at 2:05 p.m.

22.X.X. Closed Session Report

Anticipated Litigation – Conference with Legal Counsel

Initiation of litigation pursuant to subdivision (c) of Government Code Section 54956.9. One potential case.

There was no reportable action taken during Closed Session.

23. ADJOURNMENT

On order of Chairperson Williams, there being no objection, the meeting was adjourned at 2:05 p.m.

Respectfully submitted,

Michelle Garza, Board Assistant
VTA Board of Directors
