



## **ADMINISTRATION & FINANCE COMMITTEE**

Thursday, September 18, 2003  
12:00 p.m.

City of San Jose  
801 North First Street – Room 204  
San Jose, California

### **MINUTES**

#### **1. CALL TO ORDER**

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:14 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 Agenda Item # 8., Authorize the General Manager to execute a cooperative agreement with the City of Palo Alto for the transfer of Federal Transit Administration (FTA) Section 5309 Bus and Bus Facilities funds for the Palo Alto Intermodal Transit Center Project be removed from the Consent Agenda and deferred to the October 16, 2003 Administration and Finance Committee Meeting.

Chairperson Williams requested that Agenda Item # 11., Authorize the General Manager to execute an amendment to the Attorney Services Agreement with the firm of Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP to add \$50,000, for a new not-to-exceed contract value of \$1,025,000, and to extend the term of the Agreement two years until June 30, 2005 be removed from the Consent Agenda and placed on the Regular Agenda.

Chairperson Williams requested that Agenda Item # 12., Authorize the General Manager to extend the current contract with Shaker M. Sawires to provide engineering claims analysis and expert witness services through conclusion of the pending litigation between VTA and Homer J. Olsen, Inc., and increase the authorized contract amount by \$30,000 for a new contract total not to exceed \$255,000 be removed from the Consent Agenda and placed on the Regular Agenda.

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

## **CONSENT AGENDA**

### **4. Regular Meeting Minutes of August 21, 2003**

M/S/C (**Dando/Kennedy**) to approve the Regular Meeting Minutes of August 21, 2003.

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

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

### **6. Monthly Legislative Reports**

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

### **7. FY 2003 Preliminary Annual Performance Report**

M/S/C (**Dando/Kennedy**) to receive and file the FY 2003 Preliminary Annual Performance Report.

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

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8. **(Deferred to the October 16, 2003 Administration and Finance Committee Meeting)**

**Palo Alto Intermodal Transit Center Cooperative Agreement**

Authorize the General Manager to execute a cooperative agreement with the City of Palo Alto for the transfer of Federal Transit Administration (FTA) Section 5309 Bus and Bus Facilities funds for the Palo Alto Intermodal Transit Center Project.

9. **Renewal of Benefits Contracts**

M/S/C (**Dando/Kennedy**) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to renew benefit contract with Kaiser, PacifiCare, Valley Health Plan, Delta Dental, Pacific Union Dental, ProBusiness and Highmark Life Insurance Company effective January 1, 2004 for all VTA employees and retirees.

10. **Extension of ICMA Retirement Corporation Contract**

M/S/C (**Dando/Kennedy**) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to extend the existing contract with ICMA Retirement Corporation through June 30, 2009, including new provisions for Revenue Sharing and for PLUS Fund fee reductions, and an agreement that VTA will not obtain plan administration or investment services from any other deferred compensation provider during the term of the agreement.

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

**Amendment to Attorney Services Agreement with Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP**

Authorize the General Manager to execute an amendment to the Attorney Services Agreement with the firm of Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP to add \$50,000, for a new not-to-exceed contract value of \$1,025,000, and to extend the term of the Agreement two years until June 30, 2005.

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

**Consulting Services Agreement with Shaker M. Sawires, P.E.**

Authorize the General Manager to extend the current contract with Shaker M. Sawires to provide engineering claims analysis and expert witness services through conclusion of the pending litigation between VTA and Homer J. Olsen, Inc., and increase the authorized contract amount by \$30,000 for a new contract total not to exceed \$255,000.

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## REGULAR AGENDA

11. **Amendment to Attorney Services Agreement with Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP**

Suzanne B. Gifford, General Counsel, provided a brief overview on the Amendment to Attorney Services Agreement with Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP. Ms. Gifford noted that the funding is to complete the Fremont South Bay Corridor Project, which is the Silicon Valley Rapid Transit Corridor Project. Ms. Gifford noted that VTA anticipates reimbursement from the State; however, if VTA does not receive State funding VTA will be reimbursed through the 2000 Measure A bond funds. Scott Buhner, Chief Financial Officer, noted that the amendment funding being requested is for the anticipated legal services to complete the transfer of a portion of the right-of-way to Bay Area Rapid Transit (BART) for construction of the Warm Springs Extension.

**M/S/C (Dando/Kennedy)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute an amendment to the Attorney Services Agreement with the firm of Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP to add \$50,000, for a new not-to-exceed contract value of \$1,025,000, and to extend the term of the Agreement two years until June 30, 2005.

12. **Consulting Services Agreement with Shaker M. Sawires, P.E.**

Ms. Gifford provided a brief overview on the Consulting Services Agreement with Shaker M. Sawires, P.E. Ms. Gifford noted the extension of the contract is for the additional consulting services regarding the Homer J. Olsen, Inc. litigation.

**M/S/C (Kennedy/Dando)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to extend the current contract with Shaker M. Sawires to provide engineering claims analysis and expert witness services through conclusion of the pending litigation between VTA and Homer J. Olsen, Inc., and increase the authorized contract amount by \$30,000 for a new contract total not to exceed \$255,000.

13. **Amendment to Contract with Santa Clara Valley Highway Associates (VHA) for Project Controls, Right of Way Engineering and Construction Management Services for the I-880/Coleman Avenue Interchange Project**

Michael P. Evanhoe, Chief Development Officer, provided a brief overview on the Amendment to Contract with Santa Clara Valley Highway Associates (VHA) for Project Controls, Right of Way Engineering and Construction Management Services for the I-880/Coleman Avenue Interchange Project. Mr. Evanhoe noted the progress with the project and noted the project is through the environmental and design phase.

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Mr. Evanhoe added that staff anticipates the Board of Directors awarding the contract at the December 4, 2003 Board of Directors Meeting or at the latest the January 8, 2004 Board of Directors Meeting. Jack J. Collins, Chief Construction Officer, provided a brief overview on the construction management phase of the I-880/Coleman Avenue Interchange Project. Mr. Collins noted that the project is being worked on by the same firm that has worked on projects within the 1996 Measure B Transportation Improvement Program.

**M/S/C (Kennedy/Dando)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to amend the contract with Santa Clara Valley Highway Associates for project controls, right of way engineering and construction management services supporting construction of the I-880/Coleman Avenue Interchange Project for an amount not to exceed \$7,222,522 and establishing a new total contract value of \$20,177,522; and extend the term of the contract through October 2006.

#### **14. Benefit Changes for Non-Represented Employees**

Kaye L. Evleth, Chief Administration Officer, provided a brief overview on the Benefit Changes for Non-Represented Employees. Ms. Evleth noted changes to the Service Employees International Union (SEIU) Local 715 and Transportation Authority Engineers & Architects Association (TAEA) union contracts relating to benefits. Ms. Evleth added that staff is recommending the same benefit changes as well as additional changes for Non-Represented employees. Ms. Evleth noted the following changes to the benefits program for Non-Represented employees: 1) implement the Kaiser \$5/\$5/\$50 plan, 2) increase premium contributions for employees by \$25/employee/month, 3) increase premium contributions for employees who retire on or after July 1, 2004 by \$25/retiree/month, 4) add one year final compensation to the California Public Employee Retirement System (PERS) contract and 5) implement a Paid Time Off (PTO) program for Executive and Non-Represented Management employees. This program will convert the current eight days of sick leave per year to four days of Paid Time Off. Ms. Evleth noted that the PERS benefit must be extended to all PERS covered employees in order for the benefit to be implemented, as this is required by PERS regulations.

Vice Chairperson Dando inquired on how many employees this would impact. Ms. Evleth noted that 115 Non-Represented employees would be impacted.

Vice Chairperson Dando requested a status report regarding negotiations between staff and County Employees Management Association (CEMA) be provided during Closed Session at the Regular Board of Directors October 2, 2003 Meeting.

**M/S/C (Dando/Kennedy)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to make changes to the benefits program for Non-Represented employees.

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## OTHER ITEMS

### 15. January 2004 Transit Service Reduction Plan

Frank T. Martin, Chief Operations Officer, provided a brief overview on the January 2004 Transit Service Reduction Plan. Mr. Martin noted the Board of Directors adoption of the two-year budget for Fiscal Years 2003/2004 and 2004/2005 with the budget recommendation of the 21 percent service reduction in transit services, which was scheduled for implementation in October 2003; however, implementation was deferred to January 2004. Mr. Martin noted the series of public meetings and comments, which lead to adjustments and modifications within the transit service reduction plan. Mr. Martin noted that this presentation to the A & F Committee is for discussion only and action will come through the Transit Planning and Operations Committee (TP&O). Mr. Martin noted that the outcome of the validation suit will determine the January 2004 Transit Service Reduction Plan alternative that will be implemented.

Ms. Gifford noted the hearing on the 2000 Measure A Validation Suit will be held on Wednesday, September 24, 2003, at 9:00 a.m. in the Santa Clara County Superior Court.

Vice Chairperson Dando queried if Alternative A with the potential 21 percent service reduction is still the best alternative for VTA and inquired on any new developments or shifts that may change the alternative.

Mr. Buhner noted that sales tax revenues were still down. Mr. Buhner added that Fourth Quarter sales tax revenues were slightly higher than estimated. Mr. Buhner noted that sales tax revenues received for the year were \$25 million less than what was estimated in the revised budget. Mr. Buhner noted that last month employment levels were down and that economic recovery is at least a year off.

Peter M. Cipolla, General Manager, noted that the January 2004 Transit Service Reduction Plan is basically the same plan with some minor modifications.

Board Member Kennedy requested clarification on the percentage of service reduction and if Alternative A with the potential 21 percent service reduction included Alternative B's 3 percent service reduction.

Chairperson Williams thanked staff for their diligent work on the Transit Service Reduction Plan presentation.

**On order of Chairperson Williams**, there being no objection, the Committee discussed the January 2004 Transit Service Reduction Plan.

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**16. Committee Work Plan**

Mr. Buhner provided a brief overview on the Committee Work Plan. Mr. Buhner noted that the Fare Policy with a recommendation from the Ad-Hoc Financial Stability Committee to develop a plan for a 20 to 25 percent farebox recovery ratio will be presented to the A&F Committee at the October 16, 2003 Meeting.

Chairperson Williams queried on the farebox recovery ratio for next year. Mr. Buhner noted several variables that impact the farebox recovery ratio.

Vice Chairperson Dando queried if A&F Committee should include a line in the work plan regarding any monitoring proposals that are aside from the primary recommendations from the Ad-Hoc Financial Stability Committee.

Mr. Cipolla noted issues regarding the Advisory Committees and recommended the Board of Directors reassess the role of the Advisory Committees.

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

**17. Committee Staff Report**

There was no Committee Staff Report.

**18. Chairperson's Report**

Chairperson Williams thanked staff and noted his appreciation for staff's diligent work.

**19. Determine Consent Agenda for the October 2, 2003 Board Meeting**

**CONSENT: Agenda Item #9.**, Authorize the General Manager to renew benefit contract with Kaiser, PacifiCare, Valley Health Plan, Delta Dental, Pacific Union Dental, ProBusiness and Highmark Life Insurance Company effective January 1, 2004 for all VTA employees and retirees; **Agenda Item #10.**, Authorize the General Manager to extend the existing contract with ICMA Retirement Corporation through June 30, 2009, including new provisions for Revenue Sharing and for PLUS Fund fee reductions, and an agreement that VTA will not obtain plan administration or investment services from any other deferred compensation provider during the term of the agreement; **Agenda Item #11.**, Authorize the General Manager to execute an amendment to the Attorney Services Agreement with the firm of Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP to add \$50,000, for a new not-to-exceed contract value of \$1,025,000, and to extend the term of the Agreement two years until June 30, 2005;

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**Agenda Item #12.**, Authorize the General Manager to extend the current contract with Shaker M. Sawires to provide engineering claims analysis and expert witness services through conclusion of the pending litigation between VTA and Homer J. Olsen, Inc., and increase the authorized contract amount by \$30,000 for a new contract total not to exceed \$255,000; **Agenda Item # 13.**, Authorize the General Manager to amend the contract with Santa Clara Valley Highway Associates for project controls, right of way engineering and construction management services supporting construction of the I-880/Coleman Avenue Interchange Project for an amount not to exceed \$7,222,522 and establishing a new total contract value of \$20,177,522; and extend the term of the contract through October 2006 and **Agenda Item #14.**, authorize the General Manager to make changes to the benefits program for Non-Represented employees.

**REGULAR: None**

**20. Announcements**

There were no Announcements.

**21. ADJOURNMENT**

**On order of Chairperson Williams**, there being no objection, the meeting was adjourned at 12:50 p.m.

Respectfully submitted,

Michelle Garza, Board Assistant  
VTA Board of Directors