



ADMINISTRATION & FINANCE COMMITTEE

Thursday, October 16, 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 12:05 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
Don Gage
Jane P. Kennedy
Forrest Williams, Chairperson

Members Absent

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 # 12., Authorize the General Manager to execute a contract with Amland, the lowest responsible bidder, in the amount of \$756,758 for construction of the Route 85/87 Interchange Highway Planting Project in the City of San Jose be removed from the Consent Agenda and placed on the Regular Agenda.

M/S/C (Kennedy/Gage) to approve 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 September 18, 2003**

M/S/C (Kennedy/Gage) to approve the Regular Meeting Minutes of September 18, 2003.

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

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

6. **Monthly Legislative Reports**

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

7. **2003 Quarterly Attendance Report**

M/S/C (Kennedy/Gage) to approve the 2003 Quarterly Attendance Report for the VTA Board of Directors, Board Standing, and Board Advisory Committees.

8. **Bicycle & Pedestrian Advisory Committee Appointments**

M/S/C (Kennedy/Gage) to approve submitting a recommendation to the Board of Directors to approve the appointment of Bill Reisinger representing the City of Milpitas and Herman H. Wadler representing the City of Campbell to VTA's Bicycle and Pedestrian Advisory Committee with a term expiration of June 30, 2004.

9. **Re-appointments to the Committee for Transit Accessibility (CTA)**

M/S/C (Kennedy/Gage) to approve submitting a recommendation to the Board of Directors to approve the re-appointments of Cynthia Aleman, Jeanette Bruntz, Emma Eljas, Linda Gallo, Sandra Gouveia, Michelle HammCircic, Gerry James, Martin Lasich, Laura Michels, Maryjane Naughten, Marian Otis, and Barbara Stahl to the Committee for Transit Accessibility for a two-year term.

10. **2004 Administration and Finance Committee Meeting Schedule**

M/S/C (Kennedy/Gage) to approve submitting a recommendation to the Board of Directors to approve the 2004 Administration and Finance Committee Meeting Schedule.

11. Amendment to Professional Services Agreement for DBE Consulting Services

M/S/C (Kennedy/Gage) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to amend the contract with Hayden J. Lee Consultants, for Disadvantaged Business Enterprise (DBE) professional services in the amount of \$30,000, for the current fiscal year for a new total of \$129,680. Additionally amend years two and three of the agreement in the amount of \$69,320 for a new total for the three-year agreement of \$397,000.

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

1996 Measure B Transportation Improvement Program (MBTIP) – Route 85/87 Interchange Highway Planting Construction Contract Award

Authorize the General Manager to execute a contract with Amland, the lowest responsible bidder, in the amount of \$756,758 for construction of the Route 85/87 Interchange Highway Planting Project in the City of San Jose.

13. 1996 Measure B Transportation Improvement Program (MBTIP) – Augment I-880 Widening Construction Contract Award

M/S/C (Kennedy/Gage) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute various construction contract change orders with DeSilva Gates-Harris, a Joint Venture, for construction of the I-880 Widening Project within an increased contract amount of not to exceed \$48,910,645, an increase of \$300,000 over the current level of authority delegated to the General Manager.

14. Fund Transfer Agreements with Caltrans for Fiscal years 2002/2003 and 2003/2004 STIP Planning, Programming and Monitoring Program

M/S/C (Kennedy/Gage) to approve submitting a recommendation to the Board of Directors to adopt a resolution authorizing the General Manager to execute fund transfer agreements with the State of California Department of Transportation (Caltrans) for fiscal years 2002/2003 and 2003/2004 State Transportation Improvement Program (STIP) Planning, Programming and Monitoring Program.

The Agenda was taken out of order.

REGULAR AGENDA

12. **1996 Measure B Transportation Improvement Program (MBTIP) – Route 85/87 Interchange Highway Planting Construction Contract Award**

Vice Chairperson Dando inquired on the area section of the planting project and queried if it is basic landscaping. Vice Chairperson Dando inquired on the type of planting treatments would be provided for the amount being funded.

Jack J. Collins, Chief Construction Officer, noted that the area is small and is landscaped to the design standards of California. Mr. Collins noted that if the landscaping design goes beyond the level of standards then the State will not maintain the additional landscaped area. Mr. Collins noted that the landscape area section was designed to State standard levels and that irrigation was included in the landscape design of the planting project. Vice Chairperson Dando inquired if the landscaping treatments were consistent with what was discussed at previous meetings. Mr. Collins noted that additional information on the landscaping treatments will be provided.

M/S/C (Dando/Kennedy) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with Amland, the lowest responsible bidder, in the amount of \$756,758 for construction of the Route 85/87 Interchange Highway Planting Project in the City of San Jose.

15. **Sales of Surplus Land adjacent to Morgan Hill Caltrain Station Park and Ride Lot to The Redevelopment Agency of the City of Morgan Hill**

Ron Pang, Senior Real Estate Appraiser, provided a brief overview on the Sales of Surplus Land adjacent to Morgan Hill Caltrain Station Park and Ride Lot to The Redevelopment Agency of the City of Morgan Hill. Mr. Pang noted that the property is currently jointly owned by The Redevelopment Agency of the City of Morgan Hill and VTA, in which VTA owns a greater interest amount. Mr. Pang noted that an independent appraiser appraised the property and the price is reflected in the report.

Member Gage noted his support as long as the property is sold at a fair market value.

M/S/C (Gage/Kennedy) to approve submitting a recommendation to the Board of Directors to determine that approximately 1.78 +/- acres of vacant land adjacent to Morgan Hill Caltrain Station Park and Ride Lot within the City of Morgan Hill is surplus and authorize the General Manager to execute all necessary documents to sell VTA's undivided 59% interest in the parcel to the Redevelopment Agency of the City of Morgan Hill (RDAMH) for a purchase price of \$503,215.

16. State Legislative Advocate Contract

Vice Chairperson Dando noted that the lobbyist for the City of San Jose reports back to the Mayor and City Council Members on a quarterly basis regarding issues that they are working on. Vice Chairperson Dando noted that the Board Members have not received a report from the advocacy service company who represents VTA and inquired on the absence of reporting by the advocacy service company.

Kurt M. Evans, Government Affairs Manager, noted the information provided by the advocacy service representatives is incorporated into the Monthly Legislative Report. Mr. Evans noted that a monthly summary of state legislative advocacy service activities will be included in the Monthly Legislative Report.

Vice Chairperson Dando requested additional information on the advocacy service activities. Vice Chairperson Dando inquired on the yearly contract with the advocacy service company. Vice Chairperson Dando requested that the advocacy service provide periodical reports and be more visible.

Member Gage recommended that the General Manager negotiate a fair price for the advocacy services.

Chairperson Williams requested some indication that the advocacy service company is earning their keep and benefiting VTA.

Vice Chairperson Dando noted that the City of San Jose was not satisfied with their previous advocacy service company; therefore, the City of San Jose hired another advocacy service firm, which was less expensive and provided better service. Vice Chairperson Dando noted that the City of San Jose receives a monthly report and quarterly stock buy information as well as status reports on the projects the advocacy service firm is working on for the City of San Jose. Vice Chairperson Dando noted her concern regarding the absence of reporting to the Board of Directors by the advocacy service company who represents VTA.

M/S/C (Kennedy/Gage) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to extend the existing agreement with Smith, Watts & Company for state legislative advocacy services for a period of 25 ½ months in the amount of \$97,363 for a new contract total of \$465,723. From November 15, 2003, to December 31, 2004, the fixed retainer would be the current rate of \$3,765 per month. From January 1, 2005, to December 31, 2005, the rate would be \$3,878 per month. Further authorize the General Manager, at his discretion, to extend this agreement beyond December 31, 2005, for two additional one-year periods at a retainer rate to be negotiated, but which will not exceed \$5,000 per month.

OTHER ITEMS

17. VTA Fare Policy

Scott Buhner, Chief Financial Officer, provided a brief overview on the VTA Fare Policy. Mr. Buhner noted recommendations from the Business Review Team and Ad-Hoc Financial Stability Committee to increase the proportional costs that the transit users pay for the system, the Farebox Recovery Ratio. Mr. Buhner noted that the Ad-Hoc Financial Stability Committee recommended that the Farebox Recovery Ratio improve to 20-25 percent and a Fare Policy should be developed to achieve the increase.

Mr. Buhner noted the Draft Fare Policy and noted the components of a Farebox Recovery Ratio: the numerator is the average fare per boarding times the boarding per hour and the denominator is the cost per hour of service. Mr. Buhner noted that all three elements are important and need to be worked on to achieve the Farebox Recovery Ratio goal. Mr. Buhner proposed a pricing relationship policy for the Board of Directors to consider adopting a base fare and that base fare would be the Adult Cash Fare. Mr. Buhner noted that the Senior/Disabled Cash Fare be priced at a discount of 50 percent of the Adult Cash Fare, which is equal to the minimum discount required by Federal Transit Regulations. FTA Regulations require a 50 percent discount for Senior/Disabled riders during “off-peak” periods only; however, VTA does not vary fares by time of day; therefore, VTA’s fares must meet this requirement during all hours of service.

Mr. Buhner noted that the Youth Cash Fare be priced at a discount of 25 percent of the Adult Cash Fare. Mr. Buhner proposed that the Board of Directors bring uniformity to the pricing of the day and monthly passes and have them priced relatively to the Adult Cash Fare. Mr. Buhner noted that the Senior/Disabled Day Pass is priced at 2.3 times the Senior/Disabled Cash Fare where the Adult Day Pass is priced at 3 times the Adult Cash Fare. Mr. Buhner added that the Senior/Disabled Monthly Pass is priced at 23.3 times the Senior/Disabled Cash Fare price and the Adult Monthly Pass is priced at 35 times the Adult Cash Fare. Mr. Buhner noted that the Board of Directors may consider the average fare per boarding for the Senior/Disabled Fare payment category achieve some kind of relationship to the Adult Cash Fare. Mr. Buhner noted that a premium fare equal to two times the base fare will be charged for Express Bus Services and noted that premium fares will apply to Adult riders only. Mr. Buhner noted another policy change recommendation to have the ECO Pass priced so that the average fare per boarding be equal to the average fare per boarding for Adult Cash Fare. Mr. Buhner noted that the ECO Pass Program is a tool but not the only tool to achieve the farebox recovery ratio goal. Mr. Buhner provided a brief overview on the ECO Pass Program.

Mr. Buhner noted if VTA were currently receiving \$30 million from the farebox recovery with a 12 percent recovery ratio then VTA would need to receive \$50 million in farebox recovery to have a 20 percent recovery ratio. Mr. Buhner noted if VTA had all adults working covered under an ECO Pass Program then VTA would need \$34 million from all unemployed, Senior/Disabled and Youth in the County using the system and this is not feasible. Mr. Buhner noted that staff is recommending that the Board of Directors adopt a policy that suggests that the ECO Pass Program generate the same revenue based on the utilization as the Adult Fare category.

Peter M. Cipolla, General Manager, noted that the whole concept of the ECO Pass is a congestion management tool to get people to ride the transit system. Mr. Cipolla noted that the ECO Pass makes it more convenient for the people to use the system. Mr. Cipolla noted that the key issue is that customers do not have to worry about having the exact fare to use the system if they have the ECO Pass. Mr. Cipolla noted that it is more enticing for people to use the ECO Pass Program tool and the concept behind the tool is not to lose any money on the program. Mr. Cipolla added that it is important to maintain the prices and have an average fare for boarding. Member Gage noted that during these difficult financial times companies may cut back on the ECO Pass Program. Chairperson Williams noted that during these financial times VTA may be losing more employers from the ECO Pass Program. Mr. Cipolla noted that the ECO Pass Program system is a good system and good tool to utilize. Mr. Cipolla noted that the core group of customers ride the system. Mr. Buhner noted that VTA has surveyed the companies participating within the system and they noted their intention to continue within the system.

Vice Chairperson Dando queried on the proposed Senior/Disabled Cash Fare. Member Gage queried on the possibility of allowing individuals with a fixed income to have a three-day grace period to purchase the monthly pass. Member Gage noted that these individuals are on a fixed income and are living from day-to-day.

Mr. Cipolla urged the Board of Directors not to follow through with the request to extend a three-day grace period to purchase the monthly passes. Mr. Cipolla noted that this would cause several other issues and make it more difficult for the operators.

Chairperson Williams queried on the approval process of the Fare Policy and if staff would proceed with a community outreach process. Mr. Cipolla noted that the Fare Policy went through the Advisory Committees in October, then to the Standing Committees in October and November then forwarded to the Board of Directors for consideration in December 2003.

On order of Chairperson Williams, there being no objection, the Committee discussed the Fare Policy addressing both recovery ratio and pricing/structure goals for the Santa Clara Valley Transportation Authority (VTA).

18. Service Management Plan

Frank T. Martin, Chief Operations Officer, introduced Mike Aro, Service and Operations Planning Deputy Director. Mr. Aro provided a brief overview on the Draft Service Management Plan and distributed a power point presentation overview handout to Committee Members.

Mr. Aro noted that information was presented to the Advisory Committees and Standing Committees in October and will be presented for a second round to the Standing Committees in November. Mr. Aro noted that staff will be gathering input from the Standing Committees and will forward the item to the Board of Directors for consideration in December 2003. Mr. Aro noted that VTA has always used service standards, guidelines and policies to plan, evaluate, and modify service. Mr. Aro noted that the Ad-Hoc Financial Stability Committee recommended that the guidelines and policies be updated and codified in light of VTA's current financial condition. Mr. Aro added that the standards should address target and minimum acceptable measures of productivity by route and service type to improve system efficiency. Mr. Aro noted that the Service Management Plan formalizes the methods and procedures used to design, develop, and evaluate services and gives measures to manage existing systems, managing changes, and designing and implementing new services.

Mr. Aro noted that the report is broken down into four parts: Part 1 – Service Area/Network Design – the purpose of this section is to compare VTA's transit system to other transit systems, and describe the design of VTA's transit network; Part 2 – Service Design Guidelines – the purpose of this section is to provide objective and consistent criteria for the development and modification of services, to provide guidelines for defining services in terms of span of service and frequency, and establish vehicle loading guidelines which balance passenger safety, comfort and operating efficiency; Part 3 – Route Evaluation Policy – the purpose of this section is to provide service standards and guidelines that can be used to evaluate current services, work towards meeting VTA's service performance and farebox recovery goals, and identify corrective actions for those services not meeting service performance standards; and Part 4 - Service Change Process – the purpose of this section is to provide a process that is compliant with Federal Transit Administration guidelines for public involvement, to provide a process which solicits public and community participation at all stages of the process, and to provide a process that allows staff to implement appropriate changes in an expeditious and responsive manner. Mr. Aro noted that VTA is a young transit system and only 30 years old.

Member Gage noted that the Route Evaluation Policy goes against smaller cities in the Northern and Southern parts of the County because their population center is not as great as San Jose. Member Gage noted that the smaller cities will not meet service performance standards; therefore, placing certain routes in jeopardy of being eliminated. Member Gage queried on how VTA would balance this matter because the Gilroy

ridership will never meet service performance standards. Member Gage queried if there was an overriding factor to keep certain routes within the system.

Mr. Aro noted that once staff has examined all relevant information, performed all that is possible, looked at all possible operational changes, and it is still substandard then it is determined if it falls into a lifeline service. Mr. Aro noted that it may not be to VTA's advantage to eliminate route service, which services a high Senior/Disabled population who are still able to use fixed route service. Mr. Aro added that the elimination of certain fixed route services may force these Senior/Disabled customers to use paratransit services, which will be a higher cost to VTA to provide additional paratransit services.

Member Gage noted that the goal is to try to get people off the roads and using public transportation. Member Gage added that if VTA does not have the frequency of the buses then VTA will not meet its goal because the flexibility is not there for the customers. Member Gage noted that in the future as growth patterns start to change there may be a disadvantage for the South and North Cities; therefore, VTA needs to look at these formulas to make sure that VTA is not impacting these residents.

Mr. Cipolla noted that VTA may not eliminate the service but may go to different frequencies and bringing in smaller vehicles, such as a feeder type of service with a lesser operating cost to VTA. Mr. Cipolla noted that this plan will give VTA a core system to work with; therefore, raising the bar to become more operationally efficient.

Member Gage noted that past route eliminations impacted low income or Senior/Disabled people because they did not have any other means of transportation. Member Gage noted that when VTA determines that a route is insignificant and eliminated it impacts a certain population of individuals in which the route is significant. Member Gage noted that VTA may be cutting service that affects the very low income and Senior/Disabled population and wanted staff to be aware of this matter.

Member Gage queried if VTA knew how much future revenue is needed to support the new service added as a result of the formula.

Mr. Cipolla noted that funds within the budget to fund the standards are already in place from an operations management standpoint. Mr. Cipolla noted that route service would be modified or eliminated if not performing to standards after a period of four to six months. Mr. Cipolla noted that all routes have different standards to work from.

On order of Chairperson Williams, there being no objection, the Committee discussed the Service Management Plan.

19. Committee Work Plan

Vice Chairperson Dando queried if it would be beneficial for the A&F Committee to receive a presentation on HOT Lanes. Mr. Buhrer noted that the information is scheduled to be presented at the January 30, 2004 Board of Directors Workshop.

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

20. Committee Staff Report

There was no Committee Staff Report.

21. Chairperson's Report

There was no Chairperson's Report.

22. Determine Consent Agenda for the November 6, 2003 Board Meeting

CONSENT: Agenda Item # 8., Approve the appointment of Bill Reisinger representing the City of Milpitas and Herman H. Wadler representing the City of Campbell to VTA's Bicycle and Pedestrian Advisory Committee with a term expiration of June 30, 2004; **Agenda Item #9.**, Approve the re-appointments of Cynthia Aleman, Jeanette Bruntz, Emma Eljas, Linda Gallo, Sandra Gouveia, Michelle HammCircic, Gerry James, Martin Lasich, Laura Michels, Maryjane Naughten, Marian Otis, and Barbara Stahl to the Committee for Transit Accessibility for a two-year term; **Agenda Item #11.**, Authorize the General Manager to amend the contract with Hayden J. Lee Consultants, for Disadvantaged Business Enterprise (DBE) professional services in the amount of \$30,000, for the current fiscal year for a new total of \$129,680. Additionally amend years two and three of the agreement in the amount of \$69,320 for a new total for the three-year agreement of \$397,000; **Agenda Item #12.**, Authorize the General Manager to execute a contract with Amland, the lowest responsible bidder, in the amount of \$756,758 for construction of the Route 85/87 Interchange Highway Planting Project in the _____ City _____ of San Jose; **Agenda Item # 13.**, Authorize the General Manager to execute various construction contract change orders with DeSilva Gates-Harris, a Joint Venture, for construction of the I-880 Widening Project within an increased contract amount of not to exceed \$48,910,645, an increase of \$300,000 over the current level of authority delegated to the General Manager; **Agenda Item #14.**, Adopt a resolution authorizing the General Manager to execute fund transfer agreements with the State of California Department of Transportation (Caltrans) for fiscal years 2002/2003 and 2003/2004 State Transportation Improvement Program (STIP) Planning, Programming and Monitoring Program and **Agenda Item #16.**, Authorize the General Manager to extend the existing agreement with Smith, Watts & Company for state legislative advocacy services for a period of 25 ½ months in the amount of \$97,363 for a new contract total of \$465,723. From November 15, 2003, to December 31, 2004, the fixed retainer would be the current rate of \$3,765 per month. From January 1, 2005, to December 31, 2005, the rate would be \$3,878 per month. Further authorize the General Manager, at his discretion, to extend this agreement beyond December 31, 2005, for two additional one-year periods at a retainer rate to be negotiated, but which will not exceed \$5,000 per month.

REGULAR: Agenda Item #15., Determine that approximately 1.78 +/- acres of vacant land adjacent to Morgan Hill Caltrain Station Park and Ride Lot within the City of Morgan Hill is surplus and authorize the General Manager to execute all necessary documents to sell VTA's undivided 59% interest in the parcel to the Redevelopment Agency of the City of Morgan Hill (RDAMH) for a purchase price of \$503,215.

23. Announcements

Mr. Collins noted the I-880 Widening Project Ribbon Cutting Ceremony scheduled for Thursday, November 13, 2003, at 10:30 a.m. in the San Jose Mercury News Parking Lot.

Member Kennedy noted the opening of the Santa Clara Transit Center held on Tuesday, October 14, 2003.

24. ADJOURNMENT

On order of Chairperson Williams, there being no objection, the meeting was adjourned at 1:45 p.m.

Respectfully submitted,

Michelle Garza, Board Assistant
VTA Board of Directors