



ADMINISTRATION & FINANCE COMMITTEE

Thursday, November 20, 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 12:02 p.m. by Chairperson Williams in Room 204, City of San Jose, 801 North First Street, San Jose, California.

ROLL CALL

Members Present

Don Gage
Jane P. Kennedy
Forrest Williams, Chairperson

Members Absent

Pat Dando, Vice Chairperson
Pete McHugh
Joe Pirzynski

A quorum was present.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

There were no Orders of the Day.

CONSENT AGENDA

4. **Regular Meeting Minutes of October 16, 2003**

M/S/C (Gage/Kennedy) to approve the Regular Meeting Minutes of October 16, 2003.

5. **Report on Santa Clara Valley Transportation Authority Investments for the Month of September 2003 and quarter ending September 2003**

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

6. **Quarterly Purchasing Report**

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

7. **Monthly Legislative Reports**

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

8. **First Quarter FY 2004 Report of Workers' Compensation and Owner Controlled Insurance Program Claims Activity**

M/S/C (Gage/Kennedy) to receive and file the First Quarter FY 2004 Report of Workers' Compensation and Owner Controlled Insurance Program Claims Activity.

9. **First Quarter FY 2004 Report of Public Liability/Property Damage and Owner Controlled Insurance Program (OCIP) Claims Activity**

M/S/C (Gage/Kennedy) to receive and file the First Quarter FY 2004 Report of Workers' Compensation and Owner Controlled Insurance Program (OCIP) Claims Activity.

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

10. Federal Fiscal Year 2004 Federal Transit Administration Grant Applications

M/S/C (Gage/Kennedy) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to submit Federal Fiscal Year (FFY) 2004 grant applications and execute grant agreements with the Federal Transit Administration (FTA) for the Section 5307 Urbanized Area Formula Program, Section 5309 Fixed Guideway / New Rail Starts / Bus and Bus Facilities Programs, and Section 3037 Job Access and Reverse Commute Program.

11. FY 2001/2002 Transportation for Livable Communities (TLC) Grants

M/S/C (Gage/Kennedy) to approve submitting a recommendation to the Board of Directors to adopt resolutions assuring local match for two Metropolitan Transportation Commission (MTC) Transportation for Livable Communities (TLC) funded projects and authorize the General Manager to execute associated contracts with MTC and the State of California Department of Transportation (Caltrans) for the design and construction of the projects as follows: 1) San Fernando Station Plaza/Los Gatos Creek Trail Improvements (\$885,000 grant award) and 2) River Oaks Bicycle/Pedestrian Bridge (\$1,000,000 grant award).

REGULAR AGENDA

12. VTA Fare Policy

Scott Buhner, Chief Financial Officer, provided a brief overview on the VTA Fare Policy. Mr. Buhner noted that the VTA Fare Policy was presented to the Advisory and Standing Committees in October 2003 and will be brought back to the Advisory and Standing Committees in November 2003. Mr. Buhner noted that the VTA Fare Policy presented is the same; however, Attachments B, C, and D were added to clarify the proposed Fare Policy. Mr. Buhner noted that Attachment B identifies the Proposed Fare Policy Pricing Results based on Current Fares of \$1.50 Base Fare. Mr. Buhner noted that the base fare is \$1.50 and that the Adult Day Pass would be three times the base fare and the Adult Monthly Pass would be 35 times the base fare. Mr. Buhner noted that the Express Cash Fare would be two times the Adult Cash Fare. Mr. Buhner noted that the Youth would be proposed at 75 percent of the Adult Cash Fare. Mr. Buhner noted that the goal is to have quarter increments. Mr. Buhner noted that the fares for Senior and Disabled riders will be rounded down so that they never exceed 50 percent of Adult Cash Fare prices due to the Federal Transportation Administration (FTA) regulations requirement of a 50 percent discount for Senior and Disabled riders during "off-peak" periods. Mr. Buhner noted that Attachment C identifies the Proposed Fare Policy Pricing Results based on Current Fares of \$1.75 Base Fare. Mr. Buhner noted that Attachment D the summary of VTA Transfer Arrangements with Adjoining and Overlapping Transit Operators was requested by the Transit Planning and Operations Committee. Mr. Buhner noted that Attachment D shows the inter-operator agreement between VTA and other transit operators regarding fare credits granted when passengers are transferring between one system to another system.

Mr. Buhner noted that with current practices VTA is currently on parity with other transit operators with the exception of Caltrain, ACE, and BART Plus. Mr. Buhner noted the recommendation of the Congestion Management Program and Planning Committee (CMPP) that the Youth and Senior/Disabled categories be revised to reduce the discount of the Youth and Senior and Disabled Cash Fares. Peter M. Cipolla, General Manager, noted that the VTA Fare Policy is not a specific fare change but noted how future fare changes would be enacted. Mr. Buhner noted that the next time VTA would consider a fare change is in conjunction with a budget process. Mr. Buhner noted that the January 30, 2004 Board of Directors Budget Workshop will have a proposed fare increase to take into the public involvement process then forwarded to the Board of Directors for consideration on April 23, 2004 for implementation January 1, 2005. Mr. Buhner noted that the farebox recovery ratio is driven by three variables: 1) average fare per passenger, 2) passengers per hour, and 3) cost per hour of service. Mr. Buhner noted that all of the financial scenarios assume a 20 to 25 percent farebox recovery ratio being achieved within two to three year period meaning that VTA would need to have an annual fare increase starting now until 2007.

M/S/C (Kennedy/Gage) to approve submitting a recommendation to the Board of Directors to adopt a Fare Policy addressing both recovery ratio and pricing/structure goals for the Santa Clara Valley Transportation Authority.

The Administration and Finance Committee supported the recommendation provided by the CMPP Committee that the Youth and Senior/Disabled categories be revised to reduce the discount as appropriately determined by management to the Youth in the target area of a discount of between 80 and 90 percent of the adult fare and that the Senior and Disabled fare be discounted 40 and 45 percent of the adult fare.

13. BART Plus Ticket Program Agreement

Mr. Buhner provided a brief report on the BART Plus Ticket Program Agreement. Mr. Buhner noted that the BART Plus Ticket Program Agreement expired June 30, 1997; however, the program has continued in operation informally. BART determined that a new agreement would be necessary for several reasons: 1) BART would like to reaffirm that other bus operators would continue to participate within the BART Plus Ticket Program and 2) AC Transit has chosen to no longer participate within the program. Mr. Buhner noted that VTA's share of BART Plus revenue would be \$4,500 to \$5,000 per month.

M/S/C (Gage/Kennedy) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute an agreement to extend the BART Plus multi-agency ticket program in cooperation with BART and seven other Bay Area transit agencies.

14. Federal Legislative Advocate Contract

Kurt Evans, Government Affairs Manager, provided a brief overview on the Federal Legislative Advocate Contract. Mr. Evans noted that BKSH & Associates has an excellent track record and it would be in VTA's best interest to continue work with this firm.

Chairperson Williams requested a summary information sheet on the federal advocacy service activities and an annual visit. Chairperson Williams requested some indication that the federal advocacy service company is benefiting VTA. Member Gage noted that a summary information sheet on the federal advocacy service activities would be beneficial to the Board Members.

Mr. Evans noted that a monthly summary of federal legislative advocacy service activities will be included in the monthly legislative report as well as provide an annual visit.

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 BKSH & Associates for federal legislative advocacy services for a period of two years in the amount of \$402,000 for a new contract total of \$1,955,000. From January 1, 2004, to December 31, 2004, the fixed retainer would be \$16,500 per month. From January 1, 2005, to December 31, 2005, the rate would be \$17,000 per month. Further authorize the General Manager, at his discretion, to extend this agreement after December 31, 2005, for two additional one-year periods at a fixed retainer rate to be negotiated, but which shall not exceed \$17,500 per month for the first option and which shall not exceed \$18,400 per month for the second option.

15. Legislative Positions

Mr. Evans provided a brief overview on the Legislative Positions. Mr. Evans noted that both AB 428 (Richman) and AB 816 (Reyes) propose to make various changes to state statutes that deal with energy. Mr. Evans noted that both bills will allow VTA to acquire power from energy service providers other than the investor-owned utilities. Mr. Evans noted that if VTA was allowed to purchase electricity from an energy service provider other than Pacific Gas and Electric Company (PG&E) it is estimated that the potential savings would be between \$600,000 to \$1.9 million per year based on current energy market forecasts. Mr. Evans noted that AB 1233 (Horton) – a pilot program designed to evaluate the potential benefits of using a new coordinated environmental review and permit process during the environmental phase of project delivery. Mr. Evans noted that the program is intended to focus on testing a coordinated environmental review process for projects that enhance highway capacity; therefore, the timeline could be reduced by speeding up the process and allowing separate phases to begin concurrently.

M/S/C (Kennedy/Gage) to approve submitting a recommendation to the Board of Directors to adopt a support position for AB 428 (Richman) – Electric power: direct

access, AB 816 (Reyes) – Electric power: direct access, and AB 1233 (Horton) – Highway capacity enhancement projects.

16. Proposed Amendments to Administrative Code Regarding Procurement of Services and Cooperative Agreements

Suzanne Gifford, General Counsel, provided a brief overview on the Proposed Amendments to Administrative Code Regarding Procurement of Services and Cooperative Agreements. Ms. Gifford noted that VTA could streamline the procurement process by amending Chapter 9 of the Administrative Code, which sets forth the powers and duties of the purchasing agent. Ms. Gifford noted that amendments in several areas could minimize administrative burden, promote efficiency, and reduce costs for VTA.

M/S/C (Kennedy/Gage) to approve submitting a recommendation to the Board of Directors to adopt a resolution amending Chapter 9 of the Administrative Code to add provisions relating to: 1) contracting services through sealed bidding; 2) contracting for incidental services; 3) utilization of “tag-on” procurements for services; and 4) Execution of Cooperative Agreements with public agencies and public utilities.

Chairperson Williams commended staff for their diligent work on exploring ways to improve service processes. Chairperson Williams requested that staff provide a report at the end of the year regarding how much funding was saved through these actions.

OTHER ITEMS

17. FY 2004 – 2013 Short Range Transit Plan (SRTP)

Julie Render, Principal Transportation Planner, provided a brief overview on the FY 2004 – 2013 Short Range Transit Plan (SRTP). Ms. Render noted that the SRTP documents VTA’s ongoing transit development and planning process covering a ten-year planning period and feeds into the 20-year countywide and regional transportation plans. Ms. Render noted that the SRTP document is due to MTC in October 2003; however, VTA has been granted an extension to March 2004. Ms. Render noted that the Draft 2004 – 2013 SRTP will be presented to the Standing Committees and/or Board of Directors Workshop in January 2004 than forwarded to the Board of Directors for consideration in February 2004.

On order of Chairperson Williams, there being no objection, the Committee received and filed a report on the FY 2004 – 2013 Short Range Transit Plan (SRTP).

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 Service Management Plan.

Mr. Aro noted that information was presented to the Advisory Committees and Standing Committees in October and presented for a second round to the Standing Committees in November. He noted that VTA has always used service standards, guidelines and policies to plan, evaluate, and modify services. Mr. Aro noted that the Board of Directors recently approved the recommendations of the Ad-Hoc Financial Stability Committee that the service standard guidelines and policies be updated and codified. Mr. Aro added that the standards address target and minimum acceptable measures of productivity by route and service type to improve system efficiency. Mr. Aro noted the three main factors influencing the farebox recovery ratio: 1) average fare, 2) cost per hour, and 3) riders per hour. 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 FTA 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. Martin noted that over the years VTA has developed a very extensive process for gathering input from the public and community. Mr. Aro noted that VTA utilizes customer service survey information as a guidance for future service plans.

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

19. FY 2004 First Quarter Performance Report

Mr. Aro provided a brief overview on the FY 2004 First Quarter Performance Report. Mr. Aro noted the Key Performance Measures FY 2004 First Quarter. Mr. Aro noted improvement compared to the figure ending FY 2003 (preliminary) regarding the farebox recovery ratio. Mr. Aro noted that bus ridership is down 18 percent, riders per hour is down 5.3 percent, light rail ridership is down 23 percent and productivity on light rail regarding riders per hour is down 8 percent.

On order of Chairperson Williams, there being no objection, the Committee received and filed the FY 2004 First Quarter Performance Report.

Member Gage noted his appreciation for staff’s diligent work.

20. **Committee Work Plan**

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

21. **Committee Staff Report**

Mr. Buhrer noted that the first series of 2000 Measure A bonds were priced on Thursday, November 13, 2003.

Chairperson Williams noted his appreciation for the good results.

22. **Chairperson's Report**

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

23. **Determine Consent Agenda for the December 4, 2003 Board Meeting**

CONSENT: Agenda Item # 10., Authorize the General Manager to submit Federal Fiscal Year (FFY) 2004 grant applications and execute grant agreements with the Federal Transit Administration (FTA) for the Section 5307 Urbanized Area Formula Program, Section 5309 Fixed Guideway / New Rail Starts / Bus and Bus Facilities Programs, and Section 3037 Job Access and Reverse Commute Program; **Agenda Item #11.**, Adopt resolutions assuring local match for two Metropolitan Transportation Commission (MTC) Transportation for Livable Communities (TLC) funded projects and authorize the General Manager to execute associated contracts with MTC and the State of California Department of Transportation (Caltrans) for the design and construction of the projects as follows: 1) San Fernando Station Plaza/Los Gatos Creek Trail Improvements (\$885,000 grant award) and 2) River Oaks Bicycle/Pedestrian Bridge (\$1,000,000 grant award); **Agenda Item #13.**, Authorize the General Manager to execute an agreement to extend the BART Plus multi-agency ticket program in cooperation with BART and seven other Bay Area transit agencies; **Agenda Item #14.**, Authorize the General Manager to extend the existing agreement with BKSH & Associates for federal legislative advocacy services for a period of two years in the amount of \$402,000 for a new contract total of \$1,955,000. From January 1, 2004, to December 31, 2004, the fixed retainer would be \$16,500 per month. From January 1, 2005, to December 31, 2005, the rate would be \$17,000 per month. Further authorize the General Manager, at his discretion, to extend this agreement after December 31, 2005, for two additional one-year periods at a fixed retainer rate to be negotiated, but which shall not exceed \$17,500 per month for the first option and which shall not exceed \$18,400 per month for the second option; **Agenda Item # 15.**, Adopt a support position for AB 428 (Richman) – Electric power: direct access, AB 816 (Reyes) – Electric power: direct access, and AB 1233 (Horton) – Highway capacity enhancement projects and **Agenda Item #16.**, Adopt a resolution amending Chapter 9 of the Administrative Code to add provisions relating to: 1) contracting services through sealed bidding; 2) contracting for incidental services; 3)

utilization of “tag-on” procurements for services; and 4) Execution of Cooperative Agreements with public agencies and public utilities.

REGULAR: Agenda Item #12., Adopt a Fare Policy addressing both recovery ratio and pricing/structure goals for the Santa Clara Valley Transportation Authority.

24. Closed Session at 1:06 p.m.

Conference with Labor Negotiators
[Government Code Section 54957.6]

Employee Organizations:

Amalgamated Transit Union (ATU) Local 265

VTA Designated Representatives:

Kaye L. Evleth, Chief Administrative Officer
Scott Buhner, Chief Financial Officer
Robert Escobar, Manager, Office of Employee Relations

Reconvene to Open Session at 1:24 p.m.

25. Closed Session Report

Conference with Labor Negotiators
[Government Code Section 54957.6]

Employee Organizations:

Amalgamated Transit Union (ATU) Local 265

VTA Designated Representatives:

Kaye L. Evleth, Chief Administrative Officer
Scott Buhner, Chief Financial Officer
Robert Escobar, Manager, Office of Employee Relations

There was no reportable action taken during Closed Session.

26. Announcements

There were no Announcements.

27. ADJOURNMENT

On order of Chairperson Williams, there being no objection, the meeting was adjourned at 1:24 p.m.

Respectfully submitted,

Michelle Garza, Board Assistant
VTA Board of Directors

