



ADMINISTRATION & FINANCE COMMITTEE

Thursday, December 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 12:04 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 November 20, 2003**

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

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

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

6. **Monthly Legislative Reports**

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

REGULAR AGENDA

7. **VTP 2020 Highway Program – I-880/Coleman Avenue Interchange Construction Contract Award**

Jack J. Collins, Chief Construction Officer, provided a brief overview on the VTP 2020 Highway Program – I-880/Coleman Avenue Interchange Construction Contract Award. Mr. Collins noted that five competitive bids were received for the construction contract award. Mr. Collins noted that FCI Constructors, Inc/Pavex Joint Venture were the contractors who completed the 85/87 Interchange Project ahead of schedule and under budget. Mr. Collins noted that FCI Constructors, Inc/Pavex Joint Venture are known for their good work. Mr. Collins noted remaining open items and resolution by January 8, 2004. Mr. Collins noted that the California Transportation Commission (CTC) approved the allocation of funds for I-880/Coleman Interchange and for the 87 North and 87 South HOV Lane projects. Mr. Collins noted that the CTC are scheduled to meet on January 22, 2004 regarding the approval of the GARVEE Bond sale package. Mr. Collins noted that VTA Staff and Santa Clara County Staff are meeting regarding the State Transportation Improvement Program (STIP) swap payback for the funds that were lent to advance the Measure B Project of Route 237/880 Construction Project.

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

Mr. Collins noted that it was anticipated that the payback would occur in 2006; however, Staff is meeting to discuss repayment to prevent a cash shortfall when VTA advances the

funding for construction of the I-880/Coleman Interchange Project, 87 North and 87 South HOV Lane projects. Mr. Collins noted that the DBE requirement issue was not met by FCI or by the other three low bidders; however, VTA's contract office has determined that FCI has provided good faith efforts and will forward the information to Caltrans who will forward the recommendations to Federal Highway Administration (FHWA).

M/S/C (Gage/Kennedy) to authorize the General Manager to execute a contract with FCI Constructors, Inc/Pavex Joint Venture, the lowest responsible bidder, in the amount of \$44,173,465 for construction of the I-880/Coleman Avenue Interchange Project in the City of San Jose. The contract award is contingent upon final action on the sale of GARVEE Bonds by the California Transportation Commission anticipated in January 2004. The project is 97 percent federally funded.

8. 2004 State Legislative Program

Kurt M. Evans, Government Affairs Manager, provided a brief overview on the 2004 State Legislative Program. Mr. Evans reported that Santa Clara Valley Transportation Authority (VTA) annually adopts a State Legislative Program to provide direction for its legislative and policy activities. Mr. Evans noted that the purpose of the program is to establish statutory, regulatory, and administrative policies and principles to guide VTA's advocacy efforts at the state level. Mr. Evans noted that the 2004 State Legislative Program is divided into 15 sections.

M/S/C (Gage/Kennedy) to approve the 2004 State Legislative Program for the Santa Clara Valley Transportation Authority (VTA).

9. 2004 Federal Legislative Program

Mr. Evans provided a brief overview on the 2004 Federal Legislative Program. Mr. Evans reported that Santa Clara Valley Transportation Authority (VTA) annually adopts a Federal Legislative Program to provide direction for its legislative and policy activities. Mr. Evans noted that the purpose of the program is to establish statutory, regulatory, and administrative policies and principles to guide VTA's advocacy efforts at the federal level. Mr. Evans noted that the 2004 Federal Legislative Program is divided into 10 sections.

M/S/C (Gage/Kennedy) to approve the 2004 Federal Legislative Program for the Santa Clara Valley Transportation Authority (VTA).

10. Legislative Positions: Regional Measure 2

Mr. Evans provided a brief overview on the Legislative Positions: Regional Measure 2. Mr. Evans noted that Regional Measure 2 position calls for increasing the tolls on the state owned toll bridges in the Bay Area by \$1 geared towards transportation improvements. Mr. Evans noted if Regional Measure 2 is approved then the toll increase would go into effect July 1, 2004. Mr. Evans noted that the toll increase would generate a total of \$125 million per year towards transportation.

M/S/C (Gage/Kennedy) to approve submitting a recommendation to the Board of Directors to adopt a support position for Regional Measure 2, which deals with San Francisco Bay Area bridge tolls.

11. Financial Stability Strategy

Frank Sharpless, Transportation Policy & Program Manager, provided a brief overview on the Financial Stability Strategy. Mr. Sharpless noted that an Ad-Hoc Financial Stability Committee was established to review VTA's long-term financial situation and to make recommendations to address the financial situation. Mr. Sharpless noted that the VTA Board of Directors adopted the 19 recommendations in conjunction with the

FY 2003 - 2004 and FY 2004 - 2005 VTA Budget. Mr. Sharpless noted that the Ad-Hoc Financial Stability Committee developed a revenue enhancement strategy. Mr. Sharpless noted the Ad-Hoc Financial Stability Committee revenue enhancement strategy revisions include the following: 1) identification of parameters for the use of advanced Measure A funds for operation of current transit service, 2) recognition of the role of community stakeholder and public input in Measure A project implementation and prioritization, and 3) revision of the advisory ballot measure recommendations.

M/S/C (Gage/Kennedy) to approve submitting a recommendation to the Board of Directors to Adopt a Financial Stability Strategy, which includes revenue enhancement measures recommended by the Ad Hoc Financial Stability Committee.

12. Amendment to Fare Tariff Resolution 03.06.09 relating to the San Jose State University Transit Access Program

Anne-Catherine Vinickas, Marketing and Customer Service Director, provided a brief overview on the Amendment to Fare Tariff Resolution 03.06.09 to the San Jose State University Transit Access Program (TAP). Ms. Vinickas noted that the TAP program and ECO Pass program will be combined into one single program and structured and priced identically to the employer based ECO Pass program. Ms. Vinickas noted that the price will be \$15 per participant per semester. Ms. Vinickas noted that participants who qualify for VTA's Americans with Disabilities Act (ADA) service will receive a \$1.50 credit toward the cost of a one-way paratransit trip. Ms. Vinickas noted that the changes address improvement of average fares as well as attempting to minimize adverse impacts on ridership. Ms. Vinickas noted that fares will be reviewed biennially and fare changes will be adopted with the biennial budget in May or June of every other year. Ms. Vinickas noted that fare changes will take effect in January of the year following the adoption.

M/S/C (Kennedy/Gage) to approve submitting a recommendation to the Board of Directors to consider amendment to Fare Tariff Resolution 03.06.09 relating to the San Jose State University Transit Access Program.

OTHER ITEMS

13. FY 2002/2003 Comprehensive Annual Financial Report (CAFR)

Scott D. Buhner, Chief Financial Officer, provided a brief overview on the FY 2002/2003 Comprehensive Annual Financial Report (CAFR). Mr. Buhner noted that State law and VTA's Administrative Code require an annual audit of VTA's finances to be conducted by an independent Certified Public Accountant. Mr. Buhner noted that VTA's Enterprise Fund accounts for transit operations and transit capital projects. Mr. Buhner noted that VTA started the year with \$177 million in budgetary reserves and at the end of the year it was down to \$115 million that is a \$63 million decline in budgetary reserves due to the operating loss of \$37 million. Mr. Buhner noted that with canceling, deferring, and down scoping in capital it would have been \$100 million decline in budgetary reserves. Mr. Buhner noted that \$47 million is for operating reserves, \$63 million for local share of VTA Board of Directors approved capital projects and \$4.7 million in unrestricted budgetary equity. Mr. Buhner noted that 46 projects were cancelled, scaled back or down scoped to reduce the budgetary reserves by \$36 million. Mr. Buhner noted that VTA expended approximately \$482 million for transit, highway, pavement and bike programs within the 1996 Measure B Transportation Improvement Program. Mr. Buhner noted that \$380 million was funded by the Santa Clara County 1996 Measure B funds and the remainder funded by the State and other local fund sources. Mr. Buhner noted that VTA expended \$100 million in projects for BART to San Jose project, Downtown East Valley project, and the Zero Emission Bus (ZEB) and the vehicle acquisitions for the Union Pacific Railroad Right-of-Way within the 2000 Measure A Program. Mr. Buhner noted that the Congestion Management Program fund balance decreased to \$1.5 million and an increase of \$33,000 to the Traffic Authority fund balance due to ongoing audits and appeals of retroactive sales tax receipts. Mr. Buhner noted that VTA expended \$10 million in project costs for the Coleman/I-880 Improvement and I-680/880 Interchange Projects within the Congestion Management and Highway Program. Mr. Buhner noted that the SCVTA ATU Pension Plan fund increased by \$11.6 million due to interest earned on investments and VTA contributions less benefit payments and administration expenses.

Mr. Buhner introduced David Bullock, Macias, Gini & Company LLP. Mr. Bullock noted that the General Accounting Standards and Government Auditing Standards were followed during the audit. Mr. Bullock noted that Macias, Gini & Company LLP issued the highest level of assurance regarding VTA's annual financial status.

On order of Chairperson Williams, there being no objection, the Committee reviewed the FY 2002/2003 Comprehensive Annual Financial Report (CAFR).

14. Committee Work Plan

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

15. Committee Staff Report

Mr. Buhner noted that sales tax revenues were higher than expected for the quarter ending.

16. Chairperson's Report

Chairperson Williams noted changes in the economy and signs of economic recovery and thanked VTA Staff and noted his appreciation for Staff's diligent work.

Member Kennedy thanked the A&F Committee Members and VTA Staff for their support.

Member Gage thanked and noted Member Kennedy will be missed. Member Gage thanked VTA Staff for their diligent work and assistance with the Ad-Hoc Financial Stability Committee.

Chairperson Williams thanked VTA Staff for their diligent work and response to the demands of this year and for a job well done. Chairperson Williams noted the Board of Directors appreciation for the diligent work performed by VTA Staff.

17. Determine Consent Agenda for the January 8, 2003 Board Meeting

CONSENT: Agenda Item # 7., Authorize the General Manager to execute a contract with FCI Constructors, Inc/Pavex Joint Venture, the lowest responsible bidder, in the amount of \$44,173,465 for construction of the I-880/Coleman Avenue Interchange Project in the City of San Jose. The contract award is contingent upon final action on the sale of GARVEE Bonds by the California Transportation Commission anticipated in January 2004. The project is 97 percent federally funded and **Agenda Item #10.**, Adopt a support position for Regional Measure 2, which deals with San Francisco Bay Area bridge tolls.

REGULAR: Agenda Item # 8., Approve the 2004 State Legislative Program for the Santa Clara Valley Transportation Authority (VTA); **Agenda Item # 9.**, Approve the 2004 Federal Legislative Program for the Santa Clara Valley Transportation Authority (VTA); **Agenda Item # 11.**, Adopt a Financial Stability Strategy, which includes revenue enhancement measures recommended by the Ad Hoc Financial Stability Committee and **Agenda Item # 12.**, Consider amendment to Fare Tariff Resolution 03.06.09 relating to the San Jose State University Transit Access Program.

18. Closed Session at 1:00 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 Buhrer, Chief Financial Officer

Robert Escobar, Manager, Office of Employee Relations

Reconvene to Open Session at 1:12 p.m.

19. 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 Buhrer, Chief Financial Officer

Robert Escobar, Manager, Office of Employee Relations

There was no reportable action taken during Closed Session.

20. Announcements

Chairperson Williams noted the next Administration and Finance Committee Meeting is scheduled for Thursday, January 22, 2004 at noon.

21. ADJOURNMENT

On order of Chairperson Williams, there being no objection, the meeting was adjourned at 1:14 p.m.

Respectfully submitted,

Michelle Garza, Board Assistant
VTA Board of Directors
