



ADMINISTRATION & FINANCE COMMITTEE

Thursday, May 20, 2004

MINUTES

1. CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:01 p.m. by Chairperson Williams in Room 202A, City of San Jose, Health Building, 151 West Mission Street, San Jose, California.

ROLL CALL

Members Present

Patricia Dixon
Don Gage
Forrest Williams, Chairperson

Members Absent

David Casas, Vice Chairperson

Alternates Present

Breene Kerr

Alternates Absent

Dennis Kennedy

* Alternates do not serve unless participating as a Member.

A quorum was present.

Alternate Board Member Kerr took his seat at 12:02 p.m.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

Chairperson Williams requested that Agenda Item # 8., Receive and file the Third Quarter FY 2004 Report of Public Liability/Property Damage and Owner Controlled Insurance Program (OCIP) Claims Activity be removed from the Consent Agenda and placed on the Regular Agenda.

M/S/C (Gage/Dixon) to accept the Orders of the Day.

CONSENT AGENDA

4. **Regular Meeting Minutes of April 14, 2004**

M/S/C (Gage/Dixon) to approve the Regular Meeting Minutes of April 14, 2004.

5. **Report on Santa Clara Valley Transportation Authority Investments for the Month of March 2004 and quarter ending March 2004**

M/S/C (Gage/Dixon) to receive and file the Report on Santa Clara Valley Transportation Authority Investments for the Month of March 2004 and quarter ending March 2004.

6. **Quarterly Purchasing Report**

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

7. **Monthly Legislative Reports**

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

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

Receive and file the Third Quarter FY 2004 Report of Public Liability/Property Damage and Owner Controlled Insurance Program (OCIP) Claims Activity.

9. **Third Quarter FY 2004 Report of Workers' Compensation and Owner Controlled Insurance Program (OCIP) Claims Activity**

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

10. **Bicycle and Pedestrian Advisory Committee Appointments/Reappointments**

M/S/C (Gage/Dixon) to approve submitting a recommendation to the Board of Directors to ratify the appointment of John Carpenter representing the City of Mountain View and the reappointments of Curt Riffle representing the City of Los Altos, David Kobayashi representing the County of Santa Clara, Marc Jensen representing the Town of Los Gatos, Jim Stallman representing the City of Saratoga, Herman Wadler representing the City of Campbell, Bill Reisinger representing the City of Milpitas, John Sullivan representing the City of Santa Clara, Bart Thielges representing the City of San Jose, Thomas Muniz representing the City of Gilroy, and Joe Walton representing the City of Cupertino to the Bicycle and Pedestrian Advisory Committee (BPAC) for the term ending June 30, 2006.

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

11. 1996 Measure B Transportation Improvement Program (MBTIP) – I-880 Widening Ancillary Contract and Soundwall Project Construction Contract Award

M/S/C (Gage/Dixon) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with R. M. Harris Co., Inc., the lowest responsible bidder, in the amount of \$639,176 for construction of the I-880 Widening Ancillary Contract and Soundwall Project.

12. Legislative Positions: AB 2085 (Montanez)

M/S/C (Gage/Dixon) to approve submitting a recommendation to the Board of Directors to adopt a support position for AB 2085 (Montanez), which increases the base fine for stopping on the tracks of a railroad grade crossing from \$101 to \$311.

13. TransLink ® Funding Agreement

M/S/C (Gage/Dixon) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to enter into a funding agreement with the Metropolitan Transportation Commission to receive a grant for TransLink® Site Preparation activities.

14. Lease Agreement for Walk-Up Copier Services

M/S/C (Gage/Dixon) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to award a contract to Stringer Business Systems for the lease of walk-up photocopiers, for a three-year period in the amount of \$502,110 and for two additional one-year options in the amount of \$137,537 per year for a total of \$777,185.

The Agenda was taken out of order.

REGULAR AGENDA

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

Chairperson Williams queried on incidents and injuries occurring on the bus vehicles.

Nanci G. Eksterowicz, Risk Manager, provided a brief overview on the Third Quarter FY 2004 Report of Public Liability/Property Damage and Owner Controlled Insurance Program (OCIP) Claims Activity. Ms. Eksterowicz responded that within the quarter 14 claims were reported due to sudden vehicle stops and added that claims are presented as claims and are not necessarily incidents or accidents. Ms. Eksterowicz continued that claims are generally un-witnessed and staff always performs an investigation on claims. The training department is also notified and advised on the types of incidents being

claimed to incorporate focus on the issue to implement into the new training programs or retraining programs. Ms. Eksterowicz continued that generally the claims received are not serious injury claims and are usually soft tissue injuries. Ms. Eksterowicz noted that staff works to identify if it is a training or equipment issue and locate witnesses.

Chairperson Williams queried if cameras were installed on the bus and light rail vehicles. Matthew O. Tucker, Chief Operating Officer, responded that cameras are installed on all the newly purchased buses and added that installation of cameras are in approximately 300 buses.

Chairperson Williams queried if the cameras installed on the buses could assist with the situation regarding the incident and injury claims reported on buses. Ms. Eksterowicz responded that VTA Security staff removes the cameras from the bus and reviews the tape; however, she noted as of this time staff has not actually obtained a tape that captures an incident or injury claim.

Chairperson Williams added that he sees this as an issue and queried if staff is trying to provide training to resolve and address the issue and understand the nature of the problem.

M/S/C (Gage/Dixon) to receive and file the Third Quarter FY 2004 Report of Public Liability/Property Damage and Owner Controlled Insurance Program (OCIP) Claims Activity.

15. Amendment of FY 2003 – 2004 and FY 2004 – 2005 Operating and Capital Budgets and FY 2004 – 2005 Fare Adjustments

Gerald A. Rosenquist, Acting Chief Financial Officer, provided a brief overview on the Amendment of FY 2003 – 2004 and FY 2004 – 2005 Operating and Capital Budgets and FY 2004 – 2005 Fare Adjustments. Mr. Rosenquist commented that this is the second revision to the FY 2004 – FY 2005 Operating and Capital Budgets. Since the Board of Directors adopted a biennial budget, with the first revision at the January 30, 2004 Board of Directors Workshop, this second revision to the biennial budget details the changes in Operating Revenues and Expenditures in FY 2004 – FY 2005. Mr. Rosenquist noted that the revision will result in an operating increase of \$14.6 million in FY 2004 and an increase of \$5.2 million in FY 2005. Reserves at the end of FY 2005 are projected to be approximately \$32 million because VTA will be borrowing \$18 million from the \$80 million over the two-year period; therefore, \$62 million remains and available as needed in FY 2006 and FY 2007. Mr. Rosenquist noted several positive factors: VTA budgeted the issuance of \$29 million, which would be used to reimburse VTA for payments of the interest and principal on the purchase of the low floor vehicles; VTA's overall financing revenues have increased by \$1 million after the finalization of the deal with Sacramento and Utah for the subleasing of the light rail vehicles and VTA ended up receiving \$1 million more than originally estimated; the light rail vehicles are going out faster than originally planned in January; therefore, there was a shift of \$2.4 million in

FY 2005 and into FY 2004. Mr. Rosenquist noted that this is only a revenue shift, not an increase.

Mr. Rosenquist referenced Page 5, the details of revenues and expenditures and commented on the fares or the various revenue sources and noted that it is broken down in terms of what is on-going revenues and what is one time revenues and added that VTA still has a very large amount of one time revenues needed to support the budget.

Included in the one time revenues is preventive maintenance, which are listed under federal operating grants and noted that VTA is actually going to be receiving \$3 million less than originally planned; however, staff anticipates receiving \$5 million more next year. When looking at the operating budget portion, wages and benefits have decreased by \$7.5 million in FY 2004 and that is based on overall needs projection for the rest of this year and in FY 2005. He noted that the decrease is partially offset by the need for additional staffing for the Vasona Light Rail because of an early opening, six months early, in July 2005 rather than December 2005. Therefore, it is necessary to add staff before Vasona opens. Mr. Rosenquist noted the increased costs of employee benefits including workers compensation, health benefits and pension benefits. Mr. Rosenquist noted that the cost of fuel has increased the cost of the fuel budget by an estimated \$2 million. The FY 2004 budget assumed \$1.40 per gallon and added that projections for fuel costs for next year are \$1.60 per gallon.

Mr. Rosenquist commented on the Paratransit budget and noted that it has reduced by \$3 million in FY 2004 and \$4.5 million in FY 2005. FY 2004 is based on the projection of current ridership and FY 2005 has built into it a slight increase in ridership.

Mr. Rosenquist referenced Page 11 and commented on the Capital Project budget and noted an overall increase in the budget by \$12 million, which was adopted by the Board. He noted that of the \$17 million, \$8.9 million dollars is funded with grants and Measure A reimbursement, and there is a \$5 million dollar increase in the Downtown East Valley (DTEV) project to accommodate the preliminary engineering for Eastridge to the proposed Nieman Station. He noted projects for \$2.6 million for maintenance facilities for roofing, painting and air conditioning and heating, and \$2.2 million for site preparation for TransLink for getting light rail stations and yards ready for February 2006. The \$2.2 million is fully reimbursed from the Metropolitan Transportation Commission (MTC) TransLink Project and is a budgeted item within the overall budget. He noted \$1.9 million for technology, which includes a project to improve management reporting through SAP Warehouse and a re-engineering of the budgeting process; \$2 million budgeted for equipment replacement; \$400,000 for non-revenue vehicles; and, \$2 million budgeted for non-reimbursed overhead for the Measure B transit projects.

Mr. Rosenquist commented on the proposed fare modifications, which reflect the fare policy adopted by the Board of Directors on December 3, 2003. The proposal is to increase the Adult Single Ride Fare from \$1.50 to \$1.75; therefore, increasing all the other fares proportionately according to the fare policy. Mr. Rosenquist added that the

proposed fare increase was presented at public meetings in March and presented to the Advisory Committees and Standing Committees in April. He noted that all the public comments were provided to the Board Members in April and as a result of the public meetings a reduction in the proposed monthly senior/disable pass from \$27.50 per month to \$26 per month, this change still keeps within the parameters established by the Board policy. He referenced Attachment E, a breakdown of the number of passengers and revenues generated between different fares mediums. Attachment C, he noted estimates 18.2 million adult riders in FY 2005, which is 46 percent of entire ridership who will pay 67 percent of the total revenue. The fare box recovery ratio is projected to have a slight increase of 12.6 percent in FY 2005. He concluded in FY 2004 the actual fare box recovery ratio is expected to increase 13 percent.

Member Gage queried on zero grant funding and if this was because staff did not apply for grants or if funding was not available. Mr. Rosenquist responded that no funding was available. Peter M. Cipolla, General Manager, responded that there are a little and some of the large projects are funded with grant funding but noted that local funds are used for capital projects.

Alternate Board Member Kerr queried if VTA Board of Directors had already established the fare policy. Chairperson Williams responded that VTA Board of Directors adopted the fare policy in December 2003. Board Member Dixon noted that VTA Board Members spent several months last year working on the Ad-Hoc Financial Stability Committee focusing on the fare policy.

Chairperson Williams queried on grant cycle timeframes and if staff determined potential funding. Mr. Cipolla responded that staff utilizes all potential grant funding applications to be applied in the best possible manner for VTA's entire planning and capital programming process.

Alternate Board Member Kerr referenced Page 5, Caltrain Capital contribution. Mr. Cipolla responded that funding for the Caltrain capital program uses section 5307/5309 funds.

The Committee discussed the fare box recovery ratio. Member Gage noted that the fare box recovery ratio is currently 13 percent. Mr. Cipolla noted the Board policy is .25-cent increments and added that staff continues to identify and implement cost efficiencies within the organization. The Service Management Plan is a cost efficiency plan which ties into the fare box recovery ratio. Fare modifications may not be necessary in the future if the ratio gets to 20 – 25 percent.

Chairperson Williams referenced Page 5 Exhibit 2 and noted the surplus reserves. Mr. Cipolla responded that the surplus reserve is a combination of several things. Mr. Rosenquist referenced Page 4 Exhibit 1, noting the changes to the reserves. Mr. Rosenquist added that when the budget was initially adopted staff thought \$30 million would be available in reserves in FY 2004 and \$7.5 million in FY 2005; however, added that in January 2004 VTA had the full

borrowing of the \$80 million; therefore, the reserves increased. Mr. Rosenquist added that VTA has \$32 million in reserves in FY 2005 and noted that \$62 million is available to get VTA to FY 2007.

Alternate Board Member Kerr noted the good news regarding the surplus reserves. Mr. Cipolla responded that a lot of credit has to go to all VTA employees for doing a remarkable job of identifying cost efficiencies. He added that the goal is to get VTA to June 30, 2007 with no major service cuts.

Alternate Board Member Kerr queried on the funding for smaller vehicles and shuttle service. Mr. Cipolla responded that staff will review at the August Board Workshop, implementation of smaller vehicles in key areas in the North and South County as well as the new rail lines that will feed into the transit system.

Chairperson Williams noted all the efforts implemented regarding VTA's deficit turn around and added that this is a good thing to highlight at the June VTA Board of Directors Regular Meeting.

Alternate Board Member Kerr congratulated Mr. Cipolla for all the cost savings and Mr. Cipolla responded that staff deserves the credit for their diligence.

M/S/C (Gage/Dixon) to approve submitting a recommendation to the Board of Directors to 1. Approve the amendment of FY 2003 –2004 and FY 2004 – 2005 biennial operating and capital budgets; 2. Adopt a finding that a fare increase is necessary to meet operating expenses, including employee wages and fringe benefits and purchasing or leasing supplies, equipment, or materials; 3. Invoke a Statutory Exemption under CEQA, P. R. C. §21080(b)(8) and CEQA Guidelines Section 15273(a) (Rates, Tolls, Fares and Charges) for the purpose of modifying and increasing fares; and 4. Adopt a resolution establishing new rates and fares for VTA bus, light rail, and paratransit services effective January 1, 2005.

16. Legislative Positions: SB 1210 (Torlakson)

Kurt M. Evans, Government Affairs Manager, provided a brief overview on the Legislative Positions: SB 1210 (Torlakson). Mr. Evans commented that the bill expands the Caltrans pilot program for the use of design-sequencing contracts for State Highway projects. It also allows for a second phase for this pilot program by authorizing Caltrans to choose another 12 projects around the State for design-sequencing contracts. Under design-sequencing, the design work phases is broken into pieces and once a phase of design work is completed, the construction of that phase starts versus the typical approach of completing all of the design work first then starting with the construction. Caltrans has determined that this program is successful and noted project schedule savings ranging from one month to twelve months.

M/S/C (Gage/Dixon) to approve submitting a recommendation to the Board of Directors to adopt a support position for SB 1210 (Torlakson), which extends for five years and

expands a successful Caltrans pilot program involving the use of design-sequencing contracts for state highway projects.

17. Legislative Positions: SCA 20 (Torlakson)

Mr. Evans provided a brief overview on the Legislative Positions: SCA 20 (Torlakson). Mr. Evans noted that the focus of the bill is to make it more difficult to suspend Proposition 42. Mr. Evans commented that the bill would allow the suspension of Proposition 42 only in the event of a disaster, changes the voting requirement from a two-thirds vote to a four-fifths vote by both the Assembly and Senate, and requires any Proposition 42 funds transferred and retained in the general fund be considered a loan and must be repaid within three fiscal years with interest.

Member Dixon queried on endorsements of the resolution from the 15 cities within the County regarding the support position. Mr. Evans responded the best place to start with endorsements regarding the resolution is with the Cities Association.

M/S/C (Gage/Dixon) to approve submitting a recommendation to the Board of Directors to adopt a support position for SCA 20 (Torlakson), which would change the California Constitution to make it more difficult for the Legislature to suspend or borrow money from Proposition 42.

18. Amendment to Contract with Santa Clara Valley Highway Associates (VHA) for Project Controls, Right of Way Engineering and Construction Management Services for Route 87 (North) HOV Project

Jack J. Collins, Chief Construction 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 Route 87 (North) HOV Project. Mr. Collins commented that the project was originally to be funded with 1996 Measure B funds. The HOV Project design continued; however, the construction had to be deferred due to the downturn in funding. Mr. Collins noted the diligent work of Michael P. Evanhoe and others who worked with the California Transportation Commission (CTC) to get GARVEE Funding Grant anticipated revenue vehicle funds secured for the construction for both HOV Projects. Mr. Collins added that VTA will manage the North HOV Project and Caltrans will manage the South HOV Project. VTA would like to extend the existing contract with Valley Highway Associates to continue construction management, project scheduling and right-of-way engineering support to VTA.

M/S/C (Gage/Dixon) 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 Route 87 (North) HOV Project for

an amount not to exceed \$4,932,000 and establishing a new total contract value of \$25,109,522; and extend the term of the contract through March 2007.

19. Intelligent Transportation System (ITS) Funds for Passenger Information System

M/S/C (Gage/Dixon) to approve submitting a recommendation to the Board of Directors to adopt a resolution authorizing the General Manager to execute a Program Supplement agreement with the State of California Department of Transportation (Caltrans) for Intelligent Transportation System (ITS) Integration Program funds. The amount of federal funds is \$1,572,842 and will be used for the development of the core elements of a real-time passenger information system.

20. FY 2004 – 2005 Transportation Fund for Clean Air (TFCA) 60% Regional Fund Application

Alternate Board Member Kerr queried on the use of the funding. Mr. Cipolla responded that the funding is for testing to improve air quality and other programs.

Alternate Board Member Kerr queried if the funding would be used for Caltrain electrification. Mr. Cipolla responded that the funding was not enough for electrification.

Member Gage noted that electrification is included in the Valley Transportation Plan 2030 (VTP 2030). Chairperson Williams noted that the funding is to supplement payment of existing projects that are in place.

M/S/C (Kerr/Dixon) to approve submitting a recommendation to the Board of Directors to adopt a resolution authorizing filing of applications for Transportation Fund for Clean Air “60%” Regional funds to the Bay Area Air Quality Management District (BAAQMD), and authorize the General Manager to execute the Funding Agreements upon receipt from BAAQMD.

OTHER ITEMS

21. External Auditor’s Report to the Board Relative to the FY 2003 Comprehensive Annual Financial Report (CAFR)

Mr. Rosenquist provided a brief overview on the External Auditor’s Report to the Board Relative to the FY 2003 Comprehensive Annual Financial Report. Mr. Rosenquist introduced David Bullock, Macias, Gini & Company LLP. Mr. Bullock noted that the Single Audit was not performed and completed at the same time as the CAFR and added that the CAFR deadline was December 31, 2003 and the Single Audit deadline was March 31, 2004. Mr. Bullock continued that the external auditor’s report is the result of the completion of the total audit regarding VTA’s financial statements.

Mr. Bullock noted that there are two sets of standards that were followed during the audit the General Accounting Standards and Government Auditing Standards and added that the Government Auditing Standards are followed because VTA receives federal assistance. Mr. Bullock noted that VTA Administration and Finance Committee assumes the role of auditing committee for the organization; therefore, oversees the auditing committee function and role.

Mr. Bullock continued and reviewed the auditor's responsibility to communicate required information to the organization under generally accepted auditing standards, significant accounting policies and unusual transactions, accounting estimates, auditing adjustments, disagreements with management, consultations with other accountants, major issues discussed with management prior to the auditors retention, and difficulties in performing the audit. He noted that no such disagreements arose during the audit. During the audit the accounting firm evaluated VTA's general control environment and became aware of certain matters that should be improved and considered an opportunity for strengthening operating efficiency of the organization. Mr. Bullock continued and noted a new standard to abide by, which is consideration of fraud in a financial statement audit and added that the auditor's focus is to make sure that financial statements are materially stated.

Member Dixon queried on the new standards regarding fraud and if the new standards were being applied to the cities as well. Member Dixon queried on new standards guidelines and recourse regarding fraud. Mr. Bullock responded that it is the auditor's responsibility to make sure that the financial statements are fairly stated in all material respects and added that it would be the auditor's responsibility to uncover material fraud. Mr. Bullock noted that the accounting firm looks to internal controls as prevention and making sure that there is segregation of duties within the organization. Mr. Bullock added that several controls should be within an organization to minimize fraud and added that fraud is not always stealing or misappropriation of assets but also reporting.

Alternate Board Member Kerr queried if the accounting firm actually checks to verify if the funds are in the bank accounts. Mr. Bullock responded that a third party confirmation with the bank is acceptable.

Chairperson Williams queried on the accounting standards and if VTA is in compliance with those standards. Mr. Bullock responded that Macias, Gini & Company LLP issued an unqualified opinion, which is the highest level of assurance an auditor can provide and added that the opinion is not a stamp of good health to measure or assess the health of an organization the purpose is to note that the financial statements are accurate.

Alternate Board Member Kerr queried on pension liabilities and if VTA was using CalPERS. Mr. Cipolla responded that some of the pension liabilities are CalPERS and added that ATU has a pension plan. Mr. Rosenquist added that VTA has a separate financial statement on the pension plan.

Alternate Board Member Kerr queried if the accounting firm examines the financial statement on the pension plan. Mr. Bullock responded that the financial statement on the pension plan is also examined.

Chairperson Williams noted the accounting firms recommendations and added that staff concurred to some of the recommendations; however, queried on the recommendations staff did not concur with and if VTA was still able to achieve the same objective. Mr. Rosenquist responded that with any control there is a cost benefit and noted that VTA's Information Technology (IT) Department reviewed the recommendation and determined that VTA has sufficient protection and coverage. Mr. Cipolla added that staff believes the organization has adequate management control.

Chairperson Williams queried if the auditors will review the issue and recommendation at a later date. Mr. Bullock responded that the accounting firm will revisit the issue and determine if the accounting firm concurs with VTA's response regarding the recommendation and determine if mitigating controls are in place.

On order of Chairperson Williams, there being no objection, the Committee received and filed the External Auditor's Report to the Board Relative to the FY 2003 Comprehensive Annual Financial Report.

22. Draft 1996 Measure B Program Revenue and Expenditure Plan for FY 2005

Mr. Collins noted that the Draft 1996 Measure B Program Revenue and Expenditure Plan for FY 2005 will be presented to the VTA Board of Directors and Board of Supervisors at the June 4, 2004 Joint Board Meeting.

On order of Chairperson Williams, there being no objection, the Committee received and filed the Draft 1996 Measure B Program Revenue and Expenditure Plan for FY 2005.

23. FY 2004 Third Quarter Performance Report

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

24. Committee Work Plan

Kaye L. Evleth, Chief Administrative Officer, provided a brief overview on the Administration and Finance Committee Work Plan.

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

25. Committee Staff Report

Ms. Evleth noted that there is no July Board of Directors Meeting. Ms. Evleth noted that the Standing Committees will not meet in June. Ms. Evleth noted that July 14, 2004 Committee of the Whole (COW) Meeting is scheduled to forward action items to the August Board of Directors Meeting for consideration.

26. Chairperson's Report

Chairperson Williams commended and noted his appreciation to staff for their diligent work to reduce costs.

27. Determine Consent Agenda for the June 3, 2004 Board Meeting

CONSENT: Agenda Item # 10., Ratify the appointment of John Carpenter representing the City of Mountain View and the reappointments of Curt Riffle representing the City of Los Altos, David Kobayashi representing the County of Santa Clara, Marc Jensen representing the Town of Los Gatos, Jim Stallman representing the City of Saratoga, Herman Wadler representing the City of Campbell, Bill Reisinger representing the City of Milpitas, John Sullivan representing the City of Santa Clara, Bart Thielges representing the City of San Jose, Thomas Muniz representing the City of Gilroy, and Joe Walton representing the City of Cupertino to the Bicycle and Pedestrian Advisory Committee (BPAC) for the term ending June 30, 2006; **Agenda Item # 11.**, Authorize the General Manager to execute a contract with R. M. Harris Co., Inc., the lowest responsible bidder, in the amount of \$639,176 for construction of the I-880 Widening Ancillary Contract and Soundwall Project; **Agenda Item # 12.**, Adopt a support position for

AB 2085 (Montanez), which increases the base fine for stopping on the tracks of a railroad grade crossing from \$101 to \$311; **Agenda Item # 13.**, Authorize the General Manager to enter into a funding agreement with the Metropolitan Transportation Commission to receive a grant for TransLink® Site Preparation activities; **Agenda Item # 14.**, Authorize the General Manager to award a contract to Stringer Business Systems for the lease of walk-up photocopiers, for a three-year period in the amount of \$502,110 and for two additional one-year options in the amount of \$137,537 per year for a total of \$777,185; **Agenda Item # 16.**, Adopt a support position for SB 1210 (Torlakson), which extends for five years and expands a successful Caltrans pilot program involving the use of design-sequencing contracts for state highway projects; **Agenda Item # 17.**, Adopt a support position for SCA 20 (Torlakson), which would change the California Constitution to make it more difficult for the Legislature to suspend or borrow money from Proposition 42; **Agenda Item # 18.**, 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 Route 87 (North) HOV Project for an amount not to exceed \$4,932,000 and establishing a new total contract value of \$25,109,522; and extend the term of the contract through March 2007; **Agenda Item # 19.**, Adopt a resolution authorizing the General Manager to execute a Program Supplement agreement with the State of California Department of Transportation (Caltrans) for Intelligent

Transportation System (ITS) Integration Program funds. The amount of federal funds is \$1,572,842 and will be used for the development of the core elements of a real-time passenger information system; and **Agenda Item # 20.**, Adopt a resolution authorizing filing of applications for Transportation Fund for Clean Air “60%” Regional funds to the Bay Area Air Quality Management District (BAAQMD), and authorize the General Manager to execute the Funding Agreements upon receipt from BAAQMD.

REGULAR: Agenda Item # 15., 1. Approve the amendment of FY 2003 –2004 and FY 2004 – 2005 biennial operating and capital budgets; 2. Adopt a finding that a fare increase is necessary to meet operating expenses, including employee wages and fringe benefits and purchasing or leasing supplies, equipment, or materials; 3. Invoke a Statutory Exemption under CEQA, P. R. C. §21080(b)(8) and CEQA Guidelines Section 15273(a) (Rates, Tolls, Fares and Charges) for the purpose of modifying and increasing fares; and 4. Adopt a resolution establishing new rates and fares for VTA bus, light rail, and paratransit services effective January 1, 2005.

28. Announcements

Member Dixon announced a field trip preview tour of Tasman East/Capital Light Rail with the City of Milpitas Chamber of Commerce Members and the City’s BTAC scheduled for Friday, May 21, 2004.

29. ADJOURNMENT

On order of Chairperson Williams, there being no objection, the meeting was adjourned at 1:07 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Board of Directors