



## **ADMINISTRATION & FINANCE COMMITTEE**

Thursday, January 20, 2005

### **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 106-E, City of San Jose, 801 North First Street, San Jose, California.

#### **ROLL CALL**

##### **Members Present**

David Casas, Vice Chairperson  
Forrest Williams, Chairperson

##### **Members Absent**

Don Gage  
Bob Livengood

##### **Alternates Present**

None

##### **Alternates Absent**

Dennis Kennedy  
Breene Kerr

\* Alternates do not serve unless participating as a Member.

**A quorum was not present and a Committee of the Whole was declared.**

#### **2. PUBLIC PRESENTATIONS**

There were no Public Presentations.

#### **3. ORDERS OF THE DAY**

Chairperson Williams deferred Agenda Item # 9., Elect a Vice Chairperson for 2005 to the February 17, 2005 Administration and Finance Committee Meeting.

Chairperson Williams noted an updated memorandum on the Regular Agenda, Agenda Item # 10., Authorize the General Manager to execute a contract in the amount of \$2,552,951 with Stevens Creek Quarry, Inc., the lowest responsible bidder, for construction of the Route 85/101 South Highway Planting project, a 1996 Measure B Transportation Improvement Program (MBTIP) project.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole accepted the Orders of the Day.

## **CONSENT AGENDA**

### **4. Regular Meeting Minutes of December 16, 2004**

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole deferred the Regular Meeting Minutes of December 16, 2004.

### **5. Report on Santa Clara Valley Transportation Authority Investments for the Month of November 2004**

Chairperson Williams queried about the VTA Investment Report. Roger Contreras, Chief Financial Officer, responded with regard to the VTA Investment Composite Portfolio Performance Report and noted the economy is improving. Mr. Contreras commented on the Investment Report regarding VTA's short-term and long-term rates with regards to U.S. Treasury yield curve shifted higher along all parts of the curve in November 2004. Mr. Contreras noted the two-year Treasury note rose 45 basis points from 2.55 percent to 3 percent and the 10-year rose from 4.03 percent to 4.35 percent, which is good news for VTA's Investment Portfolio. Mr. Contreras added that the VTA Investment Composite Portfolio as a whole is in good shape and noted VTA's gain of 3.97 percent in the current market composite.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole received and filed the Report on Santa Clara Valley Transportation Authority Investments for the Month of November 2004.

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

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole received and filed the Monthly Legislative Reports.

### **7. Contract with Nolte Associates for State Route 85 Noise Mitigation Project**

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with Nolte Associates to perform preliminary engineering and design for the State Route 85 Noise Mitigation Project for a total contract value not to exceed \$182,000.

### **8. Contract Amendment with Brian Kangas Foulk (BKF) for Final Design of the State Route 17 Corridor – Project E**

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to authorize the General Manager to amend the contract with Brian Kangas Foulk (BKF) for final design

of the State Route 17 Corridor – Project E, increasing the approved contract value by \$426,172 for a new total contract value not to exceed \$1,142,762.

## **REGULAR AGENDA**

### **9. Elect a Vice Chairperson for 2005**

Elect a Vice Chairperson for 2005 to the February 17, 2005 Administration and Finance Committee Meeting.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole deferred the election of Vice Chairperson for 2005 to the February 17, 2005 Administration and Finance Committee.

### **10. 1996 Measure B Transportation Improvement Program – Route 85/101 South Highway Planting Project Construction Contract Award**

Jack J. Collins, Chief Construction Officer, provided a brief overview on 1996 Measure B Transportation Improvement Program – Route 85/101 South Highway Planting Project Construction Contract Award. Mr. Collins commented that the updated memorandum and revised recommendation would warrant the contract to the lowest responsible bidder, Stevens Creek Quarry, Inc. for the construction contract amount of \$2,552,951 and noted that the project is funded by the 1996 Measure B Transportation Improvement Program (MBTIP).

Mr. Collins noted Route 85/101 South Interchange Project was completed in October 2004 and typically, landscaping projects are completed with the review of Caltrans; and a maintenance plan period of three years after the plantings are completed are included in the bid prices. Mr. Collins explained to the Committee Members the reasons for bids being late; however, noted that staff had to evaluate the bids then discuss with the County to determine if the best action was to proceed or to re-bid the contract. Mr. Collins continued that staff conducted an analysis of all the bid items and determined a majority of the petroleum-based products exceed the engineer's estimated. Mr. Collins added that both VTA and the engineer's estimate was lower regarding the turf (sod) grass for the landscaping project. Mr. Collins noted that the turf item is a special long blade grass species, which does not need to be cut and only requires being watered.

Mr. Collins continued that staff evaluated the bids and considered other options, such as re-soliciting bids to attract additional competition; however, the recent bidding climate on highway landscaping contracts is poor; therefore, staff recommends that it is in the best interest of the project to move forward. Mr. Collins added that staff did confirm with the 1996 MBTIP County Program Administrator regarding the funding issue and noted that the savings from the construction part of the contract will be moved to fund the landscaping project; therefore, staff is recommending the contract be awarded to Stevens Creek Quarry, Inc.

Vice Chairperson Casas queried about the price change in the petroleum-based products and how the information is getting to VTA's other project contracts for bidding and engineers estimation information. Mr. Collins responded that the individuals working on VTA landscaping design are reviewing and evaluating the bid results and implementing the unit prices in VTA future projects; therefore, the engineers estimates will reflect the price changes.

Vice Chairperson Casas asked if the contract was designed with any add on alternatives in the contract. Mr. Collins responded no that the contract is a straight contract.

Chairperson Williams queried about where the additional funding will come from to address the increase in the landscape project contract. Mr. Collins responded from the savings on the construction contract for Route 85/101 South Interchange Project and added that the County Measure B Program Administrator will move the contingency funds over to fund the increase in the landscaping project contract.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole approved to submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract in the amount of \$2,552,951 with Stevens Creek Quarry, Inc., the lowest responsible bidder, for construction of the Route 85/101 South Highway Planting project, a 1996 Measure B Transportation Improvement Program (MBTIP) project.

**11. Valley Transportation Plan – River Oaks Bicycle/Pedestrian Bridge Project Construction Contract Award**

Mr. Collins provided a brief overview on the Valley Transportation Plan – River Oaks Bicycle/Pedestrian Bridge Project Construction Contract Award. Mr. Collins noted staff's recommendation to award the contract to Stevens Creek Quarry, Inc. Mr. Collins added that staff was pleased with the competitiveness of the bidding received for the construction contract. Mr. Collins noted that the lowest responsible bidder was a little more than \$200,000 above the engineer's estimate; however, added construction of the steel pipe pile foundations account for the majority of the difference between the lowest bid and the engineer's estimate.

Mr. Collins noted that the item was deferred from the December 16, 2004 Administration and Finance Committee Meeting in order to confirm whether the cities of San Jose and Santa Clara were going to increase their funding share to fund the shortfall. Mr. Collins noted that written confirmation is in the mail; however, staff did make the award contingent upon receiving the commitments from both cities to fund the shortfall.

Vice Chairperson Casas queried about Stevens Creek Quarry, Inc., regarding their bids being 20 percent less than the average bids and what were they doing differently. Mr. Collins responded that many factors could be involved regarding their bids being lower than the average bids. Mr. Collins added that staff reviews all the bids versus the

engineers estimate to determine where the bids are high and low. Mr. Collins noted that Stevens Creek Quarry, Inc., were pre-qualified for the work and added that Stevens Creek Quarry, Inc., do not have a record for filing claims or change orders with VTA.

Vice Chairperson Casas noted this much of a difference in the bid raises a red flag and queried if the substantial difference was due to efficiency regarding the size of operation, specialty specifically focused on the type of activities, or the possibility of change orders to recapture about 50 percent of the contract. Mr. Collins responded that staff is not flagging the contractor for the possibility of change orders to recapture on the contract. Mr. Collins noted the pre-qualification process has contracts department staff review past records of the companies to determine those kinds of issues.

Chairperson Williams asked when staff expects the funding from the cities of San Jose and Santa Clara to move the projects forward. John Ristow, Deputy Director of Programming and Highway Administration, responded that staff has contacted respective city staff and they are developing a letter in response to a letter that VTA staff sent describing the project shortfall and the requirement from both cities to fund the project shortfall. VTA staff requested the cities of San Jose and Santa Clara staff to develop a letter that shows a commitment then VTA can move forward at this stage. Then when the contract award is forwarded to the Board of Directors for consideration VTA staff will require the Cooperative Agreement between all parties to execute the upgrade commitment amounts for the project.

Chairperson Williams queried about a time line or schedule for the commitments. Mr. Ristow responded hopefully VTA staff will receive the schedule for the commitments before February 3, 2005.

Chairperson Williams queried about a time line or schedule for completing the work. Mr. Ristow responded the work is going to occur this summer; therefore, the work schedule has the project completed at the end of the summer.

Vice Chairperson Casas asked if VTA keeps track of performance on estimation versus actual contract and if the data information is available for review. Mr. Collins responded that staff has the data information; however, the data information would have to be compiled. Mr. Collins noted that staff will provide the data information to the Board Members for review. Vice Chairperson Casas noted appreciation for the information; however, declined to have unnecessary work completed; however, wanted to ensure that the data information is part of the process that VTA has in order to be an efficient organization.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract in the amount of \$1,777,778 with Stevens Creek Quarry, Inc., the lowest responsible bidder for construction of the River Oaks Bicycle/Pedestrian Bridge Project, a Valley Transportation Plan project. Execution of

the contract by the General Manager is conditioned upon the commitment of \$235,000 in additional funding from the City of San Jose and the City of Santa Clara.

**The Agenda was taken out of order.**

**10. 1996 Measure B Transportation Improvement Program – Route 85/101 South Highway Planting Project Construction Contract Award (continued)**

Chairperson Williams queried about the fiscal impact and if staff may require additional funds for the landscape project contract. Mr. Collins responded that it is in the range of \$550,000; therefore, the contingency funds will be transferred from the savings on the construction contract for Route 85/101 South Interchange Project to fund the increase in the landscaping project contract.

**OTHER ITEMS**

**12. Progress Report on the Zero Emission Bus (ZEB) Demonstration Program**

Matthew O. Tucker, Chief Operating Officer, provided a brief overview on the Progress Report on the Zero Emission Bus (ZEB) Demonstration Program. Mr. Tucker noted that the three ZEB's are in testing at this time; however, staff is looking at doing a kick off event in February and placing those vehicles in revenue service. Mr. Tucker continued as the organization places the ZEB vehicles into service is when the process of developing or using the benchmarks developed with National Renewable Energy Laboratory (NREL) is when staff will know how to measure the performance of the ZEB against the standard bus. Mr. Tucker noted the section in the Progress Report on the ZEB Demonstration Program regarding the regulation issues set by California Air Resources Board (CARB).

Chairperson Williams queried about safety issues and the weight ratio being more than expected. Mr. Tucker responded that VTA works within the County with first responders and have completed all the processes to get the ZEB Project and fueling facility operational; therefore, from a safety perspective staff has completed the due diligence and developed procedures to manage any eventuality that would happen as a result of the operation. Mr. Tucker noted that weight ratio is one of the issues that the next phase of the technology is going to have to address as the technology gets refined over time.

Chairperson Williams queried if there were any other ZEB's in operation. Mr. Tucker responded yes and noted a handful of projects out there and added that the United Nations is conducting quite a few projects. Mr. Tucker noted that the projects are in the infancy phase and added that right now everyone is engaged in exchange of information to determine what is working and many different partners and groups are pulling the information together.

Mr. Tucker noted that there are a lot of international and national initiatives dealing with fuel cells; therefore, information is being communicated back and forth and added that

the United Nations website page under development program provides the scope of their programs and information on VTA's program.

Chairperson Williams queried about Community Outreach to advance ZEB's. Mr. Tucker responded that education is the key as well as dealing with the issues to ensure that people understand exactly the nature of hydrogen, how hydrogen reacts, and the steps that VTA has taken to ensure safety. Mr. Tucker added that the intent is to benefit the environment and move the economy a step forward towards being more dependent on hydrogen.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole received and filed the Progress Report on the Zero Emission Bus (ZEB) Demonstration Program.

### **13. FY 2004 Transit Operations Performance Report**

Mr. Tucker distributed a handout of the FY 2004 Transit Operations Performance Report to Committee Members and provided a brief overview on the FY 2004 Transit Operations Performance Report. Mr. Tucker commented that the Farebox Recovery has improved significantly over the last few years and the stream continued through 2004.

Mr. Tucker noted the Operating Cost Per Total Hour has declined over time. Mr. Tucker commented on Key Operating Expense Performance Drivers for FY 2004 and noted reductions in Worker's Compensation Claims, which can be attributed to hard work in terms of staff managing the issue, as well as paying more detail to ensure that individuals return back to work. Mr. Tucker noted the other item was staffing reductions and benchmarked staffing using industry standards and reorganized operating units; therefore, improved productivity. Mr. Tucker added that staff has managed to increase and improve productivity and worked diligently to decrease absenteeism. Mr. Tucker noted the renegotiated Bargaining Unit Contracts in FY 2003 in terms of deferring wage increases for Amalgamated Transit Union (ATU) Local 265 employees; other changes in VTA's Cost Allocation Methodology, which was changed to ensure that all of the costs directly attributed to transit operations are included in the budget.

Mr. Tucker noted that ridership has continued to decline and added that bus and light rail ridership is tied to employment; therefore, as employment returns then ridership will return. Mr. Tucker continued that light rail ridership has seen significant improvement and noted that bus ridership is starting to stabilize and staff is at a point to start taking some initiatives to push the process further along.

Vice Chairperson Casas queried if the organization was able to absorb an increase in ridership. Mr. Tucker responded that all transit systems are underutilized. Peter M. Cipolla, General Manager, responded yes and added that the transit system has room on the bus and light rail system to absorb an increase in ridership.

Mr. Tucker noted Bus Operation Service Quality and noted that this has continued to be strong and is tied into productivity factors. Mr. Tucker noted that on time performance and scheduled service operated has increase over time. Mr. Tucker continued that operator un-scheduled time off is declining drastically. Mr. Tucker noted the miles between mechanical loss is improving; therefore, all of those productivity factors have resulted significantly in improved reduction in expenses as well as improving the quality of service that VTA provides to customers.

Chairperson Williams asked if staff planned to present the FY 2004 Transit Operations Performance Report at the February 3, 2005 VTA Board of Directors Regular Meeting. Chairperson Williams expressed his appreciation and noted that the report provides a lot of important information and highlights efficiencies in the organization.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole received and filed the FY 2004 Transit Operations Performance Report.

**14. Committee Work Plan**

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

**15. Committee Staff Report**

Kaye L. Evleth, Chief Administration Officer, noted a meeting room change at San Jose City Hall from Room 204 to Room 106-E for the remainder of the year for the Administration and Finance Committee.

**16. Chairperson's Report**

Chairperson Williams expressed his appreciation and thanked staff for their diligent work. Chairperson Williams expressed his appreciation for the positive results from the presentation regarding the FY 2004 Transit Operations Performance Report.

**17. The Committee of the Whole recommended the following: Determine Consent Agenda for the February 3, 2005 Board Meeting**

**CONSENT: Agenda Item # 7.**, Authorize the General Manager to execute a contract with Nolte Associates to perform preliminary engineering and design for the State Route 85 Noise Mitigation Project for a total contract value not to exceed \$182,000; **Agenda Item # 8.**, Authorize the General Manager to amend the contract with Brian Kangas Foulk (BKF) for final design of the State Route 17 Corridor – Project E, increasing the approved contract value by \$426,172 for a new total contract value not to exceed \$1,142,762; **Agenda Item # 10.**, Authorize the General Manager to execute a contract in the amount of \$2,552,951 with Stevens Creek Quarry, Inc., the lowest

responsible bidder, for construction of the Route 85/101 South Highway Planting project, a 1996 Measure B Transportation Improvement Program (MBTIP) project; and

**Agenda Item # 11.**, Authorize the General Manager to execute a contract in the amount of \$1,777,778 with Stevens Creek Quarry, Inc., the lowest responsible bidder for construction of the River Oaks Bicycle/Pedestrian Bridge Project, a Valley Transportation Plan project. Execution of the contract by the General Manager is conditioned upon the commitment of \$235,000 in additional funding from the City of San Jose and the City of Santa Clara.

**REGULAR: Agenda Item # 13.**, FY 2004 Transit Operations Performance Report.

**18. Announcements**

There were no Announcements.

**19. ADJOURNMENT**

**On order of Chairperson Williams**, there being no objection, the meeting was adjourned at 12:36 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant  
VTA Board of Directors