



## **ADMINISTRATION & FINANCE COMMITTEE**

Thursday, March 17, 2005

### **MINUTES**

#### **1. CALL TO ORDER**

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:00 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  
Don Gage  
Jamie Matthews  
Forrest Williams, Chairperson

##### **Members Absent**

None

##### **Alternates Present**

None

##### **Alternates Absent**

Breene Kerr  
Pete McHugh  
Ken Yeager

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

**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 February 17, 2005**

M/S/C (Gage/Casas) to approve the Regular Meeting Minutes of February 17, 2005.

5. **Report on Santa Clara Valley Transportation Authority Investments for the Month of January 2005**

M/S/C (Gage/Casas) to receive and file the Report on Santa Clara Valley Transportation Authority Investments for the Month of January 2005.

6. **Monthly Legislative Reports**

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

7. **Amendment to Master Agreement with the California Highway Patrol for Traffic Control Services for 1996 Measure B and Valley Transportation Plan (VTP) 2030 Projects**

M/S/C (Gage/Casas) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute an amendment to the Master Agreement with the California Highway Patrol (CHP) for Traffic Control Services during construction of 1996 Measure B Transportation Improvement Program and VTP 2030 Highway Projects increasing the agreement amount for 1996 Measure B projects by \$447,000, for a new total agreement amount of \$1,712,000, and extend the agreement term to December 31, 2006.

8. **Guadalupe Light Rail Division, Sanitary Sewer Easement for the City of San Jose**

M/S/C (Gage/Casas) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute the documents necessary to convey a permanent subsurface easement, a temporary construction easement, and temporary access onto an existing private road for the construction of sanitary sewer lines along the back portion of the VTA Guadalupe Light Rail maintenance yard to the City of San Jose for a price of \$168,180.

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

Member Matthews took his seat at 12:03 p.m.

## **REGULAR AGENDA**

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

**5. Report on Santa Clara Valley Transportation Authority Investments for the Month of January 2005** (continued)

Chairperson Williams requested that staff provide a discussion on the Santa Clara Valley Transportation Authority Investments Report in terms of where we are in the market and how we are doing at the April 19, 2005 Administration and Finance Committee Meeting. Roger Contreras, Chief Financial Officer, responded that staff will provide a report at the April 19, 2005 Administration and Finance Committee Meeting.

Vice Chairperson Casas queried about investment updates and the frequency of the investment updates. Mr. Contreras responded that investment updates are presented monthly and quarterly to the Administration and Finance Committee.

**9. Amendment of Policy Advisory Committee Bylaws and VTA Administrative Code**

Carolyn M. Gonot, Chief Development Officer, provided a brief overview on the Amendment of Policy Advisory Committee (PAC) Bylaws and VTA Administrative Code. The Recommended amendment is as following: (1) requested by the Board of Directors to modify the number of affirmative votes required to pass an item and to codify the responsibility of the PAC chairperson to integrate the PAC Work Plan with the objectives of the VTA Board; (2) requested by the PAC to revise its specific duties and to modify how items may be placed on the agenda; and (3) correcting minor technical matters; and amend the VTA Administrative Code, as necessary, to reflect these modifications. Ms. Gonot commented that at the PAC March 10, 2005 Meeting PAC approved amendments 2 and 3; however, not amendment 1, regarding the modification to change the PAC current voting requirement to pass an item to a majority of total membership. Ms. Gonot referenced the memorandum, Page 2 of 3, last paragraph, bullets one through three, noting that, "The current voting requirement is functioning well for the committee and as such, should not be changed. Many city/town councils employ 'majority of quorum present', as opposed to 'majority of total membership', and Advisory Committees are different from the Board of Directors and therefore need not be held to the same voting standard." Ms. Gonot noted that a majority of the PAC Members approved not to modify the voting requirements.

Member Matthews queried if PAC was asking to modify to a simple majority or was it a majority of the total membership. Ms. Gonot responded that PAC was asking to keep

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their bylaws, as they are to reflect a vote of the total membership present as long as the membership has a quorum. Suzanne B. Gifford, Legal Counsel, responded that if PAC had a quorum of nine members present then five votes would carry an item forward; however, if all 16 members were present then nine votes would be required to carry an item forward.

Member Gage noted the importance of committee members' attendance and participation in their Advisory Committees to address issues and conduct committee business.

Member Matthews queried if a historical issue existed regarding committee membership attendance. Ms. Gonot responded that at prior PAC Meetings, Committee Members would leave early to attend a Cities Association Meeting; therefore, if a vote was taken not all of the members were present and the outcome of the vote may have been different if all members were in attendance. Ms. Gonot noted that several items have been implemented to address the issues, such as, placing a Consent Agenda on PAC's Agenda as well as keeping the PAC Meetings to two-hours to ensure that committee business is addressed.

Chairperson Williams expressed concern and noted the importance of committee members' attendance in their Advisory Committee and requested that the voting requirement reflect a majority of total membership.

Member Gage queried and requested clarification from Counsel regarding the voting requirement in the other Advisory Committees and Board of Directors. Ms. Gifford responded that Committee for Transit Accessibility (CTA) voting requirement is the majority of the total membership. Ms. Gonot stated that Technical Advisory Committee (TAC) and Bicycle and Pedestrian Advisory Committee (BPAC) voting requirement are the majority of a quorum. Ms. Gonot continued that Citizens Advisory Committee (CAC) voting requirement is the majority of a quorum due to the amount of vacancy positions on the committee. Ms. Gifford noted that CTA and Board of Directors are the committees where the voting requirement is majority of the total membership. Ms. Gonot added that PAC Members recommended the voting requirement of the majority of a quorum due to committee membership attendance issues.

Member Gage queried about the Board of Directors voting requirement. Ms. Gifford responded that the Board of Directors voting requirement is the majority of the total membership of the Board of Directors. Member Gage stressed the importance regarding the Advisory Committees being consistent with the Board of Directors.

Member Matthews concurred with Committee Members regarding the importance of having consistency with the Advisory Committees and stressed the importance of elected officials attendance and participation in their Advisory Committee.

Member Gage recommended that staff change the current voting requirement to the majority of the total membership.

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Vice Chairperson Casas referenced the January 6, 2005 VTA Board of Directors Regular Meeting and noted his comments regarding the Board of Directors evaluate the Advisory Committee Bylaws to ensure consistency.

**M/S/C (Matthew/Gage)** to approve submitting a recommendation to the Board of Directors to consider amending the Policy Advisory Committee (PAC) Bylaws including amendments: (1) requested by the Board of Directors to modify the number of affirmative votes required to pass an item and to codify the responsibility of the PAC chairperson to integrate the PAC Work Plan with the objectives of the VTA Board; (2) requested by the PAC to revise its specific duties and to modify how items may be placed on the agenda; and (3) correcting minor technical matters; and amend the VTA Administrative Code, as necessary, to reflect these modifications.

Peter M. Cipolla, General Manager, responded that staff will provide a follow-up memorandum that addresses the voting requirements forwarded for consideration to the March 30, 2005 VTA Board of Directors Regular Meeting.

Committee Members expressed their appreciation to staff regarding the follow-up memorandum.

**10. Framework for Formation of the I-680 Sunol SMART Carpool Lane Joint Powers Authority**

John Ristow, Programming and Highway Administration Deputy Director, provided a brief overview on the Framework for Formation of the I-680 Sunol SMART Carpool Lane Joint Powers Authority. Mr. Ristow commented that the proposed I-680 Sunol SMART Carpool Lane Project will convert the existing Southbound High Occupancy Vehicle (HOV) Lane on I-680 to a High Occupancy Toll (HOT) Lane. Mr. Ristow continued that in September 2003 Alameda County Congestion Management Agency (ACCMA) presented to VTA Board of Directors a project to move forward with the HOT Lane on I-680 demonstration project and since that time VTA, ACCMA, and Alameda County Transportation Improvement Authority (ACTIA) have been working to develop an implementation of the project and the policy oversight regarding the formation of the Joint Powers Board. Mr. Ristow commented on Assembly Bill 2032 (Dutra) legislation, which empowers the three agencies to form the Sunol SMART Carpool Lane Joint Powers Authority (SSCLJPA) to implement a HOT Lane demonstration project on I-680. Mr. Ristow added that AB 2032 (Dutra) legislation also empowers VTA to operate two additional corridors within Santa Clara County as HOT Lane demonstration projects.

Mr. Ristow continued that the formation of a Policy Advisory Committee (PAC) will be composed of two members representing ACCMA, two members representing ACTIA, and one member representing VTA. Mr. Ristow noted that the appointment of the member to serve as the VTA representative on the PAC regarding the I-680 Sunol SMART Carpool Lane Project is scheduled on the March 30, 2005 VTA Board of Directors Regular Meeting Agenda. Mr. Ristow continued that the role of the PAC is to

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provide interim policy direction on issues relating to formation of the SSCLJPA and approval of business matters pertaining to implementation of the project then after the formation of the SSCLJPA, the PAC would cease and responsibility would reside with the SSCLJPA representatives.

Mr. Ristow continued that the project boundaries are from Route 84 in Alameda County to Route 237/Calaveras Boulevard in Santa Clara County and noted 20 percent of the Corridor is in Santa Clara County; therefore, VTA will represent 20 percent level on the Joint Powers Authority. Mr. Ristow commented on the following major duties of the Joint Powers Authority: 1) approve the strategic expenditure plan and budget; 2) approve various agreements between the Joint Powers Authority and its following member agencies; California Department of Transportation (Caltrans), California Highway Patrol (CHP), and Bay Area Toll Authority (BATA); 3) approve the toll rate structure for the operation of the facility; and 4) approve and transmit the reports to the state legislature and the administration. Mr. Ristow concluded the overview and noted staff's recommendation to approve the framework for the formation of the I-680 Sunol SMART Carpool Lane Joint Powers Authority.

Member Gage queried if the toll lane would negatively impact traffic by slowing it down. Mr. Ristow responded that the plan is to convert the existing HOV Lane into the HOT Lane, which is located in the middle of the freeway to an electronic toll; therefore, vehicles will pass under an electronic entry and not have to stop. Mr. Ristow added that the vehicles would have a transponder in the vehicle window, such as the FAST TRACK transponder, which automatically debits the toll account; therefore, the vehicle does not stop or slow down.

Member Gage queried about carpool vehicles in the HOT Lane. Mr. Ristow responded that carpool vehicles continue to use the carpool lane for free. Member Gage asked who would be responsible to check and verify that the carpool vehicles and toll vehicles are using the HOT Lane correctly. Mr. Cipolla responded that CHP Officers will check, verify, and monitor that the HOT Lane is being used correctly.

Vice Chairperson Casas asked how CHP Officers will verify if the FAST TRACK transponder is activated on the vehicle that is occupied with one individual rider. Mr. Ristow responded that staff is looking at a joint effort how best to do things in conjunction with the CHP regarding enforcement because it is difficult to enforce carpool lane issues. Mr. Ristow noted that the CHP Officers would continue to visually verify and monitor the HOT Lane; however, staff is looking into the ability for the CHP Officers to have transponder readers in the CHP vehicles that would indicate whether or not a vehicle has a FAST TRACK transponder. If the vehicle does not have the FAST TRACK transponder, then the CHP Officer would be notified and the individual would be cited if the vehicle did not have more than one individual in the vehicle while using the HOT Lane. Mr. Ristow continued that the gantry will have a lighting system that will indicate if the FAST TRACK transponder has been charged to use the HOT Lane. If the lighting system indicates that the vehicle has not been charged to use the HOT Lane then the CHP Officer will check to verify if the vehicle is a carpool vehicle. Mr. Ristow

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commented on future ways to verify and monitor HOT Lane usage through video enforcement; however, added that video enforcement is a long time away. Mr. Ristow noted that JPA staff is working together with Caltrans and CHP to develop the best consistent enforcement throughout the State and added that enforcement is one of the biggest issues.

Chairperson Williams queried about violation detection and where the violation detection would be located. Mr. Ristow responded that the JPA will have to accommodate some locations for the CHP Officers to be near the gantry points for easy enforcement or other enforcement areas with extra width may have to be built for the CHP Officers; however, enforcement is still visual monitoring enforcement by the CHP Officers.

Vice Chairperson Casas asked if the FAST TRACK transponder had an off-switch. Mr. Ristow responded to prevent the FAST TRACK transponder from being charged is to place the transponder in a protective shield; however, if an individual forgets to place the transponder in the protective shield the transponder will be charged.

Chairperson Williams asked if HOT Lanes have been demonstrated in other areas and what were the results. Mr. Ristow responded that HOT Lanes in operation in other areas in the country now are not like the HOT Lanes being implemented in Santa Clara County, Alameda County, and San Diego County. Mr. Ristow noted that the HOT Lanes in other areas have physical barriers and toll lanes between the traffic flow. Mr. Ristow noted a HOT Lane project being implemented in Minneapolis, Minnesota in May that will be similar to the ones being proposed with selected locations for entry and exit only separated by a double strip from the next traffic flow; therefore, staff will have the opportunity to learn from this HOT Lane project.

**M/S/C (Gage/Matthew)** to approve submitting a recommendation to the Board of Directors to approve the Framework for Formation of the I-680 Sunol SMART Carpool Lane Joint Powers Authority (SSCLJPA).

## **OTHER ITEMS**

### **11. FY 2006 and 2007 Recommended Budget Update**

Roger Contreras, Chief Financial Officer, provided an overview on the FY 2006 & 2007 Recommended Budget Update. Mr. Contreras commented that the packet contained plenty of information and referenced Page 1 – Santa Clara Valley Transportation Authority (VTA) Organization Chart, in the FY 2006 & FY 2007 Draft Preliminary Biennial Budget Summary Information and noted no changes in the organization. Mr. Contreras referenced Page 2 – VTA Preliminary Estimate of Revenues and Expenses, and commented on the overview of the approved FY 2005 Revenues and Expenditures and the FY 2005, FY 2006, and FY 2007 Preliminary Revenues and Expenditures.

Mr. Contreras referenced Line 13 – Operating Reserve for FY 2005 Approved Revenues

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and Expenditures and noted 9.28 percent or \$32.4 million in ending reserves. Mr. Contreras commented on the FY 2005 Preliminary Revenues and Expenditures Operating Reserves of 20.60 percent or \$67.5 million in ending reserves. Mr. Contreras noted that the information capsulate what VTA has gone through in the last several years and acknowledged the leadership of the General Manager and VTA organization to move toward a path to a better future.

Vice Chairperson Casas asked about the \$80 million in bond issues and since VTA was not going to require use of the money would VTA be able to tap into the funding. Vice Chairperson Casas asked if the Board of Directors needed to remove the authorization regarding the bond issues and if there was an expiration on the authorization. Mr. Contreras responded that there was no authorization or expiration and the bond proceeds are still available. Mr. Contreras continued that staff has financial plans to move the funding back into the 2000 Measure A Program. Mr. Cipolla clarified that the funding is capsulated within the entire 2000 Measure A Program; therefore, staff is utilizing the funding in the expenditure plan.

Vice Chairperson Casas asked if the mechanism of borrowing against the bond issues that provided the ability to utilize the funding for operating expenses and queried if the mechanism was necessary. Chairperson Williams noted his support to move the funding back in the 2000 Measure A Program; however, suggested that the Board of Directors have a discussion to decide what to do with the funding. Mr. Cipolla noted that a Board of Directors Workshop Meeting is scheduled for Friday, April 22, 2005.

Mr. Contreras continued that the FY 2006 Ending Reserves will decrease to \$46.9 million then increase to \$49.7 million in FY 2007.

Chairperson Williams queried about how the organization was able to double the ending reserves from the Projected FY 2005 Revenues and Expenditures Budget to the Preliminary FY 2005 Revenues and Expenditures Budget. Mr. Contreras responded that the Preliminary FY 2005 Total Operating Expenses are less than the Projected FY 2005 Total Operating Expenses; therefore, this explains the \$67.4 million in FY 2005 Ending Reserves.

Mr. Contreras referenced Page 3 – Santa Clara Valley Transportation Authority FY 2006 & FY 2007 Proposed Budgets Statement of Revenues and Expenses Line 1 – Fares, and noted for FY 2005 the revision is \$32 million and added that staff does not contemplate any additional fare increases for this budget.

Mr. Contreras referenced Line 2 – 1976 ½ Cent Sales Tax, and noted that the projection information is based on the Center for Continuing Study of the California Economy (CCSCE), and added it is almost a growth of 5 percent and is the midpoint between conservative and moderate projections.

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Mr. Contreras referenced Line 4 – 2000 Measure A Sales Tax, and noted funding available for operating expenses in the first quarter of FY 2006 Recommended Budget regarding the 2000 Measure A Sales Tax operating subsidy.

Mr. Contreras referenced Line 13 – Wages and Benefits, and commented that the number includes reductions and noted 87 positions being considered to be deleted between 2006 and 2007; however, noted that the reductions in costs are offset by two factors, such as wage increases already negotiated and provisions for wage openers that will take place in May as well as increases in health insurance related benefits.

Chairperson Williams queried about if staff had an idea regarding the percentage increase in the benefits. Mr. Cipolla responded no and noted that labor negotiations are discussed in Closed Session.

Mr. Contreras commented on Line 18 – Fuel, and noted that the fuel includes provisions for 2006 \$1.70 per gallon and 2007 \$1.75 per gallon. Mr. Contreras noted that staff believes the amount will increase because what the budget represents is a \$51 barrel and a \$53 barrel and noted that in FY 2005 we have \$55 barrel; therefore, noted as an example for every 20-cent increase in fuel price will add approximately \$1 million of fuel expense to VTA's operating budget. Mr. Contreras added that staff will examine the fuel prices and will come back with budget adjustments.

Vice Chairperson Casas queried about fuel prices. Mr. Cipolla responded that every 20-cent per gallon in fuel price will add an annual impact of \$1 million of fuel expense to VTA's operating budget.

Mr. Contreras commented on Line 19 – Traction Power, and noted that the increase in usage is a result of Vasona Light Rail Corridor Project opening in Summer 2005.

Mr. Contreras commented on Line 29 – Reimbursements, and noted \$34 million in FY 2006 and a dramatic decrease to \$26 million in 2007 as a result of projects being completed and construction level diminishing substantially.

Mr. Contreras commented on Line 32 – Caltrain, and noted an amount for provisions for an escalator of 3 percent and added the amounts shown in 2006 and 2007 include amounts for costs associated with administrating Caltrain related activity and partnership contribution to the Caltrain Joint Powers Board (JPB).

Mr. Contreras commented on Line 43 – Surplus/(Deficit) to Reserves, and noted the decrease in reserves in 2006 was due to a structure deficit of \$15 million; however, the organization made up most of the reserves in 2007.

Vice Chairperson Casas referenced Line 1 – Fares and queried about the factors that were driving the 2005 and 2006 number. Mr. Contreras responded that the differences between the two numbers are due to the fare increase implemented in January 2005 plus the Vasona Light Rail Corridor Project opening.

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Vice Chairperson Casas queried about ridership projections and noted the importance to ensure that ridership projections are consistent with the system. Mr. Cipolla responded that staff is working very conservatively with ridership projections and noted that light rail service ridership is increasing; however, bus service ridership is still off by 8 percent. Mr. Cipolla commented on revised projections for the fare revenue and noted at least three major updates regarding the fare revenue projections over a two year budget scheduled for next January, next June, and then the following January.

Chairperson Williams queried about the sales tax projections and basis of projections. Mr. Contreras responded that the sales tax projections are based on information provided by the CCSCE and added that the projections staff is using are conservative projections.

Chairperson Williams queried about the sales tax projections beyond 2007. Mr. Contreras responded that staff will provide the information to the Committee Members.

Mr. Cipolla commented that the FY 2006 & FY 2007 Draft Preliminary Biennial Budget is a work in progress and noted substantial changes will be implemented in the Congestion Management Program and Planning Division.

Mr. Contreras commented that staff will distribute the Final Preliminary Biennial Budget to the Board of Directors by April 5, 2005 then the budget will be distributed to Stakeholders and other Committee Members on April 6, 2005. Mr. Contreras noted from April 11-15, 2005 One-on-One Meetings with Administration and Finance Committee Members and from April 18-20, 2005 One-on-One Meetings with Board of Directors. Mr. Contreras noted that a budget update will be presented at the April 21, 2005 Administration and Finance Committee then the budget will be presented to the Board Members at the Friday, April 22, 2005 VTA Board of Directors Budget Workshop Meeting. Mr. Contreras noted Community Meetings will be conducted April 25-29, 2005 and May 2-6, 2005. Mr. Contreras continued that the budget will be presented to the VTA Advisory Committees on May 11 and 12, 2005 then presented at the May 19, 2005 Administration and Finance Committee Meeting Public Hearing. Mr. Contreras noted that the FY 2006 & FY 2007 Biennial Budget will be forwarded to the June 2, 2005 VTA Board of Directors Regular Meeting for consideration and adoption.

Chairperson Williams requested staff provide a schedule of the updates regarding presentation of the Draft FY 2006 & 2007 Biennial Budget to the VTA Advisory and Standing Committees be forwarded to the March 30, 2005 VTA Board of Directors Regular Meeting as a schedule reference to keep the Board aware of the next steps.

**On order of Chairperson Williams**, there being no objection, the Committee reviewed and commented on the FY 2006 & 2007 Recommended Budget Update.

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12. **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.

14. **Chairperson's Report**

Chairperson Williams expressed his appreciation and thanked staff for their diligent work to implement significant changes to reduce costs within the organization.

13. **Committee Staff Report**

Ms. Evleth provided a brief report regarding the implementation of a Transitional Work Program in January 2005 for the Amalgamated Transit Union (ATU) employees to transition back to work sooner, resulting in a savings of \$11,000 in temporary disability payments. Member Matthews expressed appreciation to staff for the program efforts in assisting employees in the transition.

15. **Determined Consent Agenda for the March 30, 2005 Board Meeting**

**CONSENT: Agenda Item # 7.**, Authorize the General Manager to execute an amendment to the Master Agreement with the California Highway Patrol (CHP) for Traffic Control Services during construction of 1996 Measure B Transportation Improvement Program and VTP 2030 Highway Projects increasing the agreement amount for 1996 Measure B projects by \$447,000, for a new total agreement amount of \$1,712,000, and extend the agreement term to December 31, 2006; **Agenda Item # 8.**, Authorize the General Manager to execute the documents necessary to convey a permanent subsurface easement, a temporary construction easement, and temporary access onto an existing private road for the construction of sanitary sewer lines along the back portion of the VTA Guadalupe Light Rail maintenance yard to the City of San Jose for a price of \$168,180; **Agenda Item # 9.**, Consider amending the Policy Advisory Committee (PAC) Bylaws including amendments: (1) requested by the Board of Directors to modify the number of affirmative votes required to pass an item and to codify the responsibility of the PAC chairperson to integrate the PAC Work Plan with the objectives of the VTA Board; (2) requested by the PAC to revise its specific duties and to modify how items may be placed on the agenda; and (3) correcting minor technical matters; and amend the VTA Administrative Code, as necessary, to reflect these modifications; and **Agenda Item # 10.**, Approve the Framework for Formation of the I-680 Sunol SMART Carpool Lane Joint Powers Authority (SSCLJPA).

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**REGULAR: None**

**16. Announcements**

There were no Announcements.

**17. ADJOURNMENT**

**On order of Chairperson Williams**, there being no objection, the meeting was adjourned at 12:51 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant  
VTA Board of Directors