



ADMINISTRATION & FINANCE COMMITTEE

Thursday, August 18, 2005

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

ROLL CALL

Members Present

Don Gage
Forrest Williams, Chairperson

Members Absent

David Casas, Vice Chairperson
Jamie Matthews

Alternates Present

Breene Kerr

Alternates Absent

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

Chairperson Williams noted the following updated memorandum on the Regular Agenda, Agenda Item # 16., Consider amending the bylaws for the Technical Advisory Committee (TAC), Citizens Advisory Committee (CAC), and the Bicycle and Pedestrian Advisory Committee (BPAC) to require a vote of the majority of the total membership to pass an item, as requested by the VTA Board of Directors at its January 6, 2005 meeting and rescind the March 4, 2004 action approving an amendment to permit a majority of the quorum to pass an item.

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

4. **Determine Administration and Finance Committee (A & F) Meeting location for the remainder of 2005**

Sandra Weymouth, Board Secretary, provided a brief overview on the Administration and Finance Committee Meeting location schedule for 2005. Ms. Weymouth commented that when the meeting room location schedule was arranged staff hoped to continue meeting at the facility located at 801 North First Street, San Jose, California through the ending of 2005. However, the City of San Jose has determined that the building will be closed to the public as of Friday, August 19, 2005, to allow for the official closure of San Jose City Hall and transition the facility into a different usage.

Ms. Weymouth commented on Mayor Ron Gonzales's offer to locate a meeting room at the new San Jose City Hall located at 200 East Santa Clara Street, San Jose, California for VTA Standing Committees to meet for the remainder of 2005. Ms. Weymouth noted that meeting room information is unavailable at this time due to the demand for public meeting space at the new San Jose City Hall. Ms. Weymouth added and offered meeting room space at VTA River Oaks Campus for VTA Standing Committees to meet for the remainder of 2005. Ms. Weymouth continued that staff checked meeting room availability at the Santa Clara County Government Center Building; however, noted that meeting room space is limited.

Board Member Gage offered to check the availability of meeting Room 157 located in the County Government Center located at, 70 West Hedding Street, San Jose, California, for VTA Standing Committees for the remainder of 2005 as a potential meeting location.

Chairperson Williams requested the Committee set priority at VTA River Oaks Campus regarding meeting room location for VTA Standing Committees for the remainder of 2005.

Ms. Weymouth noted that Congestion Management Program and Planning (CMPP) Committee and Administration and Finance (A & F) Committee need to meet at the same location due to meeting time constraints, such as, CMPP meeting immediately prior to A&F. Ms. Weymouth requested the Committee to accept Board Member Gage's offer to check into meeting room availability at County Government Center and added that the meeting room location may be a good compromise meeting solution for both CMPP and A&F.

On order of Chairperson Williams, there being no objection, the Administration and Finance Committee discussed determination of the A & F Committee Meeting location for the remainder of 2005.

CONSENT AGENDA

5. **Regular Meeting Minutes of May 19, 2005**

M/S/C (Gage/Kerr) to approve the Regular Meeting Minutes of May 19, 2005.

6. **Committee of the Whole Meeting Record of July 21, 2005**

M/S/C (Gage/Kerr) to receive and file the Committee of the Whole Meeting Record of July 21, 2005.

7. **Report on Santa Clara Valley Transportation Authority Investments for the month of June and quarter ending June 2005**

M/S/C (Gage/Kerr) to receive and file the Report on Santa Clara Valley Transportation Authority Investments for the month of June and quarter ending June 2005.

8. **Quarterly Purchasing Report**

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

9. **Monthly Legislative Report for July 2005**

M/S/C (Gage/Kerr) to receive and file the Monthly Legislative Report for July 2005.

10. **Fourth Quarter and FY 2005 Year-End Report of Public Liability/Property Damage and Owners Controlled Insurance Program (OCIP) Claims Activity**

M/S/C (Gage/Kerr) to receive and file the Fourth Quarter and FY 2005 Year-End Report of Public Liability/Property Damage and Owners Controlled Insurance Program (OCIP) Claims Activity.

11. **Fourth Quarter and FY 2005 Year-End Report of Workers' Compensation Claims, Transitional Work Program and Owner Controlled Insurance Program (OCIP) Claims Activity**

M/S/C (Gage/Kerr) to receive and file the Fourth Quarter and FY 2005 Year-End Report of Workers' Compensation Claims, Transitional Work Program and Owner Controlled Insurance Program (OCIP) Claims Activity.

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

12. Annual Renewal of Property and Casualty Insurance Coverage

M/S/C (Gage/Kerr) to receive and file the Annual Renewal of Property and Casualty Insurance Coverage.

13. Committee for Transit Accessibility (CTA) Appointment

M/S/C (Gage/Kerr) to approve submitting a recommendation to the Board of Directors to approve the appointment of Troy Hernandez to the Committee for Transit Accessibility (CTA) for a two-year term.

14. Contract Amendment with Nolte Associates for Design Services for the State Route 85 Noise Mitigation Project

M/S/C (Gage/Kerr) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to amend the contract with Nolte Associates for design services during construction of the State Route 85 Noise Mitigation Project, increasing the approved contract value by \$40,000 for a new total contract value of \$222,000 and extending the contract term through March 31, 2006.

REGULAR AGENDA

Roger Contreras, Chief Financial Officer, provided a brief update on the results of the Refunding Bond that were issued to purchase the 70 Light Rail Vehicles in June 2001. Mr. Contreras noted expectation to achieve savings of \$14 million; however, expressed appreciation and thanked Kimberly Koenig, Fiscal Resources Manager; Peter Rasso, Financial Advisor; and staff for their diligent work to achieve a savings of \$18.3 million, a substantially higher savings than the \$14 million savings staff anticipated.

15. 2000 Measure A Reimbursement

Mr. Contreras provided a brief overview on the 2000 Measure A Reimbursement. Mr. Contreras commented that staff is requesting Board of Directors authorization to refund and reimburse VTA for up to \$2.5 million for the loss of use of funds regarding the 2001 Bond Issue. Since June 2001, VTA has been making debt service payments for the 2001 Bonds, which made up the Repayment Obligation. VTA has been receiving reimbursements from bond proceeds on a periodic basis since November 2003; however, the Repayment Obligation did not include lost interest earned because of making the debt service payments on the 2001 Bonds. VTA issued the 2001 Bond Issues to advance the purchase of the low-floor vehicles included in the 2000 Measure A Program.

M/S/C (Gage/Kerr) to approve submitting a recommendation to the Board of Directors to authorize the Chief Financial Officer to reimburse VTA's Enterprise Fund up to \$2,500,000 from 2000 Measure A Sales Tax revenues which begin collection

April 1, 2006, for lost interest income as a result of advancing debt service payments related to the 2001 Sales Tax Revenue Bonds (2001 Bonds) and advance payments made for the Zero Emission Bus Demonstration Project.

16. Amendment of the Bylaws for the Technical, Citizens, and Bicycle & Pedestrian Advisory Committees

Carolyn M. Gonot, Chief Development Officer, introduced Stephen Flynn, Congestion Management Program Senior Management Analyst, who provided a brief overview on the Amendment of the Bylaws for the Technical, Citizens, and Bicycle & Pedestrian Advisory Committees. Mr. Flynn commented that staff forwarded the drafted proposal modifications of the bylaws to the Advisory Committees per direction of VTA Board of Directors. The drafted proposal modifications of the bylaws were offered to the Advisory Committees in August 2005. Mr. Flynn continued that TAC approved the Board's recommendation; however, BPAC and CAC did not approve the recommendation.

Mr. Flynn noted that CAC asked that VTA Board of Directors consider other options, such as CAC Alternates or modification to reflect the filled seats in CAC.

Alternate Board Member Kerr queried about BPAC member attendance. Ms. Gonot responded that BPAC is well attended by the members. Mr. Flynn commented that among all VTA Advisory Committees, BPAC has the highest consistent member attendance. Mr. Flynn added that BPAC has 15 of 16 filled member seats with an average member attendance of 12 to 13 members at meetings.

Alternate Board Member Kerr asked why BPAC has an issue with the Board recommendation regarding committee voting requirement to pass an item. Mr. Flynn responded that BPAC and CAC's primary reason was that as Advisory Committees, they did not need to follow the same voting requirements as VTA Board of Directors.

Alternate Board Member Kerr commented there is a fairly represented group at the Advisory Committee meetings and noted that these are voluntary committees. Alternate Board Member Kerr noted that it may be difficult to fill committee seats; therefore, agreed with the Advisory Committee's position to allow the majority of the quorum present related to the voting requirement to pass an item.

Board Member Gage stressed importance regarding committee member commitment to their committee. Board Member Gage commented that members have schedule conflicts and other commitments, such as job and family; however, added if an issue is important to the member then they will attend committee meetings. Board Member Gage expressed his support for the majority of the members present related to the voting requirement to pass an item.

Chairperson Williams stressed importance of committee member commitment, attendance, and participation in their Advisory Committee to address issues and conduct committee business. Chairperson Williams stressed importance to have a set measure of

committee member commitment and added that part of the issue is to get people to attend the meetings.

Alternate Board Member Kerr noted that with super majority it becomes more difficult to pass items in Advisory Committee meetings; therefore, slowing down the entire organization. Chairperson Williams responded and stressed importance of committee member commitment to the committee. Chairperson Williams noted importance to have a standard and if members realize the importance of the committee as well as committee business then members will attend. Chairperson Williams stressed importance of committee member commitment, attendance, and participation. He re-stated his support of the Board's direction.

Board Member Gage agreed that there should be a standard for elected officials; however, if members are not attending and absent for three committee meetings for whatever the reason the member should be replaced. Board Member Gage stressed importance to have committed members serving on committees and added that members should either attend committee meetings or resign. Board Member Gage noted importance for committee members to conduct committee business and noted importance to uphold rules and regulations regarding absences. Suzanne B. Gifford, Legal Counsel, responded that VTA Advisory Committees already have an absence rule in their bylaws. Ms. Gonot commented that staff has recently sent out a letter enforcing the absence rule under the CAC Bylaws. Mr. Flynn noted that CAC Bylaws note absences in a rolling 12-month period and added until recently members have not exceeded the absence rule.

Chairperson Williams queried about excused absences for Advisory Committees. Mr. Flynn responded that there are no provisions for excused absences for Advisory committee members a member is counted as absent if the member does not attend a meeting.

Board Member Gage recommended forwarding the item without a recommendation to the Board of Directors for discussion and consideration at the September 1, 2005 VTA Board of Directors Regular Meeting. Board Member Gage stressed importance to enforce the absence rule within Advisory Committee Bylaws due to the fact that absences make it difficult for committee members to conduct committee business. Board Member Gage noted that absences are a waste of member's time as well as make it impossible to conduct committee business due to lack of committee member commitment, attendance, and participation.

On order of Chairperson Williams, there being no objection, the Committee forwarded the item without a recommendation to the Board of Directors for discussion and consideration at the September 1, 2005 VTA Board of Directors Regular Meeting. Consider amending the bylaws for the Technical Advisory Committee (TAC), Citizens Advisory Committee (CAC), and the Bicycle and Pedestrian Advisory Committee (BPAC) to require a vote of the majority of the total membership to pass an item, as requested by the VTA Board of Directors at its January 6, 2005 meeting and rescind the

March 4, 2004 action approving an amendment to permit a majority of the quorum to pass an item.

17. Lease Agreements with Clear Channel Outdoor for Eight Billboard Sites on the Western Pacific Milpitas Line

Ms. Gonot commented that this item was deferred from June 2, 2005 VTA Board of Directors Regular Meeting to allow staff to determine the legal status of City of San Jose billboard policies. Ms. Gonot noted that Ms. Gifford and VTA Legal Counsel staff have been closely involved with negotiations with Clear Channel Outdoor regarding the billboards.

Ms. Gifford provided a brief overview on the Lease Agreements with Clear Channel Outdoor (CCO) for Eight Billboard Sites on the Western Pacific Milpitas Line. Ms. Gifford commented that this matter was deferred from June 2, 2005 VTA Board of Directors Regular Meeting to allow staff to determine the legal status of the billboards. Ms. Gifford continued that Vice Chairperson Chavez wanted to ensure that the billboards were not in residential areas and noted the billboards were erected by predecessor sign companies between 28 and 45 years ago; therefore, much of the permit information has been lost or cannot be located, and some of the signs were built at a time when the area was unincorporated. Ms. Gifford noted that under Business and Professions Code Section 5216.1 (a part of California's Outdoor Advertising Act), the billboard signs are presumed lawfully erected because they have been in place for five-years or longer, without the owner having received written notice of nonconformity during that time period from the City of San Jose. Ms. Gifford noted that all of the billboard signs predate the 1985 City of San Jose ordinance prohibiting new billboards in the City of San Jose.

Alternate Board Member Kerr asked if the billboards were grandfathered. Ms. Gifford responded "yes" and noted that the billboards are grandfathered. Ms. Gifford responded that the billboards are not in residential areas but in industrial areas and noted that staff has done its due diligence.

Board Member Gage asked if the billboards are leased. Ms. Gifford responded "yes" and noted that VTA inherited the billboards when the right-of-way was purchased from Union Pacific Railroad (UPRR). Board Member Gage asked if VTA has current leases. Ms. Gifford responded "yes" and that CCO has all the current leases. Ms. Gifford added that VTA receives more money for the billboards than what was paid to UPRR. Ms. Gifford continued that CCO has agreed to relinquish any claim for relocation benefits, loss of goodwill, damages, or any other compensation, if required to remove the signs at the end of the full 10-year period. If a lease is terminated prior to that time, CCO will be entitled to seek recovery of the unamortized portion of any compensation resulting from the early termination. Ms. Gifford added that the City Attorney's office has been consulted on this subject and concurs with the additional provisions of the lease agreements.

M/S/C (Gage/Kerr) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute eight signboard lease agreements with Clear Channel Outdoor to allow for placement of billboards on VTA property for an initial term of five years each, plus five additional one-year extensions, at a rate of \$1,500 per year for single-faced signs and \$3,000 per year for double-faced signs. This agreement is subject to termination by VTA on 90-day written notice to accommodate transportation uses, or a sale, lease, or transfer of the property.

OTHER ITEMS

18. Consultant Contract for VTP 2030 Transit Expansion Policy and New Corridors Study

Ms. Gonot commented that the item is for VTA Board of Directors to approve development of a Transit Expansion Policy (TEP). Ms. Gonot introduced Chris Augenstein, Congestion Management Program Transportation Planning Manager, who provided a brief overview on the Consultant Contract for VTP 2030 Transit Expansion Policy and New Corridors Study. Mr. Augenstein commented that VTA Board of Directors adopted the Valley Transportation Plan 2030 (VTP 2030) as VTA's Long-Range Transportation Plan for Santa Clara County, which identifies \$188 million in 2000 Measure A Funds for the development of new Rail Transit Corridors, and includes a study to evaluate up to seven potential new Rail Transit Corridors. Mr. Augenstein continued that the study will consist of two phases and Phase I is to develop the Transit Expansion Policy. Phase I of the study is to examine VTA's existing criteria and to establish a policy framework with guidelines for capital expansion and broaden the range of modes and technologies that may be considered for high-capacity Transit Corridor Expansion including Enhanced Bus and Bus Rapid Transit (BRT) Services.

Mr. Augenstein commented that during Phase I, policy development will be primarily conducted by VTA staff with the consultant in a much more supportive role and noted Phase I is scheduled for completion within 12 months. Mr. Augenstein noted that during Phase II, the technical analysis is when staff will be utilizing a lot of the consultant time.

Mr. Augenstein noted that it is anticipated that at the completion of Phase I, VTA Board of Directors would adopt the TEP and added the TEP is critical in the review of the evaluation criteria used in Phase II. Mr. Augenstein continued that the TEP and study enables staff to look at possibly implementing high capacity transit service in some of the corridors earlier than if VTA would have waited for the \$188 million in funds identified in the VTP 2030 to become available.

Mr. Augenstein commented that in Phase II, the consultant will complete the new corridors study to define and evaluate up to seven potential new corridors and establish corridor priorities using the criteria for capital expansion developed as part of the TEP. Phase II is scheduled for completion within 24 months of the completion of Phase I. Mr. Augenstein noted that staff has conducted the consultant evaluation process and

recommends Ove Arup and Partners California, Ltd. for consulting services to develop the Valley Transportation Plan 2030 Transit Expansion Policy and complete a study of potential New Transit Corridors.

Alternate Board Member Kerr queried if a substantial amount of money would be spent on BRT or a study of Light Rail Corridors. Ms. Gonot responded that during Phase I the intent is to examine TEP and look at Rail, BRT, and Enhanced Bus.

Alternate Board Member Kerr queried about potential corridors and if staff will be developing some additional alternatives and financial information regarding BRT in those corridors. Mr. Augenstein responded that the emphasis behind the TEP and study is to consider other modes of high capacity transit services when examining the corridors.

M/S/C (Kerr/Gage) to approve submitting a recommendation to the Board of Directors to review and recommend that the General Manager execute a contract with Ove Arup and Partners California, Ltd. for consulting services to develop the Valley Transportation Plan 2030 Transit Expansion Policy and complete a study of potential New Transit Corridors. The contract will be for a three-year period for a total contract value not to exceed \$1,100,000.

19. Developer Selection for Joint Development Program

Ms. Gonot commented that earlier this year VTA Board of Directors approved the Joint Development Program and Policy, including a process and selection criteria for qualifying developers and ranking development proposals for VTA excess properties.

Ms. Gonot introduced David Miller, Commercial Development Manager, who provided a brief overview on the Developer Selection for Joint Development Program. Mr. Miller commented that VTA issued a Request for Proposals (RFP) on VTA Park and Ride sites and the West San Carlos excess property. Mr. Miller noted that the RFP was advertised in local newspapers, as well as in the Wall Street Journal, Urban Land Institutes, Los Angeles Business Times, San Francisco Business Times and on the VTA website. Mr. Miller continued that staff received good responses from qualified developers and noted that the interview panel consisted of staff from Development and Congestion Management Division, Contracts and Materials Management Department, and General Counsel as well as planning staff from the City of San Jose.

Mr. Miller noted that the next step would be for the qualified developers to put together an actual proposal for one or all four of the sites. Staff will then come back to VTA Board of Directors at the end of the year with a recommendation for approval of exclusive negotiating agreements with the parties that provided the best proposals for each site.

Chairperson Williams queried if there were Joint Development efforts on projects. Mr. Miller responded that some of the sites have been the subject discussion for Joint Development efforts between VTA and the City of San Jose.

M/S/C (Gage/Kerr) to approve submitting a recommendation to the Board of Directors to review and recommend the following list of qualified developers to proceed with joint development work on the West San Carlos Street property and the Capitol, Curtner, and Tamien Light Rail Station properties: ROEM Corporation and Avalon Bay Communities, Inc., - Santa Clara, CA; Fairfield Residential LLC – San Francisco, CA; Bridge Housing Corporation, BRE Properties, Inc., Blake Hunt Ventures, & DR Horton – San Francisco, CA; Republic Properties Corporation & Green Valley Corporation (Barry Swenson Builders) – San Jose, CA; and Transit Development Partners LLC (Kenwood Investments, Wilson Meany Sullivan & Stockbridge Capital Group) – San Francisco, CA.

20. Committee Work Plan

Kaye 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.

21. Committee Staff Report

Mr. Contreras commented on an option to finance VTA's unfunded actuarial liabilities and noted information will be forwarded to the October 20, 2005 Administration and Finance Committee Meeting. Mr. Contreras continued that staff is looking at financing bonds at a rate of 5 to 5.5 percent contrasted against the assumed rate of 8 percent, which will be favorable for VTA.

Alternate Board Member Kerr queried about the bonds and use of the funding from the bonds. Mr. Contreras responded that VTA has \$188 million of unfunded actuarial liabilities and staff is looking at issuing bonds to fund VTA's unfunded actuarial liabilities.

Alternate Board Member Kerr asked if the unfunded actuarial liabilities were Retiree Health Care Benefits. Mr. Contreras introduced Kim Koenig, Fiscal Resources Manager, who commented that the unfunded actuarial liabilities include the following three things: Amalgamated Transit Union (ATU) Pension, ATU Retirement Health, and California Public Employees' Retirement System (CalPERS) Pension. Ms. Koenig continued that the idea is to issue the pension obligation plan to pay the unfunded actuarial liabilities at a cheaper rate that VTA is paying for its amortization; therefore, instead of paying an interest rate of 8 percent over 20 years VTA can issue bonds and pay the market rate, which is 5 percent at this time.

Chairperson Williams stressed the importance to continue and move forward with financial options for VTA.

22. Chairperson's Report

Chairperson Williams expressed appreciation and thanked staff for their diligent work. Chairperson Williams commented on new San Jose City Hall and extended an invitation for all to attend. Chairperson Williams added that VTA Board of Directors are looking forward to another year of working to address challenges facing VTA organization.

23. Determine Consent Agenda for the September 1, 2005 Board Meeting

CONSENT: Agenda Item # 13., Approve the appointment of Troy Hernandez to the Committee for Transit Accessibility (CTA) for a two-year term; **Agenda Item # 14.**, Authorize the General Manager to amend the contract with Nolte Associates for design services during construction of the State Route 85 Noise Mitigation Project, increasing the approved contract value by \$40,000 for a new total contract value of \$222,000 and extending the contract term through March 31, 2006; **Agenda Item # 15.**, Authorize the Chief Financial Officer to reimburse VTA's Enterprise Fund up to \$2,500,000 from 2000 Measure A Sales Tax revenues which begin collection April 1, 2006, for lost interest income as a result of advancing debt service payments related to the 2001 Sales Tax Revenue Bonds (2001 Bonds) and advance payments made for the Zero Emission Bus Demonstration Project; **Agenda Item # 17.**, Authorize the General Manager to execute eight signboard lease agreements with Clear Channel Outdoor to allow for placement of billboards on VTA property for an initial term of five years each, plus five additional one-year extensions, at a rate of \$1,500 per year for single-faced signs and \$3,000 per year for double-faced signs. This agreement is subject to termination by VTA on 90-day written notice to accommodate transportation uses, or a sale, lease, or transfer of the property; **Agenda Item # 18.**, Review and recommend that the General Manager execute a contract with Ove Arup and Partners California, Ltd. for consulting services to develop the Valley Transportation Plan 2030 Transit Expansion Policy and complete a study of potential New Transit Corridors. The contract will be for a three-year period for a total contract value not to exceed \$1,100,000; and **Agenda Item # 19.**, Review and recommend the following list of qualified developers to proceed with joint development work on the West San Carlos Street property and the Capitol, Curtner, and Tamien Light Rail Station properties: ROEM Corporation and Avalon Bay Communities, Inc., - Santa Clara, CA; Fairfield Residential LLC – San Francisco, CA; Bridge Housing Corporation, BRE Properties, Inc., Blake Hunt Ventures, & DR Horton – San Francisco, CA; Republic Properties Corporation & Green Valley Corporation (Barry Swenson Builders) – San Jose, CA; and Transit Development Partners LLC (Kenwood Investments, Wilson Meany Sullivan & Stockbridge Capital Group) – San Francisco, CA.

REGULAR: Agenda Item # 16., Consider amending the bylaws for the Technical Advisory Committee (TAC), Citizens Advisory Committee (CAC), and the Bicycle and Pedestrian Advisory Committee (BPAC) to require a vote of the majority of the total membership to pass an item, as requested by the VTA Board of Directors at its January 6, 2005 meeting and rescind the March 4, 2004 action approving an amendment to permit a majority of the quorum to pass an item.

24. Announcements

There were no Announcements.

25. ADJOURNMENT

On order of Chairperson Williams, there being no objection, the meeting was adjourned at 1:00 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Board of Directors