



ADMINISTRATION & FINANCE COMMITTEE

Thursday, October 20, 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 157, County Government Center, 70 West Hedding Street, San Jose, California.

ROLL CALL

Members Present

Don Gage
Forrest Williams, Chairperson

Members Absent

David Casas, Vice Chairperson
Jamie Matthews

Alternates Present

None

Alternates Absent

Breene Kerr
Pete McHugh
Ken Yeager

* 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

Michael T. Burns, VTA General Manager, commented that Sandra Weymouth, Board Secretary, will be leaving VTA. Mr. Burns noted that an internal and external process was conducted for the VTA Board Secretary position and introduced Maria Marinos, who will assume the duties and responsibilities as VTA Board Secretary. Mr. Burns continued that Ms. Marinos has worked at VTA for four years as a Senior Transportation Planner in the Programming and Grants Department for the Congestion

Management Program and Planning (CMPP) Division. Ms. Marinos has 20 years of public transportation experience and worked as the Board Secretary in the Santa Cruz Transit Authority (SCTA). Mr. Burns noted that VTA is fortunate to have Ms. Marinos, who has served in Board Secretary position and is a VTA employee. Mr. Burns expressed appreciation to Ms. Weymouth for her diligent work and noted that she will be missed.

Ms. Marinos expressed appreciation and thanked the Committee of the Whole for the opportunity to serve as VTA Board Secretary. Ms. Marinos stated that she looks forward to the challenges and opportunities to work with everyone at VTA.

The Committee of the Whole congratulated and welcomed Ms. Marinos to the Administration and Finance Committee Meeting and VTA.

Ms. Weymouth noted that Ms. Marinos will enjoy the same success and fun that Ms. Weymouth has experienced over the last 11 years at VTA.

Chairperson Williams expressed appreciation and thanked Ms. Weymouth for her diligent work with VTA Board of Directors and VTA. Chairperson Williams noted that it was a privilege working with Ms. Weymouth and wished her well.

There were no Orders of the Day.

CONSENT AGENDA

4. Regular Meeting Minutes of September 15, 2005

On order of Chairperson Williams, there being no objection, the Committee of the Whole deferred the Regular Meeting Minutes of September 15, 2005.

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

On order of Chairperson Williams, there being no objection, the Committee of the Whole received the Report on Santa Clara Valley Transportation Authority Investments for the Month of August 2005.

6. Monthly Legislative Report for September 2005

On order of Chairperson Williams, there being no objection, the Committee of the Whole received the Monthly Legislative Report for September 2005.

REGULAR AGENDA

7. Cooperative Agreement with the Peninsula Corridor Joint Powers Board for the TransLink® Ticket Vending Machine Integration project

Kaye L. Evleth, Chief Administrative Officer, introduced George Barlow, Chief Technology Officer, who provided a brief overview on the Cooperative Agreement with the Peninsula Corridor Joint Powers Board for the TransLink® Ticket Vending Machine (TVM) Integration project. Mr. Barlow commented that TransLink® is a regional transit fare payment system (smart card) for the nine-county San Jose/San Francisco/Oakland Bay Area. Mr. Barlow noted the following operators participated in a six-month pilot program from February 1, 2002 through July 31, 2002 – Phase I of the TransLink® system: VTA, Bay Area Rapid Transit (BART), the City and County of San Francisco Municipal Transportation Agency (MTA), Golden Gate Bridge Highway and Transportation District (GGBHTD), Alameda-Contra Costa County Transit District (AC Transit), and the San Mateo County Transit District (SamTrans). Mr. Barlow continued that the TransLink® Interagency Participation Agreement created the TransLink® Consortium, which VTA is one of six Charter Members along with other five operators who participated in Phase I and Metropolitan Transportation Commission (MTC) is also a member. Mr. Barlow noted that on September 27, 2004, the TransLink® Management Group (TMG) approved a \$7 million budget for VTA and Caltrain to jointly integrate each agency's Ventek TVMs with TransLink® add-value capabilities to the current TVMs allowing customers to add-value and purchase transit passes. Mr. Barlow commented that Regional Measure 2 (RM2) raised the toll on the seven State-owned toll bridges in the San Francisco Bay Area by \$1, which will fund various transportation projects in the region determined to reduce congestion. RM2 establishes the Regional Traffic Relief Plan and identifies specific transit operating assistance and capital projects eligible to receive funding and TransLink® TVM integration is an eligible project for RM2 funds. Mr. Barlow commented that both VTA and Caltrain have Ventek TVMs, VTA has 156 and Caltrain has 113, and this project will allow customers to add-value to their TransLink® cards for use on VTA and Caltrain vehicles. Mr. Barlow continued that VTA and Caltrain staff have jointly drafted a cooperative agreement that outlines the roles and responsibilities of each agency to jointly manage the project.

Member Gage queried about grant funding for the project. Mr. Burns responded that funding has been put aside for the project and staff will submit the project request to MTC as part of the official policy process. Mr. Barlow noted that VTA is establishing a cooperative agreement with SamTrans to outline how VTA will manage the 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 cooperative agreement with the Peninsula Corridor Joint Powers Board (JPB) that specifies the funding arrangements and project management responsibilities of each agency for adding TransLink® add-value capabilities to VTA and Caltrain Ticket Vending Machines (TVMs).

8. Regional Measure 2 Funds for TransLink® Ticket Vending Machine

Mr. Barlow provided a brief overview on the Regional Measure 2 Funds for TransLink® Ticket Vending Machine. Mr. Barlow commented that VTA is the program manager of the TransLink® project; therefore, VTA has to adopt a resolution, which states that VTA will follow MTC's criteria. Mr. Barlow commented that MTC requested that the six operators participating in the TransLink® Program submit requests for funding specifically related to integration.

Mr. Barlow noted that the TransLink® TVM project will be conducted in the following three phases: 1) Preliminary Engineering, 2) Design, and 3) Construction. Mr. Barlow continued that during the Preliminary Engineering Phase, VTA and Caltrain will jointly select a consultant to develop technical documents to be included in a Request for Proposal (RFP) to provide technical assistance as needed in the evaluation of the proposals received.

During the Design Phase the contractor will design and modify the TVM software and hardware and the Construction Phase will consist of purchasing the required components and building the hardware necessary to enable customers to add value to their TransLink® card at VTA and Caltrain stations. VTA is requesting \$150,000 from MTC for the Preliminary Engineering Phase and once completed, VTA will request the remaining allocation of \$6,882,201 for the Design and Construction Phases.

VTA as the sponsoring agency must provide the following to MTC prior to allocation of RM2 funds: 1) an Initial Project Report adopted by VTA Board of Directors, 2) certification by VTA Board of Directors that certain conditions are acknowledged and will be adhered to, and 3) evidence that the other fund sources contributing toward the project phase are committed. Mr. Barlow noted that upon receipt of VTA Board of Directors certification then MTC will consider the allocation of RM2 funds for the project.

Chairperson Williams noted the importance of the program to make it more convenient for customers. Chairperson Williams asked if the program had potential to generate revenue for VTA. Mr. Barlow responded that there is potential revenue to VTA as the program grows.

On order of Chairperson Williams, there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to adopt an Initial Project Report for Regional Measure 2 funds for TransLink® Ticket Vending Machine Integration; certify and acknowledge that certain conditions as set forth in the attached resolution will be adhered to; and further, adopt a resolution authorizing the General Manager to execute a grant agreement with the Metropolitan Transportation Commission (MTC) for Regional Measure 2 funds for the TransLink® Ticket Vending Machine Program.

9. **Feedback from VTA Advisory Committees and stakeholders regarding the VTA Quarter Cent Sales Tax Scenario**

Mr. Burns provided a brief overview report on feedback from VTA Advisory Committees and stakeholders regarding the VTA Quarter Cent Sales Tax Scenario agendized for the November 3, 2005 Board of Directors' Meeting. Mr. Burns commented that the following five Advisory Committees: Bicycle and Pedestrian Advisory Committee (BPAC), Citizens Advisory Committee (CAC), Committee for Transit Accessibility (CTA), Policy Advisory Committee (PAC), and Technical Advisory Committee (TAC) reviewed the recommended VTA Quarter Cent Sales Tax Scenario to provide comments to be forwarded to VTA Board of Directors prior to the November 3, 2005 Regular Board Meeting. Mr. Burns noted that generally all five advisory committees were supportive of the VTA Quarter Cent Sales Tax Scenario and appreciated that their comments and input would be considered and incorporated into the VTA Quarter Cent Sales Tax Scenario. Mr. Burns highlighted the advisory committees' support to increase the system service levels from 12 to 24 percent, Local Streets and Roads funding, and Senior/Disabled Services Program. Mr. Burns noted discussion from CAC and PAC regarding the overall Caltrain Program and Caltrain funding cuts by ten percent and noted support to restore the ten percent funding. CAC and PAC stressed the importance for Caltrain to have equal footing as the BART to Silicon Valley Project. Mr. Burns noted comments from CAC and TAC regarding the Airport People Mover (APM) from a regional perspective. Mr. Burns stated that all comments will be forwarded to VTA Board of Directors prior to the VTA Board of Directors November 3, 2005 Regular Meeting. Mr. Burns noted that as an outcome at CMPP Committee, staff agreed to meet and have a detailed discussion with the North County representatives regarding the Caltrain funding issues. Mr. Burns noted that VTA Board of Directors and VTA Advisory Committees will be invited to attend an informational Caltrain study session workshop with detailed discussion prior to the VTA Board of Directors November 3, 2005 Regular Meeting.

Chairperson Williams expressed appreciation and thanked staff for their diligent work to address concerns and move projects forward.

On order of Chairperson Williams, there being no objection, the Committee of the Whole received a report on feedback from VTA Advisory Committees and stakeholders regarding the VTA Quarter Cent Sales Tax Scenario agendized for the November 3, 2005 Board of Directors' Meeting.

OTHER ITEMS

10. **Preliminary Annual Performance Report**

Matthew O. Tucker, Chief Operating Officer, provided a brief overview on the Preliminary Annual Performance Report. Mr. Tucker directed attention to the Transit Operations Performance Report Preliminary Annual Report Fiscal Year 2004 – 2005,

Page 4 – Performance Goals FY 2005 and noted that VTA’s Performance Measures are tied to VTA’s Budget Assumptions adopted by the VTA Board of Directors for the Fiscal Year April 2005 Recommended Budget FY 2006 and FY 2007. Mr. Tucker commented that ridership goals and cost of performance are set by looking at the adopted budget, actual performance, and what happened in FY 04.

Mr. Tucker referenced the First Page – FY 05 Ridership Performance Results, noting Bus Ridership was down 7.9 percent from FY 04. Light Rail Ridership was 2.7 percent above the budgeted goal and improved 23.9 percent from FY 04 performance. System ridership was 1.87 percent above the budgeted goal and down 3.4 percent from FY 04. Mr. Tucker noted a narrowing of the gap in terms of declines in Bus Ridership from 16 percent to 8 percent. Mr. Tucker noted that Light Rail Ridership continues to be strong and increasing even without the activity at the opening of the San Fernando and Diridon Station for the San Jose Grand Prix Event in late July 2005.

Mr. Tucker referenced the Second Page – Operating Expense & Revenue Results and commented that Operating Cost Per Hour was \$160.89, 3.43 percent below budget and 2.82 percent above FY 04 performance. Mr. Tucker noted a couple of factors that impacted overall performance, such as total system-wide operating hours was down as well as increases in actuarial assumptions and contributions. Mr. Tucker noted Farebox Recovery Ratio improvement was 13.8 percent, 3.76 percent above the budgeted goal and 3 percent above FY 04 performance. Total Fare Revenue was \$32,061,000 approximately 1 percent below budget, however, 4.7 percent increase over FY 04 performance.

Mr. Tucker referenced the Third Page – Key Performance Results and commented on system miles between chargeable mechanical accidents exceeded the goal by 48 percent, which is a significant improvement and miles between mechanical failures exceeded the established goal by 3.5 percent. Mr. Tucker noted that absenteeism for Operators and Maintenance staff improved significantly, which resulted in estimated cost savings of \$2.1 million. Bus on-time performance was down from FY 04 performance, while Light Rail performance was up and added that overall system on time performance is strong.

Mr. Tucker referenced the Fourth Page – Paratransit and commented that Passengers Per Revenue Hour met the established goal of 2.30 and Net Cost Per Passenger was \$25.64, which is 1.38 percent below the goal and down from the FY 04 cost of \$27.26. Mr. Tucker noted that both vendor and broker cost savings were achieved and the cost of the total program was down 8.1 percent.

Member Gage expressed appreciation for the excellent information and stressed the importance to highlight positive aspects of the organization to the public.

Chairperson Williams queried about Bus and Light Rail Ridership performance. Mr. Tucker responded that the Bus Ridership performance tracks overall with employment, which is not increasing significantly. Mr. Tucker noted that the benchmark against FY 00 and FY 01 ridership was much higher since employment levels were

higher; therefore, Bus Ridership system-wide is connected to employment. Mr. Tucker commented that in terms of Light Rail Ridership increases there is some movement from Bus to Light Rail if bus lines and routes are removed from the system as well as attracting new customers as the Light Rail System network is completed.

On order of Chairperson Williams, there being no objection, the Committee of the Whole received the Preliminary Annual Performance Report.

11. Committee Work Plan

Ms. Evleth provided a brief overview on the Administration and Finance Committee Work Plan.

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

12. Committee Staff Report

Ms. Evleth noted the California Transit Association (CTA) 40th Annual Fall Conference and Expo being held on November 1 – 3, 2005, at San Jose McEnery Convention Center, San Jose Marriott.

Roger Contreras, Chief Financial Officer, announced that the Association of Public Treasurers of the United States and Canada (APTUSC) has awarded VTA a Certification of Excellence for Unrestricted and Restricted Funds Investment Policy. Mr. Contreras commented that APTUSC offers an Investment Policy Certification Program where Investment Policy undergoes a vigorous process and is reviewed and approved by a team of reviewers to determine if the Investment Policy adequately addresses the following areas: scope, prudence, objectives, delegation of authority, ethics and conflicts of interest, authorized financial dealers and institutions, authorized suitable investments, investment pools/mutual funds, collateralization, safekeeping and custody, diversification, maximum maturities, internal control, performance standards, reporting, investment policy adoption, and glossary.

Mr. Contreras expressed appreciation and thanked Manny Bagnas, Investment Manager, and VTA investment staff for their diligent work for VTA receiving the achievement of excellence.

Mr. Burns commented that the Certification of Excellence will be announced to the public via a news press release by Jayme Kunz, Marketing and Public Affairs Communications Manager, and a presentation will be provided at the VTA November 3, 2005 Board of Directors Regular Meeting.

13. Chairperson's Report

Chairperson Williams expressed his appreciation and thanked staff for their diligent work on the VTA Quarter Cent Sales Tax Scenario. Chairperson Williams acknowledged staff's dedication to assist the organization in moving forward.

14. Determine Consent Agenda for the November 3, 2005 Board Meeting

CONSENT: None

REGULAR: Agenda Item # 7., Authorize the General Manager to execute a cooperative agreement with the Peninsula Corridor Joint Powers Board (JPB) that specifies the funding arrangements and project management responsibilities of each agency for adding TransLink® add-value capabilities to VTA and Caltrain Ticket Vending Machines (TVMs); and **Agenda Item # 8.**, Adopt an Initial Project Report for Regional Measure 2 funds for TransLink® Ticket Vending Machine Integration; certify and acknowledge that certain conditions as set forth in the attached resolution will be adhered to; and further, adopt a resolution authorizing the General Manager to execute a grant agreement with the Metropolitan Transportation Commission (MTC) for Regional Measure 2 funds for the TransLink® Ticket Vending Machine Program.

15. Announcements

There were no Announcements.

16. ADJOURNMENT

On order of Chairperson Williams, there being no objection, the Committee of the Whole adjourned the meeting at 12:35 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Board of Directors