



## **ADMINISTRATION & FINANCE COMMITTEE**

Thursday, January 19, 2006

### **MINUTES**

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

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:18 p.m. by Chairperson Williams in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

#### **ROLL CALL**

##### **Members Present**

Breene Kerr  
Forrest Williams, Chairperson

##### **Members Absent**

Don Gage

##### **Alternates Present**

Pete McHugh

##### **Alternates Absent**

Jamie Matthews  
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 staffs request that Agenda Item # 15., Review and forward the Recommended VTA Scenario to the Board of Directors be removed from the Regular Agenda and be placed at the beginning of the A&F Meeting to allow for adequate time to receive comments from the Committee.

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

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

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

**15. Recommended VTA Scenario**

Michael T. Burns, General Manager, provided a brief overview of the Recommended VTA Scenario. Mr. Burns noted VTA Board of Directors direction that staff present the new scenario to all VTA Advisory Committees and to the Board Standing Committees. Mr. Burns commented that staff has presented the expenditure plan and projections to all VTA Advisory Committees and a summary of all the comments will be forwarded to Board Members at the Friday, January 27, 2006 VTA Board of Directors Workshop Meeting. Mr. Burns noted that Jim Lawson, Government Affairs Manager, Jack J. Collins, Chief Construction Officer, will provide a brief overview on the Recommended VTA Scenario then Steven Levy, Center for Continuing Study of the California Economy (CCSCE), will provide information on the sales tax projections that staff has used to incorporate into the latest Recommended VTA Scenario.

Mr. Lawson directed attention to the VTA Scenario January 2006 and noted that the presentation was presented to various committees and interested parties throughout Santa Clara Valley. Mr. Lawson referenced Page 3 – 2000 Measure A and noted that the 2000 Measure A was an all transit measure with a ½ cent sales tax. The 2000 Measure A was built on the success of prior transit measures and targeted specific transportation projects. Mr. Lawson noted that the 2000 Measure A was approved by the voters by an overall two-thirds majority.

Mr. Lawson referenced Page 4 - Measure A Major Projects and noted the VTA Scenario gives the ability to construct BART from Fremont to Milpitas, San Jose, and Santa Clara, includes an airport connector, purchase of vehicles for accessible access and Zero Emission Buses (ZEB's), funding for light rail throughout the County, expanded and Caltrain Electrification, and a 24 percent increase in service.

Board Member Kerr asked what was the exact 2000 Measure A ballot language for the airport connector. Board Member Kerr asked if it identifies cost sharing. Board Member Kerr asked if it mentions design or cost of the project. Mr. Lawson responded that the 2000 Measure A ballot simply states: "Build rail connection from San Jose Airport to BART, Caltrain, light rail." It does not identify a particular mode.

Mr. Lawson referenced Page 5 – Economic Downturn and noted VTA's revenue from sales tax was \$183.5 million in 2001; however, in 2005 that number was \$145 million. Mr. Lawson noted that 2005 shows a slight recovery; however, VTA is still looking at a 20 percent decrease in funding.

Mr. Lawson referenced Page 6 – Financial Stability Committee. The VTA Board of Directors created an Ad-Hoc Financial Stability Committee established to address how to approach the ongoing funding viability of VTA, ability to provide service, and how do we meet our commitment to the voters for the 2000 Measure A Program. Mr. Lawson continued that the goal was to work together with community leaders to identify new or expanded sources of revenue for VTA.

Mr. Lawson referenced Page 7 – Expenditure Plan Development. Board Workshops were held over the past two years to assess the financial needs of VTA and delivery of the 2000 Measure A Projects. Mr. Lawson continued that the VTA Board of Directors

reviewed four scenarios in June 2, 2005 and over the summer the following groups requested different scenarios: North Counties Cities Group, Silicon Valley Leadership Group (SVLG), and City of San Jose.

Mr. Lawson referenced Page 8 - Expenditure Plan Development. Three scenarios were reviewed at the September 16, 2005 VTA Board of Directors Workshop Meeting, which concluded that a 30 year, ¼ cent sales tax would be required, included a Pavement Management Program, completion of BART by 2018, completion of Dumbarton by 2011, and flexibility on the ending balance amount.

Mr. Lawson referenced Page 9 – Expenditure Plan Development. At the November 3, 2005 VTA Board of Directors Meeting the Airport People Mover (APM) and Pavement Management Program was discussed extensively; however, no decision was made and the item was deferred to the December 1, 2005 VTA Board of Directors Meeting. Mr. Lawson noted that it was determined that the inclusion of the APM and Pavement Management Program could both be included in the Expenditure Plan with creative financing partnering with the City of San Jose. Input was received from the cities of San Jose, Morgan Hill, and Gilroy, and as a result, the VTA Board of Directors directed staff to present the Expenditure Plan to VTA Committees in January 2006 thus deferring the item to the February 2, 2006 VTA Board of Directors Regular Meeting.

Mr. Lawson referenced Page 10 - Annual Sales Tax Projection. Staff has received the annual sales tax projections from the CCSCE, which we use to understand what the impact of long-term sales tax revenues to VTA. VTA has consistently used the projections from the CCSCE and arrived at the midpoint between the conservative and moderate projections. The years 2008 – 2015 were adjusted slightly and it impacts three existing revenue sources, one proposed revenue source, and resulted in a \$2 billion increase.

Mr. Lawson referenced Page 11 – New Projections. If the projections had been lower we would be looking at a different set of projections for the Expenditure Plan. Mr. Lawson continued that adjustments were made to years 2008 – 2015 but years 2006 – 2007 are based on actual budgeted numbers. Mr. Lawson commented that the percent changes range from a low .7 percent to a high of 1.2 percent and in years 2016 – 2036 the rate drops back to the historical 4.8 percent, which VTA has found to be a good conservative long-term rate.

Mr. Lawson referenced Page 12 – Projections by Other Cities. The annual sales tax growth projections average was 4.66 percent and staff was able to complete scenarios as a result of that annual sales tax growth rate. Mr. Lawson introduced Mr. Collins to present the projects that staff is recommending for approval as part of the Expenditure Plan.

Mr. Collins referenced Page 13 – VTA Scenario with New Projections. Staff issued a new Expenditure Plan in December 2005. Mr. Collins continued that the current plan:

- completes all 2000 Measure A Projects,
- positive ending balance of \$537 million,
- maintains Board Policy of 15 percent reserves for VTA,
- advances BART Project by two years to December 2016,

- advances Light Rail to Eastridge by 2012,
- advances Light Rail to Nieman by 2017,
- advances Light Rail to Los Gatos by 2012,
- accommodates Single Car Light Rail on Santa Clara/Alum Rock by 2021, if mode is selected as preferred alternative.

Mr. Collins referenced Page 14 – VTA Scenario with New Projections. The VTA Scenario:

- restores prior 10 percent funding cut to Caltrain,
- completes Caltrain Electrification by 2018,
- provides for Caltrain Service Improvements,
- provides for 8.4 miles of Caltrain double tracking in the South County by 2010,
- completes Dumbarton Rail by 2011,
- provides for Altamont Commuter Express (ACE) Upgrades between 2014 and 2025,
- completes APM by 2018,
- initiates Bus Rapid Transit (BRT) Projects on Line 22, Monterey Road, and Stevens Creek by 2011.

Mr. Collins referenced Page 15 - VTA Scenario Includes New Projects. The VTA Scenario includes:

- new \$718 million in local streets and roads, county roads and bicycle and pedestrian path improvement program,
- new \$130 million BRT project in Sunnyvale/Cupertino,
- increases in current VTA service up to 24 percent by 2020,
- new Senior/Disabled Program about \$2 million a year over the 30 year program, which equates to \$90 million,
- \$2.7 billion in BART operating subsidy to 2038.

Mr. Collins referenced Page 16 – January 2006. Staff met with Santa Clara County Board of Supervisors on January 10, 2006 but no action was taken on the Expenditure Plan. Mr. Collins continued that staff presented the Expenditure Plan to all VTA Advisory and Standing Committees in January and the is scheduled to be presented to the Board Members at the January 27, 2006 VTA Board of Directors Workshop Meeting. Mr. Collins noted that staff has provided presentations to numerous city councils.

Mr. Collins referenced Page 17 – Upcoming Actions. The Expenditure Plan is scheduled for action at the February 2, 2006 VTA Board of Directors Meeting.

Mr. Levy directed attention to the handout, “Projections of Taxable Sales for VTA” and noted that CCSCE specializes in long-term economic projections and analysis. Mr. Levy noted that CCSCE has worked with VTA for the last four years and both the CCSCE and VTA average the middle projections in the conservative projections.

Mr. Levy referenced Page 3 – Scope of VTA Contract. CCSCE is asked to provide a projection of taxable sales of Santa Clara County to year 2015 that determines the revenue that VTA collects under the various taxes that provides funding for

transportation. Mr. Levy commented that CCSCE provides a moderate growth alternative and more conservative set of projections to VTA but does not provide a recommendation to VTA about which projection to use. The scope does not include analysis of VTA projects or sales tax options.

Board Member Kerr asked if staff developed a third scenario – an optimistic scenario. Mr. Levy responded that staff did not develop an optimistic scenario this year or last year. Mr. Levy continued that staff agreed to go with a middle one and a lower one, and not flesh out a higher one until it becomes reasonable to do so.

Chairperson Williams asked how staff knows what projections to use. Mr. Levy responded that when we make an assessment of what revenue forecast to go with, we make an assessment of what we think the Silicon Valley economy will do. The sales tax forecast is based on many factors; among them are jobs, population and income growth. Mr. Levy continued that for example, if VTA picks a very low sales tax scenario, VTA is saying that VTA thinks the Silicon Valley/Santa Clara County economy will grow more slowly than anyone else making projections.

Mr. Levy referenced Page 4 – Major Determinants of Taxable Sales. The major determinants of taxable sales are job growth, population growth, wage and income growth, retail spending as a share of personal income, and non-retail spending per job.

Mr. Levy referenced Page 5 – Staff Uses the Midpoint of CCSCE’s Projections. In 1994 – 2000 growth rates for taxable sales in Santa Clara County were growing by double digits then after 2000 revenues decreased.

Mr. Levy referenced Page 6 – CCSCE’s Low Projection Changed the Most. Conservative projections changed the most regarding long-term growth rates for taxable sales.

Board Member Kerr asked what was the growth rate in sales tax revenues from 2004 to 2005. Mr. Contreras responded 4.4 percent.

Board Member Kerr asked if staff is projecting a 4.8 percent growth rate from here on out. Mr. Contreras responded that years 2006 and 2007 are projected at the adopted VTA budget amount. Mr. Contreras noted that this rate is a 4.8 percent increase per annum. Years 2008 through 2015 at the average of the medium and conservative forecast from the CCSCE. Mr. Contreras noted that years 2016 through 2036 are projected at 4.8 percent.

Alternate Board Member McHugh asked why there is no continuing increase beyond 2015. Mr. Collins responded that the CCSCE provides us a ten-year forecast. The remaining 20 years is a historical average of the ups and downs. Mr. Burns noted that the huge peaks and valleys are eliminated in our averaging past performance. Mr. Burns commented that the forecast would be higher if we had included those. Mr. Lawson noted that it is on the conservative side for the long-range forecast.

Mr. Levy referenced Page 7 – Major Changes from Last Year’s Projections. The major changes from last year’s projections are due to slightly lower job growth expected, “conservative” wage growth assumption was raised, a larger share of workers will live in the County, share of income spent on taxable items will rise slightly, and business-to-business spending per job will be slightly higher.

Mr. Levy referenced Page 8 – Job Levels may Regain 2000 Peak by 2015. For the total jobs in Santa Clara County there is a slower job growth and concentration at the upper wage level.

Mr. Levy referenced Page 9 – Job Projections are Lower. Job projection for 2010 in Santa Clara County is moderate.

Mr. Levy referenced Page 10 – Continuing Wage Growth Expected in County. Wages in the upper wage level industries are growing. Mr. Levy commented that there was a period in Santa Clara County in the late and middle 2004 when wages were going up by 9 percent. Mr. Levy continued that the growth in average wages per year is 5.1 percent.

Mr. Levy referenced Page 11 – County Residents make a Higher Share of Earnings. A higher share of jobs are held by residents that spend their income in Santa Clara County and, if held by people that live in other counties, then they purchase their taxable items in their county.

Mr. Levy referenced Page 12 – County Lags State in Retail Sales as Share of Income. The share of income that Santa Clara County residents spend on taxable items has been going down over the longer term.

Mr. Levy referenced Page 13 – Projected Share of Income Spent on Taxable Retail Sales. In the moderate growth alternative there is a slight increase in the share of income spent on taxable items but in the conservative growth there is a decrease.

Mr. Levy referenced Page 14 – Business-to-Business Sales Per Job Rising. In 2000 there was a large peak in sales per job then it dropped. It now appears to be returning by 2015 to where it was in 2000.

Alternate Board Member McHugh asked if the projections are comparable to Association of Bay Area Governments (ABAG) projections. Mr. Levy responded that ABAG does not do wage and income projections.

Board Member Kerr queried about the different revenue streams that provide the \$2 billion. Board Member Kerr asked that staff provide a mix of where the additional tax revenue is coming from and how much goes to operations versus capital projects. Mr. Collins responded that there are four tax pools in the mix for the revenue and expenditure plan. Kim Koenig, Fiscal Resources Manager, commented that three are existing tax pools:

- 1) \$762 million (Operations) from the 1976 ½ cent,
- 2) \$700 million (Projects with 18.45% to operations) from the 2000 ½ cent,
- 3) \$358 million (Operations) from the Transit Development Act (TDA) ¼ cent,
- 4) \$374 million (New Projects) from the Proposed ¼ cent, which total \$2.2 billion.

Chairperson Williams asked about Business-to-Business Sales Tax and how does it figure into the projections. Mr. Levy responded that the CCSCE projects modest price increases on sales but lower volume. Mr. Levy noted that there forecast Business to Business forecast is about 30 percent of total Taxable Sales in Santa Clara County.

Chairperson Williams asked how much of the projected increase is related to new jobs. Mr. Levy responded that the projected increases are not so much about the number of jobs increasing but it is about wage increases. Those people employed in the Santa Clara Valley will continue to receive wage increases and they have higher-end jobs and higher skill level jobs for example, biotech, etc.

**On order of Chairperson Williams**, there being no objection, the Committee reviewed the Recommended VTA Scenario.

## **CONSENT AGENDA**

Chairperson Williams requested that Agenda Item 6.X., Ratify the appointment of Charlotte Powers to the Citizens Advisory Committee (CAC) position representing the City of San Jose be added to the Consent Agenda.

### **4. Regular Meeting Minutes of December 15, 2005**

Jim Lawson, Government Affairs Manager, noted a correction to the December 15, 2005 Meeting Minutes and referenced Page 8 of 14, Paragraph four, noting that “Chairperson Williams queried if this program is an extension of OUTREACH”; however, clarified that “Chairperson Williams queried if this program is over and above the services provided by OUTREACH.”

M/S/c (**Kerr/Williams**) to approve the Regular Meeting Minutes of December 15, 2005. Alternate Board Member McHugh abstained.

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

M/S/C (**McHugh/Kerr**) to review the Report on Santa Clara Valley Transportation Authority Investments for the Month of December 2005.

### **6.X. Appointment to the Citizens Advisory Committee (CAC)**

M/S/C (**McHugh/Kerr**) to ratify the appointment of Charlotte Powers to the Citizens Advisory Committee (CAC) position representing the City of San Jose.

### **6. Reappointments to the Committee for Transit Accessibility (CTA)**

M/S/C (**McHugh/Kerr**) to approve submitting a recommendation to the Board of Directors to approve the reappointments of Linda Gallo, Katie Heatley (OUTREACH) Paratransit Broker, Laura Michels, Emma Eljas, Sandra Gouveia, Martin Lasich, and Barbara Stahl to the Committee for Transit Accessibility (CTA) for a two-year term.

**NOTE: M/S/F MEANS MOTION SECONDED AND FAILED.**

## **REGULAR AGENDA**

### **7. Vice Chairperson for 2006**

Chairperson Williams opened the nominations from the floor for the position of Administration and Finance Committee Vice Chairperson for 2006.

Member Kerr volunteered for the position of Administration and Finance Committee Vice Chairperson for 2006.

**M/S/C (McHugh/Williams)** to close the nominations and elect Member Kerr as Administration and Finance Committee Vice Chairperson for 2006, on a white ballot.

Chairperson Williams and Committee Members congratulated Vice Chairperson Kerr.

### **8. Report on Santa Clara Valley Transportation Authority Investments for the month of November 2005**

Roger Contreras, Chief Financial Officer, provided a brief overview of the Report on Santa Clara Valley Transportation Authority Investments for the month of November 2005. Mr. Contreras commented that the U. S. economy grew to 4.1 percent in the July – September quarter, the best showing in more than a year. Mr. Contreras continued that in Santa Clara County the total number of wage and salary jobs between October - November 2005 rose by 1,960 to reach 853,776.

Mr. Contreras commented that the Pension Plan total assets gained 2.2 percent. The Pension Plan portfolio's year-to-date performance is a gain of 5.6 percent of its total market value compared to the composite benchmark gain of 4 percent.

Mr. Contreras commented that Brandywine, Small Cap Value manager, has significantly under performed its Russell 2000 Value Index benchmark for the recent quarter from July through September 2005; therefore, Mercer Investment Consulting recommended notifying and placing the Brandywine firm on a "watch list" to closely monitor the portfolio for improvement in performance.

Chairperson Williams asked how long will the money manager be watched. Mr. Contreras responded that VTA has never placed a money manager under a "watch list" but VTA's investment consultant has recommended that the money manager be watched for a year. Mr. Contreras noted that VTA will continue to closely monitor and be in contact with the money manager regarding the portfolio performance.

**M/S/C (McHugh/Kerr)** to review the Report on Santa Clara Valley Transportation Authority Investments for the Month of November 2005.

### **9. Financial Advisory Services**

Mr. Contreras provided a brief overview on the Financial Advisory Services. Mr. Contreras commented that VTA is an active participant in the public finance market, issuing over \$700 million in bonds over the last eight years. Mr. Contreras continued that VTA has contracted with debt/financial advisors since 1997 in order to insure that VTA successfully meets capital and operating cash flow objectives. These advisors assist VTA in developing long-term financial strategies, identifying financing alternatives and executing transactions. For example, VTA utilized interest rate swap financing on

the partial refunding of the 2001 Sales Tax Bonds resulting in present value savings of nearly \$17 million. Mr. Contreras commented that the interest rate swap advisor would serve as VTA's consultant on interest rate swap transactions as well as monitoring existing and future swaps and identifying restructuring options on existing swap transactions.

Mr. Contreras continued that after bonds are sold the proceeds are invested to earn investment income and the federal government requires VTA to make annual calculations. VTA; therefore, has a need for the performance of arbitrage rebate calculations for the financing that has taken place. The service includes the computation of the rebate liability in accordance with Internal Revenue Service (IRS) regulations as well as recommendations for proactive rebate management.

Mr. Contreras commented that in the continuing effort to achieve best business practices and comply with Federal reporting guidelines VTA has the need for advisory services in the preparation of the federally approved cost allocation plan and business process review.

Mr. Contreras stated that each contract will be for a three-year period with two one-year options and staff will return to the VTA Board of Directors for approval for each one-year option.

Chairperson Williams expressed appreciation and noted the importance to be creative and look for opportunities for success.

**M/S/C (McHugh/Kerr)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute service agreements for Financial Advisory Services with the following firms: 1) Ross Financial, San Francisco, CA – debt/financial advice, 2) Bond Logistix LLC, San Francisco, CA – arbitrage rebate calculations, 3) CDR Financial Products, Beverly Hills, CA – interest rate swap advisory services, and 4) Booz Allen Hamilton Inc., San Francisco, CA – cost allocation, and business process review. Each contract will be for a three-year period with two, one-year options. If VTA should choose to exercise these one-year options, staff will return to the Board for approval for each one-year option. The aggregate value of all four agreements will not exceed \$500,000 per year, or \$1,500,000 over the three-year period.

**10. Cooperative Funding Agreement with the Alameda County Transportation Authority (ACTA) for Preliminary Engineering Services on I-880/Mission Boulevard Interchange Project**

Mr. Collins provided a brief overview of the Cooperative Funding Agreement with the Alameda County Transportation Authority (ACTA) for Preliminary Engineering Services on I-880/Mission Boulevard Interchange Project. Mr. Collins commented that the Alameda County Transportation Authority (ACTA), Caltrans, and the City of Fremont are planning and constructing improvements at the I-880/Mission Boulevard Interchange in Fremont. Phase 1A of the I-880/Mission Boulevard Interchange project is currently under construction and will widen I-880, make major improvements to the I-880/Mission Boulevard Interchange including building on and off ramps, and High Occupancy Vehicle (HOV) lanes as well as widen Mission Boulevard up to an

existing railroad bridge. The design and construction of Phase 1B continues the widening of Mission Boulevard beyond the limits of Phase 1A under a new Union Pacific Railroad (UPRR) bridge and across property owned by VTA to be used for the future Silicon Valley Rapid Transit (SVRT) alignment, and has been deferred pending coordination with VTA, UPRR, Caltrans and the City of Fremont. Mr. Collins commented that ACTA could never make an agreement with Union Pacific (UP) in terms of design of the structure. As part of the preliminary engineering work with the BART project VTA has developed a good relationship with UPRR, therefore, ACTA and the City of Fremont have asked VTA to assist with the next phase of the project. Mr. Collins commented that VTA engineers looked at and determined how to design a structure to accommodate both the road widening and BART project.

Mr. Collins continued that through its ongoing preliminary engineering activities for the SVRT Project VTA has developed a conceptual design for these improvements that satisfies the objectives of ACTA, Caltrans, the City of Fremont, and VTA's railroad relocation obligations to UPRR stemming from the right-of-way purchase agreement. ACTA has asked VTA in a cooperative agreement to advance the preliminary engineering of Phase 1B for the next stage of the widening up to Warm Springs Boulevard on Mission Boulevard as well as conduct the design work to widen the two rail bridges. In conjunction, the City of Fremont would like to grade separate Warren Avenue and relocate a private truck-rail freight facilities, which needs to be moved if Warren Avenue is going to be grade separated.

Mr. Collins referenced Exhibit 3 and noted one alternative site located adjacent to a similar type facility in Fremont known as the "Sno-Boy" site that has a truck transfer facility or another alternative is a buy out; however, that involves a willing business to allow the buy out. Mr. Collins noted that staff is exploring both options. Mr. Collins commented that the cooperative agreement is a win-win situation for ACTA, City of Fremont, and VTA. Mr. Collins added that the Warren Avenue grade separation will save about \$6 million in the BART project; therefore, a benefit to VTA to participate.

Mr. Collins noted that ACTA has asked VTA to enter into a cooperative agreement to share the cost of work elements regarding design and construction of the Mission Boulevard widening project – Phase 1B, Warren Avenue grade separation project – Phase 2, and relocation of Freight Facilities. The total cost sharing estimates are \$115 million in capital design and construction work; however, VTA's share is approximately \$33 million, which would come from the Transportation Congestion Relief Program (TCRP) grant application submitted to the California Transportation Commission (CTC). Mr. Collins noted that ACTA and the City of Fremont would be responsible to fund \$82 million for the cost and they both have applications submitted to the State as well as TCRP applications for the work. Mr. Collins noted that both VTA and ACTA have discussed the benefits of advancing these projects with CTC and the projects seem to be rated high in terms of a transportation improvement that the State would like to fund.

Mr. Collins continued that ACTA has asked VTA to enter into a cooperative agreement with ACTA for the initial agreement in the amount of \$3.9 million that provide for VTA

to perform the preliminary engineering services only at this time for all three project phases. ACTA will reimburse VTA for two-thirds of the preliminary engineering cost, or \$2.6 million as the financial participation by ACTA and the City of Fremont in these preliminary engineering activities. Mr. Collins added that ACTA will allow VTA to advance the estimates to seek reimbursement from the State for VTA's share.

Alternate Board Member McHugh expressed support regarding the improvements.

Board Member Kerr asked why is VTA spending \$33 million in the Alameda County and asked if this is BART money. Mr. Collins responded "yes" and noted that the BART project picks up in Warm Springs and noted that VTA is paying for the BART related portion of the project.

**M/S/C (McHugh/Kerr)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to enter into a \$3.9 million cooperative funding agreement with the Alameda County Transportation Authority (ACTA) related to the I-880/Mission Boulevard Interchange Project. Under the proposed agreement, VTA would complete preliminary engineering for new Union Pacific Railroad (UPRR) facilities and related improvements that are necessary for the widening of Mission Boulevard in Fremont and for the grade separation of Warren Avenue.

**11. Amend Agreement with HNTB Corporation to provide Preliminary Engineering Services related to a Cooperative Agreement with the Alameda County Transportation Authority**

**M/S/C (McHugh/Kerr)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to amend an existing agreement with HNTB Corporation in an amount not to exceed \$3,900,000 for a new total contract amount of \$23,900,000 for preliminary engineering services related to a Cooperative Funding Agreement with the Alameda County Transportation Authority.

**12. 2006 State Legislative Program**

Kurt Evans, Government Affairs Manager, provided a brief overview of the 2006 State Legislative Program. Mr. Evans commented that VTA Board of Directors annually adopts a State Legislative Program to provide a framework for guiding VTA's advocacy efforts in Sacramento. Mr. Evans continued that the 2006 State Legislative Program is divided into the following 11 sections: 1) Existing Transportation Funding Sources, 2) Future Transportation Investments, 3) Local Transportation Sales Taxes, 4) Project Delivery, 5) California Public Utilities Commission, 6) State Transportation Improvement Program, 7) Public Transit Security, 8) Multi-Modalism, 9) Transit-Oriented Development, 10) Transportation and Social Equity, and 11) Transportation and the Environment.

Mr. Evans commented that there is a heavy focus on transportation funding and noted three separate sections devoted to various aspects regarding the transportation funding issue. Mr. Evans commented on existing Transportation Funding Sources, noting that VTA will oppose any suspension of Proposition 42 in loaning transportation dollars to

the General Fund in the deliberation on the FY 2007 state budget. Mr. Evans commented that VTA will support to ensure that any previous loans from the various state transportation accounts to help with prior-year General Fund deficits are not forgiven or deferred but are repaid in full with interest as required under existing law. Mr. Evans continued that VTA will support to explore ways to create budgetary “firewalls” for the various state transportation accounts similar to what exists for the federal Highway Trust Fund in order to ensure that transportation dollars are actually spent for transportation purposes.

Mr. Evans commented on Future Transportation Investments, noting that VTA will support in concept the use of general obligation bonds to provide new funding to transportation in order to begin to address the historic under-investment in transportation infrastructure.

Mr. Evans commented on Transportation and Environment, noting that VTA will support legislation that would provide local transportation entities with the statutory authority to impose and collect a vehicle registration surcharge to fund traffic congestion management programs and other identified local transportation needs.

Mr. Evans commented on Project Delivery, noting that VTA will support legislation to expand the authority of Caltrans and local transportation authorities to do design-build contracting, to develop and implement HOT lane projects, and to engage in public-private partnerships to deliver transportation capital improvement projects. Mr. Evans noted that VTA will support monitoring legislative proposals regarding eminent domain to ensure that the authority for local transportation entities to use eminent domain for transportation capital improvement projects is not jeopardized.

Mr. Evans commented on California Public Utilities Commission, noting that VTA will work with the California Transit Association (CTA) and other rail transit operators in the state to support legislation that would streamline the public rail transit safety oversight programs of the California Public Utilities Commission (CPUC) in particular the commission’s process for approving rail-crossing applications.

Mr. Evans commented on Public Transit Security, noting that VTA will support legislative proposals and policies that enhance the safety and security of public transit systems in California. Mr. Evans added that VTA will support ways to generate state funding to address the safety and security needs of California’s public transit operators. Mr. Evans commented on infrastructure bond package of the legislature to use bond revenues to assist public transit operators with capital costs related to security improvements.

Mr. Evans commented on State Transportation Improvement Program, noting that VTA will work to seek legislation to provide for predictable and consistent distribution of planning, programming, and monitoring funds.

Chairperson Williams queried about strategies to ensure VTA’s interests are protected. Board Member Kerr responded “yes” and noted the Ad-Hoc Bond Infrastructure Subcommittee is working to ensure VTA’s interests are protected. Mr. Evans commented that Chairperson Chavez recommended that staff form an Ad-Hoc Bond

Infrastructure Subcommittee comprised of three VTA Board of Directors, three VTA staff members, and three-business transportation stakeholder representatives to discuss and develop a specific strategy in regards to Infrastructure bonds. Mr. Evans added that the process is underway and information will be forwarded to the February 2, 2006 VTA Board of Directors Regular Meeting.

**M/S/C (McHugh/Kerr)** to approve submitting a recommendation to the Board of Directors to approve the 2006 State Legislative Program for the Santa Clara Valley Transportation Authority (VTA).

**13. Contract Amendment with Brian Kangas Foulk for Final Design and Design Support During Construction of the State Route 87 South HOV Lane Widening Project**

Carolyn M. Gonot, Chief Development Officer, commented that the Contract Amendment with Brian Kangas Foulk for Final Design and Design Support During Construction of the State Route 87 South HOV Lane Widening Project.

**M/S/C (Kerr/McHugh)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to amend the contract with Brian Kangas Foulk for final design and design support services during construction for the State Route 87 South HOV Lane Widening Project, increasing the approved contract value by \$225,000 for a new contract value not to exceed \$9,542,411.

**14. VTA Appointments to SCVTA-ATU Pension Plan Board of Pensions**

Mr. Burns provided a brief overview of the VTA Appointments to SCVTA-ATU Pension Plan Board of Pensions. Mr. Burns commented that historically the Board of Directors appoint and designate the following three members as representatives to the Amalgamated Transit Union (ATU) Retirement Board: Chief Financial Officer (CFO), a Human Resources Manager, and an Operations Manager.

Mr. Burns commented that in order to provide adequate flexibility staff is recommending that the General Manager be authorized to designate from individuals at the Manager level or above one member from the following Divisions: Fiscal Resources Division, Administrative Services Division, Operations Division, and that the alternate member be employed in the Fiscal Resources Division.

Chairperson Williams asked if everyone is in synch with the recommendation. Mr. Burns responded that ATU has their own process to appoint their three representatives to the ATU Retirement Board; however, noted that staff will contact them.

**M/S/C (Kerr/McHugh)** to approve submitting a recommendation to the Board of Directors to adopt the attached resolution designating positions from which VTA's appointees to the ATU Pension Plan Board of Pensions shall be made, and authorizing the General Manager to make those appointments.

**16. Committee Work Plan**

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

**17. Committee Staff Report**

There was no Committee Staff Report.

**18. Chairperson's Report**

There was no Chairperson's Report.

**19. Determine Consent Agenda for the February 2, 2006 Board Meeting**

**CONSENT: Agenda Item # 6.X.**, Ratify the appointment of Charlotte Powers to the Citizens Advisory Committee (CAC) position representing the City of San Jose; **Agenda Item # 6.**, Approve the appointment of Agnews Developmental Center to the Committee for Transit Accessibility (CTA) for a two-year term; **Agenda Item # 9.**, Authorize the General Manager to execute service agreements for Financial Advisory Services with the following firms: 1) Ross Financial, San Francisco, CA – debt/financial advice, 2) Bond Logistix LLC, San Francisco, CA – arbitrage rebate calculations, 3) CDR Financial Products, Beverly Hills, CA – interest rate swap advisory services, and 4) Booz Allen Hamilton Inc., San Francisco, CA – cost allocation, and business process review. Each contract will be for a three-year period with two, one-year options. If VTA should choose to exercise these one-year options, staff will return to the Board for approval for each one-year option. The aggregate value of all four agreements will not exceed \$500,000 per year, or \$1,500,000 over the three-year period; **Agenda Item # 10.**, Authorize the General Manager to enter into a \$3.9 million cooperative funding agreement with the Alameda County Transportation Authority (ACTA) related to the I-880/Mission Boulevard Interchange Project. Under the proposed agreement, VTA would complete preliminary engineering for new Union Pacific Railroad (UPRR) facilities and related improvements that are necessary for the widening of Mission Boulevard in Fremont and for the grade separation of Warren Avenue; **Agenda Item # 11.**, Authorize the General Manager to amend an existing agreement with HNTB Corporation in an amount not to exceed \$3,900,000 for a new total contract amount of \$23,900,000 for preliminary engineering services related to a Cooperative Funding Agreement with the Alameda County Transportation Authority; **Agenda Item # 12.**, Approve the 2006 State Legislative Program for the Santa Clara Valley Transportation Authority (VTA); **Agenda Item # 13.**, Authorize the General Manager to amend the contract with Brian Kangas Foulk for final design and design support services during construction for the State Route 87 South HOV Lane Widening Project, increasing the approved contract value by \$225,000 for a new contract value not to exceed \$9,542,411; and **Agenda Item # 14.**, Adopt the attached resolution designating positions from which VTA's appointees to the ATU Pension Plan Board of Pensions shall be made, and authorizing the General Manager to make those appointments.

**REGULAR: Agenda Item # 15.**, Review and forward the Recommended VTA Scenario to the VTA Board of Directors.

**20. Announcements**

There were no Announcements.

**21. ADJOURNMENT**

**On order of Chairperson Williams**, there being no objection, the meeting was adjourned at 1:48 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant  
VTA Board of Directors