



## ADMINISTRATION & FINANCE COMMITTEE

Thursday, March 16, 2006

### MINUTES

#### 1. CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:06 p.m. by Chairperson Williams in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

#### ROLL CALL

##### Members Present

Don Gage  
Breene Kerr, Vice Chairperson  
Madison Nguyen  
Forrest Williams, Chairperson

##### Members Absent

None

##### Alternates Present

None

##### Alternates Absent

Jamie Matthews  
Pete McHugh  
Ken Yeager

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

#### **A quorum was present.**

Chairperson Williams noted the A&F Committee request that Agenda Item # 2., Adjourn to Closed Session and Agenda Item # 3., Closed Session Report be placed towards the end of the A&F Committee Meeting Agenda in an effort to accommodate everyone's time schedule due to the time length of Closed Session.

#### 2. (Placed towards the end of the A&F Committee Meeting Agenda.)

##### **ADJOURN TO CLOSED SESSION**

Conference with Labor Negotiators  
[Government Code Section 54957.6]

##### Employee Organization:

Service Employees International Union (SEIU) Local 715  
Transportation Authority Engineers and Architects (TAEA)

##### Agency Designated Representatives:

Roger Contreras, Chief Financial Officer  
Robert Escobar, Manager, Office of Employee Relations

## **RECONVENE TO OPEN SESSION**

### **3. (Placed towards the end of the A&F Committee Meeting Agenda.)**

#### **CLOSED SESSION REPORT**

Conference with Labor Negotiators  
[Government Code Section 54957.6]

##### Employee Organization:

Service Employees International Union (SEIU) Local 715  
Transportation Authority Engineers and Architects (TAEA)

##### Agency Designated Representatives:

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Robert Escobar, Manager, Office of Employee Relations

### **4. PUBLIC PRESENTATIONS**

Jerry Grace, Interested Citizen, commented that his birthday is Sunday, March 19, 2006. Mr. Grace encouraged everyone to attend an upcoming Metropolitan Transportation Commission (MTC) Meeting.

Chairperson Williams noted that Martin Bishop, Interested Citizen, wished to speak under Public Presentations. Chairperson Williams noted that the A&F Committee will extend Mr. Bishop the courtesy to speak towards the end of the A&F Committee Meeting Agenda.

### **5. ORDERS OF THE DAY**

Board Member Gage requested that Agenda Item # 14., Authorize the General Manager to execute a contract with EFI Actuaries for actuarial services for the Santa Clara Valley Transportation Authority/Amalgamated Transit Union Pension Plan from June 1, 2006 through May 31, 2009, with an option to extend the contract two additional years through May 31, 2011, in an amount not to exceed \$400,000 be removed from the Regular Agenda and placed on the Consent Agenda.

Board Member Gage requested that Agenda Item # 17., Authorize the General Manager to submit federal Fiscal Year 2006 grant applications and execute grant agreements with the Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) for Section 5307 Urbanized Area Formula and Congestion Mitigation Air Quality funds; Section 5309 Fixed Guideway, Bus/Bus Facility, and a FHWA Surface Transportation Project earmark for the Guaranteed Ride Home Program be removed from the Regular Agenda and placed on the Consent Agenda.

Board Member Gage requested that Agenda Item # 18., Adopt a resolution authorizing the filing of an annual claim to the Metropolitan Transportation Commission for allocation of the FY 2006 – 2007 Transportation Development Act (TDA) and State Transit Assistance (STA) funds be removed from the Regular Agenda and placed on the Consent Agenda.

Board Member Gage requested that Agenda Item # 19., Authorize the General Manager to execute a contract with Brian Kangas Foulk Engineers to prepare a Project Study Report/Project Report (PSR/PR) and an environment document for the Mary Avenue Extension Project for a total contract value of \$720,000 and an initial contract term through December 31, 2007 be removed from the Regular Agenda and placed on the Consent Agenda.

Board Member Gage requested that Agenda Item # 21., Authorize the General Manager to execute a contract with Nolte Associates to prepare a Project Study Report for the proposed improvements on State Route 85 between State Route 237 and El Camino Real and at the State Route 237/Middlefield Road Interchange for a total contract value of \$500,000 and an initial contract term through December 31, 2007 be removed from the Regular Agenda and placed on the Consent Agenda.

Michael T. Burns, General Manager, requested that Agenda Item # 8., Monthly Legislative Report for February 2006 be removed from the Consent Agenda and placed on the Regular Agenda.

Chairperson Williams requested Agenda Item # 2., Adjourn to Closed Session and Agenda Item # 3., Closed Session Report be placed towards the end of the A&F Committee Meeting Agenda.

Chairperson Williams requested Agenda Item # 4., Public Presentation be continued again at the end of the A&F Committee Meeting Agenda to allow Mr. Bishop the opportunity to speak.

Chairperson Williams requested that Agenda Item # 23.X., Adopt a resolution authorizing the General Manager and his designee to file applications with the Federal Transit Administration (FTA) be added to Other Items.

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

## **CONSENT AGENDA**

**6. Regular Meeting Minutes of February 16, 2006**

**M/S/C (Gage/Nguyen)** to approve the Regular Meeting Minutes of February 16, 2006.

**7. Report on Santa Clara Valley Transportation Authority Investments for the Month of January 2006**

**M/S/C (Gage/Nguyen)** to review the Report on Santa Clara Valley Transportation Authority Investments for the Month of January 2006.

**8. (Removed from the Consent Agenda and placed on the Regular Agenda.)**

Monthly Legislative Report for February 2006.

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

**9. 2006 Quarterly Attendance Report**

M/S/C (Gage/Nguyen) to review the 2006 Quarterly Attendance Report.

**10. Bicycle and Pedestrian Advisory Committee Appointment**

M/S/C (Gage/Nguyen) to approve submitting a recommendation to the Board of Directors to ratify the appointment of Carl Hagenmaier to the Bicycle and Pedestrian Advisory Committee (BPAC) representing the City of Los Altos for the term ending June 30, 2006.

**11. Citizens Advisory Committee Appointment**

M/S/C (Gage/Nguyen) to approve submitting a recommendation to the Board of Directors to ratify the appointment of Jennifer Paedon to the Citizens Advisory Committee (CAC) position representing the Silicon Valley Leadership Group.

**12. Appointment to the Committee for Transit Accessibility (CTA)**

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

**14. Contract with EFI Actuaries for Actuarial Services**

M/S/C (Gage/Nguyen) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with EFI Actuaries for actuarial services for the Santa Clara Valley Transportation Authority/Amalgamated Transit Union Pension Plan from June 1, 2006 through May 31, 2009, with an option to extend the contract two additional years through May 31, 2011, in an amount not to exceed \$400,000.

**17. Federal Fiscal Year 2006 Federal Transit Administration Grant Applications**

M/S/C (Gage/Nguyen) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to submit federal Fiscal Year 2006 grant applications and execute grant agreements with the Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) for Section 5307 Urbanized Area Formula and Congestion Mitigation Air Quality funds; Section 5309 Fixed Guideway, Bus/Bus Facility, and a FHWA Surface Transportation Project earmark for the Guaranteed Ride Home Program.

**18. VTA FY 2006 – 2007 Transportation Development Act and State Transit Assistance Allocation Claim**

M/S/C (Gage/Nguyen) to approve submitting a recommendation to the Board of Directors to adopt a resolution authorizing the filing of an annual claim to the Metropolitan Transportation Commission for allocation of the FY 2006 – 2007 Transportation Development Act (TDA) and State Transit Assistance (STA) funds.

**19. Contract with Brian Kangas Foulk Engineers for Design and Environmental Studies related to the Mary Avenue Extension Project in Sunnyvale**

M/S/C (Gage/Nguyen) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with Brian Kangas Foulk Engineers to prepare a Project Study Report/Project Report (PSR/PR) and an environment document for the Mary Avenue Extension Project for a total contract value of \$720,000 and an initial contract term through December 31, 2007.

**21. Contract with Nolte Associates to prepare a Project Study Report for Proposed Improvements on the State Route 85 between El Camino Real and State Route 237 at the State Route 237/Middlefield Road Interchange**

M/S/C (Gage/Nguyen) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with Nolte Associates to prepare a Project Study Report for the proposed improvements on State Route 85 between State Route 237 and El Camino Real and at the State Route 237/Middlefield Road Interchange for a total contract value of \$500,000 and an initial contract term through December 31, 2007.

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

## **REGULAR AGENDA**

**8. Monthly Legislative Report for February 2006**

Kurt Evans, Government Affairs Manager, provided a brief overview of the Monthly Legislative Report for February 2006. Mr. Evans commented that Governor Schwarzenegger and lawmakers worked fiercely to develop a \$47 billion general obligation infrastructure bond package to place on the June 2006 ballot but the infrastructure bond package was not approved. The intent was that \$37 billion would be placed on the June 2006 ballot for a combination of different kinds of infrastructure, including transportation and \$10 billion would be placed on the 2008 ballot for education.

Mr. Evans stated that \$18 billion of the \$47 billion was allocated for transportation and housing. Funding would be allocated for transportation on the highway side for corridor mobility projects and roadway projects, which include mobility and safety in transportation corridors. Mr. Evans noted funding would be allocated for port security, goods movement, augmentation to the State Transportation Improvement Program (STIP), the State and Local Partnership Program, Seismic Retrofit on Local Bridges, Highway Railroad Grade Separation Projects, and State Highway Operation Protection Program (SHOP) for Rehabilitation and Seismic Retrofit Projects in the State Highway System.

Mr. Evans commented that funding would be allocated for transportation on the transit side for Intercity Rail for the three Intercity Rail Corridors in California and the Capitol Corridor. Funding would be allocated for a mega transit capital pot for transit operators under the State Transit Assistance (STA) formula; Transit Security; and Transit Oriented Development (TOD) but High Speed Rail was not included in the package.

Mr. Evans continued that the Legislature needed to approve the infrastructure bond package in the June 2006 ballot with a two-thirds vote in both the Assembly and Senate Houses.

The infrastructure bond package was not approved because of a combination of factors. The Assembly Republicans objected to the size of the infrastructure bond indicating that \$47 billion was exorbitant. The Assembly Republican Caucus announced its package of infrastructure financing and related reform measures, which consisted of instituting a “pay-as-you-go” approach for infrastructure by setting aside a certain percentage of State budget revenues each year for critical projects, eliminating the suspension provisions in Proposition 42, stating the intent of the Legislature to fully repay all outstanding transportation loans to the General Fund in the FY 2008 budget, and allowing greater authorization for Caltrans to utilize design-build contracting for State Highway Projects.

Mr. Evans commented that serious discussions are now underway between Governor Schwarzenegger and the Democratic leadership in the Legislature on the size and shape of a multi-billion infrastructure bond package. In addition to highways and transit, the major proposals presented so far include various amounts for housing, education, port security, goods movement, flood control and levee repair, environmental mitigation, clean water, hospitals, jails, and other categories of public work projects. Mr. Evans stated that no agreements have been reached but an outline of the size and timing of a consensus bond package as well as the major programs to be funded is beginning to take shape between the Schwarzenegger Administration and Democratic legislative leaders. One element that remains unclear is how an infrastructure bond package would fit in with the competing “pay-as-you-go” approach being advanced by the Assembly Republican Caucus.

Mr. Evans stated that since the infrastructure bond package was not approved, the State missed the June 2006 ballot but the issue does not go away and the bond package will probably go out to the November 2006 ballot with an August 2006 deadline.

Board Member Gage expressed appreciation and thanked staff for the update information regarding the infrastructure bonds.

Vice Chairperson Kerr asked about High Speed Rail. Mr. Evans responded that there is support for High Speed Rail but no one has stepped up to make High Speed Rail his or her cause.

Chairperson Williams queried about levee repairs and if levee repairs were part of the infrastructure. Mr. Evans responded that levee repairs were part of the \$47 billion general obligation bond package.

**M/S/C (Gage/Nguyen)** to review the Monthly Legislative Report for February 2006.

**13. FY 2006 and 2007 Biennial Budget Review**

Roger Contreras, Chief Financial Officer, provided a brief overview of the FY 2006 and 2007 Biennial Budget Review. Mr. Contreras distributed copies of the “Santa Clara Valley Transportation Authority Fiscal Year 2006 and 2007 Biennial Budget Review” presentation to the Committee. Mr. Contreras directed attention to Page 2 – Overview, noting that Revenue Projections will increase by \$6.5 million and \$6.4 million in

FY 2006 and FY 2007. Expenditure Projections will increase by \$2.7 million and \$3.5 million. Mr. Contreras commented on the Capital Improvement Program (CIP) for FY 2006 and FY 2007, noting that the adopted projects were reassessed and realigned; new projects were developed; and grant funding increased by \$2.9 million, which required VTA funding to increase by \$1.8 million.

Mr. Contreras referenced Page 3 – Operating Budget ~ Revenue Estimates, noting that actual fares through December increased from the prior year by \$2 million. Mr. Contreras stated that fares collected to date are trending below VTA's initial FY 2006 Budget estimate by \$.9 million. Mr. Contreras noted a reduction in the number of Senior/Disabled and Youth Pass sales. There is an increase in EcoPass usage with an increase in ridership but no increase in the revenue. Mr. Contreras noted a decrease of \$1.6 million in fare revenue to the FY 2006 budget but staff will wait until next year's mid-year review to determine if actual experience warrants another modification to the budget.

Vice Chairperson Kerr queried about revenues and the fare box recovery. Mr. Contreras responded that VTA's fare box recovery is running right on target and higher than what VTA had estimated.

Mr. Burns stated that VTA's revenues are higher and better than last year but VTA is not achieving the projected levels in the budget. Mr. Burns commented that customers are moving away from purchasing the Senior/Disabled and Youth Passes but the assumption reflected in the budget was a higher utilization of passes. In the past, cost has been increased substantially for both the Senior/Disabled and Youth Pass categories so the impact of that cost increase was underestimated. Individuals in the Senior/Disabled and Youth categories are paying on a per trip basis. Also, more companies are buying Eco Passes for their employees so the populations using the Eco Pass are riding more so there is an increase in ridership. VTA is seeing higher ridership and higher revenue but it is not reaching the projections in the budget. Mr. Burns stated that staff will refer the cost of the fare increase of the Senior/Disabled and Youth Passes to the Ridership Initiative to Develop Energy-Efficiency (RIDE) Task Force to look at and develop ideas.

Mr. Contreras referenced Page 4 – Operating Budget ~ Revenue Estimates (continue), noting that the 1976 ½ Cent Sales Tax first quarter receipts exceeded VTA's budget by \$1.9 million. The revised budget anticipates an increase of \$1.9 million in both FY 2006 and 2007. The State Transit Assistance (STA) revenues reflect the inclusion of Proposition 42 funds, which had not been included in VTA's initial budget due to suspensions of this revenue stream in the State budget. The Metropolitan Transportation Commission (MTC) notified VTA that these funds are now included in the State budget so an additional \$2.6 million is added to FY 2006 and \$2.3 million in FY 2007. Investment Earnings have been increased by \$.5 million in FY 2006 and \$.9 million in FY 2007 due to revised earnings estimates. Other Income reflects an increase over initial budget estimates primarily due to the recognition of \$2.5 million from 2000 Measure A for lost interest income as a result of advancing debt service payments. The reimbursement from 2000 Measure A was approved at the September 1, 2005 VTA Board of Directors Regular Meeting and is included in the revised FY 2006 revenue budget.

Mr. Contreras referenced Page 5 – Operating Budget ~ Expenditure Amendments, noting that VTA is experiencing the impact of dramatically increasing fuel costs. The budget was developed with an assumption that diesel fuel would cost an average of \$1.95 per gallon in FY 2006 and \$2.00 per gallon in FY 2007. VTA has seen fuel prices soar and continue to be extremely volatile so to ensure that VTA has allocated adequate resources to absorb significant price fluctuations, staff recommends increasing the budget for fuel in FY 2006 by \$1.5 million and \$2 million in FY 2007.

Mr. Contreras reported that the Reimbursement budget is derived primarily from work performed in support of the Capital Program. Staff anticipates an increase in Reimbursements in FY 2007 of \$2.6 million due to more projects moving into construction in FY 2007 than originally planned. Staff anticipates an increase in Labor Costs to reflect the construction activity for FY 2007. Mr. Contreras stated that Labor and Reimbursements offset to a net zero budget impact. Mr. Contreras stated that the Debt Service requires a budget increase of \$1.2 million in FY 2006 and \$1.5 million in FY 2007 as a result of higher interest rates for variable rate bonds.

Chairperson Williams asked how many variable rate bonds does VTA have to pay off. Mr. Contreras responded that the entire outstanding debt for VTA totals \$700 million, which includes some of 2000 Measure A debt. Mr. Contreras stated that \$449 million of the \$700 million total is variable rate, which \$307 million will be remarketed and converted from variable to different types of rate in November 2006.

Board Member Nguyen asked how does VTA determine how much diesel fuel to purchase each year. Mr. Burns responded the staff uses a schedule of services along with the number of operating miles of service and using a basic straight calculation based on the usage and estimated diesel fuel cost per gallon to determine the amount of diesel fuel to purchase each year.

Board Member Nguyen queried about the Zero Emission Buses (ZEB's) and if they help to mitigate VTA's cost of diesel fuel. Mr. Burns responded that VTA has three ZEB's in service that are part of the ZEB Pilot Program. Staff continues to evaluate VTA's diesel fuel consumption as it relates to the ZEB's in terms of mitigating VTA's cost of diesel fuel. Board Member Nguyen asked when the ZEB Pilot Program ends. Mr. Burns responded that the ZEB Pilot Program ends in 2007, and then staff will make recommendations.

Mr. Contreras referenced Page 6 – VTA Enterprise Capital Budget, noting that the FY 2006 and FY 2007 Adopted VTA Capital Program requires an amendment due to revised grant funding assumptions, project reevaluations, and capital needs not identified when the adopted budget was formulated a year ago. Mr. Contreras commented that the Bus Stop Improvement Program, Chaboya Bus Wash Rehabilitation, Community Buses, Rail Replacement and Rehabilitation, and Transit Enhancement Projects are included in the original adopted budget are now reflecting revisions. Mr. Contreras stated that Farebox Replacement Study, SAP Real Estate Module, Bus Stop Accessibility, Closed Circuit Television (TV), De Anza Transit Center, Laser Detection, Paratransit Vehicle Global Positioning System (GPS) Equipment, Paratransit Vehicles, and Rail Substation Rehabilitation are new projects to be added to the revised budget. Mr. Contreras noted an increase of \$.5 million for FY 2006 and \$4.2 million for FY 2007

to the VTA Enterprise Capital Budget of which \$2.9 million is grant funded and \$1.8 million is VTA's portion.

Vice Chairperson Kerr queried about Paratransit Vehicles. Mr. Burns responded that OUTREACH is the third party administrator that contracts VTA's Paratransit Services. VTA pays the cost of the paratransit services including the cost of the vehicles. OUTREACH leases the vehicles and VTA pays for the vehicle lease cost on an annual basis. Based on a financial perspective staff concluded that it would be beneficial for VTA to purchase the vehicles using capital funding so that VTA does not have to continue to pay the vehicle lease cost with operating funds.

Vice Chairperson Kerr asked if the Ford Crown Victoria vehicle leases are coming to an end and queried if VTA could purchase hybrid vehicles for the Paratransit Services. Matthew O. Tucker, Chief Operating Officer, responded that VTA is looking at diversifying the paratransit fleet and that a large component of Toyota Prius vehicles will be purchased to replace the Ford Crown Victoria vehicles to reduce the fuel consumption costs associated with the program.

Vice Chairperson Kerr queried about the amount of Ford Crown Victoria vehicles in VTA's fleet. Mr. Tucker responded that at this time staff is looking at moving away from the sedans and moving toward the use of Toyota Prius vehicles along with small vans and heavy-duty vans.

Vice Chairperson Kerr expressed his support for replacing all the Ford Crown Victoria vehicles with Toyota Prius vehicles.

Vice Chairperson Kerr queried why VTA is spending less on the Community Bus Program. Mr. Burns stated that VTA is not reducing funding from the Community Bus Program but shifting the funding that was budgeted for FY 2006 to FY 2007 and FY 2008. VTA will not use the funding in FY 2006 so the funding will be shifted to FY 2007 and 2008 when staff will use the funding to purchase Community Buses.

Chairperson Williams queried about the items that were not part of the FY 2006 and FY 2007 Adopted Budget and how staff determined that those items needed to be added to the FY 2006 and 2007 Budget. Mr. Tucker stated that many of the new projects were driven by some mandated purpose, grant purpose, or from a cost perspective to reduce costs. Mr. Tucker referenced the Laser Intrusion Detection System driven partly by the FTA Grant Program, which has a specific set aside for security. The Laser Intrusion Detection System is a device that VTA wanted to install on the Light Rail System, which also fulfilled the FTA requirement.

Mr. Burns noted that there is a fairly complicated internal process for identifying, prioritizing, and incorporating projects. Mr. Burns stated that there are internal committees that are responsible to review and make recommendations related to projects.

Carolyn M. Gonot, Chief Development Officer, stated that there are many reasons for projects moving forward or back but those decisions consist of a fluid process, which involve several departments and committees that review, make recommendations, and work to address issues. Ms. Gonot stated that staff is constantly working with the capital

budget to ensure that funds are utilized appropriately and that VTA is not losing any grant funding opportunities for projects.

Mr. Contreras referenced Paratransit, noting that VTA has \$.5 million earmarked for FY 2006 and \$1.5 million FY 2007 so there were additional grants that VTA will be requesting.

Mr. Contreras referenced Page 7 – Fiscal Year 2006 Summary Statement of Revenues and Expenses, noting the variances from the adopted budget regarding the revenues: Fares, ½ Cent Sales Tax, TDA, 2000 Measure A Sales Tax, STA, Federal Operating Grants, State Operating Grants, Local Operating Assistance, Investment Earnings, Advertising Income, and Other Income total an increase of \$6.5 million in total revenue to the FY 2006 Adopted Budget. Mr. Contreras commented on the variances from the adopted budget regarding the expenses: Labor Costs, Supplies & Services, Fuel, Reimbursements, Purchased Transportation, noting that costs associated with Community Bus were not initially reflected, Other Expenses, and Debt Service total an increase of \$2.7 million in total expense to the FY 2006 Adopted Budget.

Mr. Contreras referenced Page 8 – Sources and Uses of Funds Summary, noting VTA's FY 2006 Projected Operating Reserves equals \$48 million or 14.1 percent and FY 2007 Projected Operating Reserves equals \$48 million or 13.6 percent, which is close to the 15 percent Operating Reserves approved by the Board of Directors.

Vice Chairperson Kerr queried about FY 2007 Projected Revenues and Expenditures. Mr. Contreras responded that the Projected Revenues and Expenditures in FY 2006 reflect an increase of \$9.3 million in expenses but in FY 2007 there is a corresponding surplus of \$10.7 million in revenues so VTA comes out ahead by \$1.4 million.

**M/S/C (Gage/Nguyen)** to approve submitting a recommendation to the Board of Directors to approve amendment of the FY 2006 and FY 2007 Biennial Operating Budget augmenting the total appropriation by \$2.7 million and \$3.5 million respectively to fund increasing fuel costs and higher variable interest rates on debt service payments. Other fluctuations in the expenditure budget will be offset by cost savings. Approve amendment of the FY 2006 and FY 2007 Biennial Enterprise Capital Budget in the amounts of \$0.5 million and \$4.2 million increases respectively. This amendment will allow VTA to take advantage of additional \$2.9 million in grant funds while increasing VTA's enterprise fund portion by approximately \$1.8 million over the two-year period.

Mr. Contreras provided a brief overview of the FY 2006 and FY 2007 VTA/Amalgamated Transit Union (ATU) Pension Budget. Mr. Contreras commented that the Board of Pension approved the FY 2006 Revised Budget on December 13, 2005 with an amendment of \$.7 million for contributions and disbursements. The FY 2006 Revised Budget includes pension payments of a total of \$16 million, which is mainly a result of several retirees selecting the option to accelerate their withdrawals, which translates into a higher allowance until the retiree receives Social Security, and because average final earnings were higher than expected. Mr. Contreras stated that the Board of Pension approved the FY 2007 Budget that includes estimated pension payments of \$18.2 million, which represents an increase of \$2.3 million over the amended FY 2006

expenses and results from additional retirements, including retirements under the early retirement window.

Mr. Contreras continued that as a result of labor negotiations in February 2004, VTA and ATU negotiated a window of up to 75 members who would be allowed to retire before age 55. As a result, VTA has 44 individuals elected to take advantage of this retirement option so there are a higher number of pension payment disbursements for this year.

Chairperson Williams asked if VTA has additional funds for the early retirement option. Mr. Contreras responded that the early retirement option has been included in VTA's budget. Mr. Contreras stated that the information filters into the actuarial report so staff will present the information to the Board in May or June 2006 regarding the increases in the actuarial report.

Vice Chairperson Kerr queried about retiree health care benefits. Mr. Contreras responded that retiree health care benefits are included in FY 2007 budget.

**15. Contract Award for Public Liability/Property Damage Third Party Administrator Services**

Nanci G. Eksterowicz, Risk Manager, provided a brief overview of the Contract Award for Public Liability/Property Damage Third Party Administrator Services. Ms. Eksterowicz commented that VTA is self insured for public liability and property damage claims. The Third Party Administrator (TPA) is responsible for the administration, investigation, adjustment, and resolution of litigated and non-litigated public liability and property damage claims for VTA. TPA is responsible for handling approximately 737 new claims per year for VTA and claim payments average about \$2 million a year. Ms. Eksterowicz noted that the current administrator contract expires at the end of May 2006. A Request for Proposals (RFP) was issued on December 5, 2005 and VTA received five proposals. Ms. Eksterowicz stated that Acclamation Insurance Management Services (AIMS); Carl Warren & Co.; and Gallagher Bassett competitor bid pricing were too excessive so staff interviewed Tristar Risk Management and John Glenn Adjusters & Administrators. Staff conducted on site interviews and toured the finalists' local offices and as a result of that process John Glenn Adjusters & Administrators was determined to be the best selection for the contract award.

Chairperson Williams asked what was the deciding factor determining that the firm was the best recommendation for the contract award. Ms. Eksterowicz responded that the deciding factor was that Tristar Risk Management lacked experience in handling liability claims and they did not have extensive experience or local staff.

**M/S/C (Gage/Nguyen)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with John Glenn Adjusters & Administrators (JGAA) for Third party Administrator (TPA) services for a three-year term from June 1, 2006 through May 31, 2009, with options for two one-year extensions for an amount not to exceed \$2,684,480.

**16. 1996 Measure B Transportation Improvement Program – Route 152 Improvements – Project B, Phase 2, Construction Contract Award**

Jeff Funk, Construction Deputy Director, provided a brief overview of the 1996 Measure B Transportation Improvement Program (MBTIP) – Route 152 Improvements – Project B, Phase 2, Construction Contract Award. Mr. Funk commented that Route 152 – Project B, Phase 2 is the last project regarding Route 152 in the 1996 MBTIP. Mr. Funk commented on the opening celebration of the Route 152 Improvement Project on Friday, February 24, 2006, at ConAgra Foods. Mr. Funk commented that funding for the Route 152 – Project B, Phase 2 was previously on hold. Subsequently, last December, the County Board of Supervisors determined that revenues and savings were enough to move the project forward into construction. Mr. Funk commented that the construction contract for the project was advertised on January 19, 2006 and VTA received four bids. FCI Constructors, Inc. was the lowest responsible bidder and also the contractor that recently completed the Route 152 Improvements – Project B, Phase 1 Project near Gilroy. FCI Constructors, Inc. bid was below the engineer’s estimate, within the project budget, and met the Small Business Enterprise (SBE) participation goal.

Mr. Grace queried about the type of project being worked on at this point. Mr. Funk responded that the Route 152 Improvements – Project B, Phase 2 project will widen Route 152 to four lanes and include the widening of the remaining highway bridge over Old Llagas Creek.

Mr. Grace asked if the project had bicycle and pedestrian trails. Board Member Gage responded, “no” there are no trails.

Mr. Funk noted that Pacific Gas and Electric (PG&E) has to relocate two gas lines in the next three to four weeks before construction begins on the project, which is a prerequisite activity. Board Member Gage noted that the County of Santa Clara has a representative that represents that specific district for the County and offered the representative’s assistance.

**M/S/C (Nguyen/Gage)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract in the amount of \$1,783,736 with FCI Constructors, Inc., the lowest responsible bidder, for construction of the Route 152 Improvements Project B, Phase 2, a 1996 Measure B Transportation Improvement Program (MBTIP) project.

**20. Cooperative Agreement with the City of San Jose for Funding Preliminary Phases of Project Development**

Ms. Gonot provided a brief overview of the Cooperative Agreement with the City of San Jose for Funding Preliminary Phases of Project Development. The City of San Jose has requested a partnership with VTA to begin preliminary project development activities on the following four important projects: Union Pacific Railroad Pedestrian Crossing Safety Project near Blossom Hill Road; U.S. 101/Old Oakland Road Interchange; U.S. 101/Trimble Road/De La Cruz Avenue Interchange; and Charcot Avenue Extension. The City of San Jose wants to move the projects forward to be ready for further stages of design and make them ready to apply for federal and state grants.

The City of San Jose would provide \$1.5 million to VTA to initiate the project development phases of the four projects.

Mr. Grace queried about the Union Pacific Railroad (UPRR) Pedestrian Crossing Safety Project near Blossom Hill Road and asked if the project will make the crossing better for pedestrians. Ms. Gonot responded that the project proposes to include development of project alternatives to address safety concerns related to pedestrian crossings of the UPRR tracks near Blossom Hill Road and Monterey Highway.

Vice Chairperson Kerr asked if the City of San Jose is advancing VTA the funding to conduct the conceptual design and asked if this is a service that is available to various cities. Ms. Gonot responded, "yes" that VTA is currently working with Mountain View and Sunnyvale to move projects forward.

Vice Chairperson Kerr asked if the cities would have to come up with the funding and then VTA would complete the conceptual design and planning on a complicated project. Ms. Gonot responded, "yes" that VTA has completed conceptual design and planning on interchange projects as well as the River Oaks Bicycle and Pedestrian Bridge Project.

Chairperson Williams expressed appreciation for the project development of the projects. Chairperson Williams stressed the importance of the UPRR Pedestrian Crossing Safety project near Blossom Hill Road.

**M/S/C (Nguyen/Gage)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute cooperative agreements with the City of San Jose specifying funding and project development responsibilities for the following four projects: Union Pacific Railroad Pedestrian Crossing Safety Project near Blossom Hill Road; U.S. 101/Old Oakland Road Interchange; U.S. 101/Trimble Road/De La Cruz Avenue Interchange; and Charcot Avenue Extension; and approve adding the four projects to the VTA Capital Budget.

**22. Consultant Contract for BART Economic Effects Evaluation**

Ms. Gonot provided a brief overview of the Consultant Contract for BART Economic Effects Evaluation. Ms. Gonot commented that the contract is to conduct an economic effect analysis for the proposed BART Extension project. The economic effect analysis study investigates the economic effects of the BART Extension project related to the economic impact at the county and local level, and an evaluation of alternative financing strategies. Ms. Gonot stated that in November 2005, staff issued a RFP for the economic effects work to three firms and Wilbur Smith Associates Transportation Economics Group was selected based on the company's experience. Wilbur Smith Associates Transportation Economics Group conducts their economic analysis out of Atlanta, Georgia but will work collaboratively with Spectrum Economics of Mountain View, California to deal with the local perspectives.

Mr. Grace queried about the 18-month period for the Economic Effects Analysis for the proposed BART Extension project. Ms. Gonot responded that the Economic Effects Analysis for the proposed BART Extension project study will take 18-months to conduct. Ms. Gonot commented that the analysis study examines what the economic impacts are

to the County, to the cities, and to the region if the BART Extension project is conducted and the analysis study does not impact the design of the BART Extension project.

Chairperson Williams commented that the study is to identify the benefits of conducting the BART Extension project.

Vice Chairperson Kerr asked if an economic effect analysis is being conducted on any other projects, such as Caltrain. Mr. Burns responded that an economic effect analysis is a requirement with the FTA New Starts Program. Mr. Burns stated that the BART Extension project is the only project VTA has in the FTA New Starts Program.

**M/S/C (Gage/Nguyen)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with Wilbur Smith Associates to conduct an Economic Effects Analysis for the proposed BART Extension to Milpitas, San Jose, and Santa Clara for an 18-month period with a total value not to exceed \$400,000.

## **OTHER ITEMS**

### **23.X. Resolution Authorizing the filing of Applications with the Federal Transit Administration by the General Manager of his Designee**

Ms. Gonot provided a brief overview of the Resolution Authorizing the filing of Applications with the Federal Transit Administration by the General Manager of his Designee. Ms. Gonot commented that the resolution is so that the General Manager or a specified designee has the authorization to execute and file applications on behalf of VTA for Federal assistance with the FTA.

**M/S/C (Gage/Nguyen)** to approve submitting a recommendation to the Board of Directors to adopt a resolution authorizing the General Manager and his designee to file applications with the Federal Transit Administration (FTA).

### **23. Items of Concern and Referral to Administration**

There were no Items of Concern and Referral to Administration.

### **24. Committee Work Plan**

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

### **25. Committee Staff Report**

Jim Lawson, Government Affairs Manager and Administration and Finance Committee Liaison, commented that the Project Priority and Revenue Advisory Committee is scheduled on Thursday, March 23, 2006, at 5:30 p.m. held at VTA River Oaks Campus in the Auditorium.

### **26. Chairperson's Report**

Chairperson Williams expressed appreciation to staff for their diligent work and assistance provided to the organization and VTA Board of Directors.

Chairperson Williams expressed appreciation to Mr. Contreras for the excellent presentation regarding the Fiscal Year 2006 and 2007 Biennial Budget Review Report.

**27. Determine Consent Agenda for the April 6, 2006 Board Meeting**

**CONSENT: Agenda Item # 10.**, Ratify the appointment of Carl Hagenmaier to the Bicycle and Pedestrian Advisory Committee (BPAC) representing the City of Los Altos for the term ending June 30, 2006; **Agenda Item # 11.**, Ratify the appointment of Jennifer Paedon to the Citizens Advisory Committee (CAC) position representing the Silicon Valley Leadership Group; **Agenda Item # 12.**, Approve the appointment of Randy Tamez to the Committee for Transit Accessibility (CTA) for a two-year term; **Agenda Item # 14.**, Authorize the General Manager to execute a contract with EFI Actuaries for actuarial services for the Santa Clara Valley Transportation Authority/Amalgamated Transit Union Pension Plan from June 1, 2006 through May 31, 2009, with an option to extend the contract two additional years through May 31, 2011, in an amount not to exceed \$400,000; **Agenda Item # 15.**, Authorize the General Manager to execute a contract with John Glenn Adjusters & Administrators (JGAA) for Third party Administrator (TPA) services for a three-year term from June 1, 2006 through May 31, 2009, with options for two one-year extensions for an amount not to exceed \$2,684,480; **Agenda Item # 16.**, Authorize the General Manager to execute a contract in the amount of \$1,783,736 with FCI Constructors, Inc., the lowest responsible bidder, for construction of the Route 152 Improvements Project B, Phase 2, a 1996 Measure B Transportation Improvement Program (MBTIP) project; **Agenda Item # 17.**, Authorize the General Manager to submit federal Fiscal Year 2006 grant applications and execute grant agreements with the Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) for Section 5307 Urbanized Area Formula and Congestion Mitigation Air Quality funds; Section 5309 Fixed Guideway, Bus/Bus Facility, and a FHWA Surface Transportation Project earmark for the Guaranteed Ride Home Program; **Agenda Item # 18.**, Adopt a resolution authorizing the filing of an annual claim to the Metropolitan Transportation Commission for allocation of the FY 2006 – 2007 Transportation Development Act (TDA) and State Transit Assistance (STA) funds; **Agenda Item # 19.**, Authorize the General Manager to execute a contract with Brian Kangas Foulk Engineers to prepare a Project Study Report/Project Report (PSR/PR) and an environment document for the Mary Avenue Extension Project for a total contract value of \$720,000 and an initial contract term through December 31, 2007; **Agenda Item # 20.**, Authorize the General Manager to execute cooperative agreements with the City of San Jose specifying funding and project development responsibilities for the following four projects: Union Pacific Railroad Pedestrian Crossing Safety Project near Blossom Hill Road; U.S. 101/Old Oakland Road Interchange; U.S. 101/Trimble Road/De La Cruz Avenue Interchange; and Charcot Avenue Extension; and approve adding the four projects to the VTA Capital Budget; **Agenda Item # 21.**, Authorize the General Manager to execute a contract with Nolte Associates to prepare a Project Study Report for the proposed improvements on State Route 85 between State Route 237 and El Camino Real and at the State Route 237/Middlefield Road Interchange for a total contract value of \$500,000 and an initial contract term through December 31, 2007; and

**Agenda Item # 22.**, Authorize the General Manager to execute a contract with Wilbur Smith Associates to conduct an Economic Effects Analysis for the proposed BART Extension to Milpitas, San Jose, and Santa Clara for an 18-month period with a total value not to exceed \$400,000; and **Agenda Item # 23.X.**, adopt a resolution authorizing the General Manager and his designee to file applications with the Federal Transit Administration (FTA).

**REGULAR: Agenda Item # 13.**, Approve amendment of the FY 2006 and FY 2007 Biennial Operating Budget augmenting the total appropriation by \$2.7 million and \$3.5 million respectively to fund increasing fuel costs and higher variable interest rates on debt service payments. Other fluctuations in the expenditure budget will be offset by cost savings. Approve amendment of the FY 2006 and FY 2007 Biennial Enterprise Capital Budget in the amounts of \$0.5 million and \$4.2 million increases respectively. This amendment will allow VTA to take advantage of additional \$2.9 million in grant funds while increasing VTA's enterprise fund portion by approximately \$1.8 million over the two-year period.

**28. Announcements**

Board Member Gage and the Committee wished Mr. Grace a Happy Birthday.

**2. ADJOURN TO CLOSED SESSION at 1:24 p.m.**

Conference with Labor Negotiators  
[Government Code Section 54957.6]

Employee Organization:

Service Employees International Union (SEIU) Local 715  
Transportation Authority Engineers and Architects (TAEA)

Agency Designated Representatives:

Roger Contreras, Chief Financial Officer  
Robert Escobar, Manager, Office of Employee Relations

**RECONVENE TO OPEN SESSION at 1:44 p.m.**

**3. CLOSED SESSION REPORT**

Conference with Labor Negotiators  
[Government Code Section 54957.6]

Employee Organization:

Service Employees International Union (SEIU) Local 715  
Transportation Authority Engineers and Architects (TAEA)

Agency Designated Representatives:

Roger Contreras, Chief Financial Officer  
Robert Escobar, Manager, Office of Employee Relations

There was no reportable action taken during Closed Session.

#### 4. PUBLIC PRESENTATIONS (continued)

Martin Bishop, Interested Citizen, distributed copies of conceptual drawings of a securement device to the A&F Committee Members. Mr. Bishop requested that the A&F Committee read the page regarding the Valley Transportation Finance Advisory Board. Mr. Bishop stated that he was a former member of the County of Santa Clara Ad-Hoc Committee for the Transportation for the Mobility Impaired, which later transitioned into the Valley Transportation Authority (VTA) Committee for Transit Accessibility (CTA).

Mr. Bishop expressed concern regarding the Mobility Securement Policy, which mandates securement of mobility devices on VTA bus vehicles. Mr. Bishop noted that the securement device restraint system could result in operator injuries, damages to mobility devices, and disrupt timely bus service. Mr. Bishop stated that he is not opposed to securement but requested that the VTA explore a new type of mobility device restraint system similar to amusement park ride restraint systems. Mr. Bishop noted that Board of Supervisor Beall forwarded a letter to Mr. Burns related to development of an amusement park ride restraint system. Chairperson Williams requested that staff respond to the matter.

Mr. Burns stated that several transit systems have mandatory securement of mobility devices on vehicles but is not mandatory for VTA. VTA considered looking into mandatory securement as a result of an incident involving a serious injury, which cost VTA \$1.2 million. Mr. Burns noted that staff worked collaboratively with CTA and the Securement Task Force regarding the Mobility Device Securement Policy process. VTA's recommendation was to utilize standardized ADA compliant restraint straps in the bus system.

The Mobility Device Securement Policy and recommended securement system type went through the Board process, which was approved so VTA buses have been retrofitted with the restraint strap system. Mr. Burns stated that staff has worked collaboratively with Transit Planning and Operations (TP&O) Committee to implement the mandatory requirement of the securement policy in January 2007.

Mr. Burns commented that staff reviewed the conceptual drawings of the securement system as proposed by Mr. Bishop but had concerns and issues related to the system. Mr. Burns stated that the Board has already approved the purchase of the securement restraint system for VTA's bus system and suggested that Mr. Bishop contact securement manufacturers to discuss his securement proposal. Mr. Burns noted that VTA's focus to implement the securement policy utilizing a method that was purchased and installed in the bus system.

Vice Chairperson Kerr left the meeting at 1:56 p.m.

Matthew O. Tucker, Chief Operating Officer, commented that VTA's decision to retrofit the bus system with the Q'Straint System included significant research and collaborative work with securement manufacturers, CTA, and bus operators to implement a standardized ADA compliant restraint system that would be easily adaptable to VTA's buses and every type of mobility devices. Mr. Tucker noted that VTA does not have the technical expertise for research, development, and implementation of a securement device, which may result in injury.

Mr. Tucker continued that the drawings from a conceptual standpoint are good so staff forwarded to Mr. Bishop a list of securement manufacturers and contact information so that he could continue discussion of his proposal. Mr. Tucker stated that VTA is utilizing equipment that is ADA approved and represents the best implementation of mandatory securement in the industry.

Chairperson Williams queried about the Mobility Device Securement Policy. Mr. Burns noted that the mandatory Mobility Device Securement Policy will be forwarded to the Board of Directors for consideration.

Chairperson Williams stated that VTA is not in the research and development field and suggested that Mr. Bishop contact securement manufactures to continue discussions related to his proposal. Chairperson Williams noted that at this time staff recommended an available standardized ADA compliant restraint system to be utilized in VTA's bus system.

Mr. Bishop urged the A&F Committee to have the Mobility Device Securement Policy agendized on the TP&O Committee Meeting Agenda. Mr. Burns responded that the next step is to forward the Mobility Device Securement Policy to the Board of Directors for consideration and noted that the item has been presented several times at the TP&O Committee. Chairperson Williams expressed appreciation and thanked staff for their diligent work.

**29. ADJOURNMENT**

**On order of Chairperson Williams**, there being no objection, the meeting was adjourned at 2:07 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant  
VTA Board of Directors