



ADMINISTRATION & FINANCE COMMITTEE

Thursday, November 16, 2006

MINUTES

1. CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:05 p.m. by Chairperson Williams in the Auditorium, VTA River Oaks Campus, 3331 North First Street, San Jose, California.

ROLL CALL

Members Present

Don Gage
Breene Kerr, Vice Chairperson
Forrest Williams, Chairperson

Members Absent

Madison Nguyen

Alternates Present

None

Alternates Absent

Jamie Matthews
Pete McHugh
Ken Yeager

* Alternates do not serve unless participating as a Member.

A quorum was present.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

Chairperson Williams requested that the following Agenda Item be deferred to the December 21, 2006 A&F Committee Meeting: **Agenda Item # 20.**, Authorize the General Manager to amend a Cooperative Funding Agreement with Alameda County Transportation Authority (ACTA) in an amount not to exceed \$7.5 million, for a total cooperative funding agreement amount of \$11.4 million, related to the I-880/Mission Boulevard Interchange Project. Under the proposed amendment, VTA's financial obligation would be limited to \$3.75 million and would complete final engineering for new Union Pacific Railroad (UPRR) facilities and related improvements

that are necessary for the widening of Mission Boulevard (State Route 262) in Fremont and for the grade separation of Warren Avenue.

Board Member Gage offered the availability of Room 157 located in the County Government Center located at, 70 West Hedding Street, San Jose, California, for VTA A&F Committee for 2007 as the meeting location.

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

CONSENT AGENDA

4. Regular Meeting Minutes of October 19, 2006

M/S/C (Gage/Kerr) to approve the Regular Meeting Minutes of October 19, 2006.

5. Report on Santa Clara Valley Transportation Authority Investments for the month of September and quarter ending September 2006

M/S/C (Gage/Kerr) to review the Santa Clara Valley Transportation Authority Investments for the month of September and quarter ending September 2006.

6. Quarterly Purchasing Report

M/S/C (Gage/Kerr) to review the Quarterly Purchasing Report.

7. Fiscal Year 2007 Quarterly Statement of Revenues and Expenses for the period ending September 30, 2006

M/S/C (Gage/Kerr) to review the Quarterly Statement of Revenue and Expense.

8. Monthly Legislative History Matrix

M/S/C (Gage/Kerr) to review the Monthly Legislative History Matrix.

9. First Quarter FY 2007 Report of Public Liability/Property Damage and Owner Controlled Insurance Program (OCIP) Claims Activity

M/S/C (Gage/Kerr) to review the First Quarter FY 2007 Report of Public Liability/Property Damage and Owner Controlled Insurance Program (OCIP) Claims Activity.

10. First Quarter FY 2007 Report of Workers' Compensation Claims, Transitional Work Program and Owner Controlled Insurance Program (OCIP) Claims Activity

M/S/C (Gage/Kerr) to review the First Quarter FY 2007 Report of Workers' Compensation Claims, Transitional Work Program and Owner Controlled Insurance Program (OCIP) Claims Activity.

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

11. 2007 Administration and Finance Committee (A&F) Meeting Schedule

M/S/C (Gage/Kerr) to review the 2007 Administration and Finance Committee (A&F) Meeting Schedule.

12. Reappointments to the Committee for Transit Accessibility (CTA)

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

REGULAR AGENDA

13. Fiscal Year 2007 Budget Review

Roger Contreras, Chief Financial Officer, provided a brief overview of the Fiscal Year 2007 Budget Review. Mr. Contreras distributed a presentation entitled, "Santa Clara Valley Transportation Authority Fiscal Year 2007 Mid-Year Budget Review" to the Committee Members.

Mr. Contreras referenced Slide 2, "Overview," and reported that Operating Budget Revenue Projections increased \$26.2 million, which includes \$18.6 million One-Time Revenues. The Expenditure Projections increased \$6.7 million. VTA Enterprise Capital Budget Grant Funding decreased \$1.5 million, while VTA Funding increased \$1.5 million. Mr. Contreras stated that Net Projected increase in Operating Reserves of \$18 million and Measure A Capital Budget appropriation increased \$45 million.

Mr. Contreras referenced Slide 3, "Operating Budget - Revenue Estimates," and commented that Projected Fares increased from FY 2006 actuals approximately 2 percent. Staff anticipates a decrease of \$1.8 million from the Original Adopted Budget due to the fact that more individuals are utilizing the ECO Pass Program.

Vice Chairperson Kerr queried about the ECO Pass Program ridership. Jim Lawson, Government Affairs Manager and Staff Liaison, commented that the ECO Pass Program ridership has increased but VTA's Fare Box revenues are not keeping pace. This is due to the fact that if a company has purchased the ECO Pass Program, the charge is the same if one employee or all of the employees utilize the program. Therefore, if more individuals are utilizing the program the revenues are not keeping pace with the ridership.

Vice Chairperson Kerr queried why there was only a 2 percent increase in revenues. Mr. Lawson responded that VTA implemented a variety of creative strategies such as, Summer Blast Pass, Simple and Free Pilot Program, and increased use of the Day Pass so the net result is that they do not contribute to a single ride fare.

Mr. Contreras reported that VTA received \$157 million in FY 2006 sales tax revenues, which exceeded Adopted Budget estimates by \$8.4 million, a 5.7 percent increase.

Mr. Contreras commented that \$1.1 million in Federal Operating Grants is available for Federal Preventive Maintenance Funds. He also stated that \$342,000 in additional funds is available from the AB434 Grant for Light Rail Shuttles from State Operating Grants for the Community Bus Program and Altamont Commuter Express (ACE) Shuttle. Mr. Contreras commented that the Investment Earnings increased \$1.2 million due to a higher interest rate of 4 percent.

Mr. Contreras referenced Slide 5, "Operating Budget - One-time Revenues," and commented that one-time revenues are typically unique and non-recurring sources of funds and should not be used as the basis for expansionary programs or operations. Fiscally prudent practice requires that one-time revenues be used to fund one-time expenditures.

Mr. Contreras stated that the Transportation Development Act (TDA) funds originate from a statewide ¼ cent sales tax that is returned to a local transportation fund in the County of origin specifically for transit purposes. The TDA revenues are increased by \$6.4 million to reflect a one-time carryover of FY 2006 revenues in excess of the County's original estimate and VTA's subsequent claim.

Mr. Contreras continued that the State Transit Assistance (STA) revenues reflect two previously one-time unbudgeted sources totaling an additional \$12.1 million. The first source is the repayment of Proposition 42 loans, and the second source comes from spillover funds that are generated when gasoline prices increase at a faster rate than all other taxable items.

Mr. Contreras referenced Slide 6, "Operating Budget - Expense Amendments," and commented that new agreements with increased wages have been negotiated with Service Employees International Union (SEIU) Local 715, Transportation Authority Engineers and Architects Association (TAEA), and non-represented employees and employees represented by the American Federation of State, County, and Municipal Employees (AFSCME). He continued that the initial labor budget did not include the costs of Operator Trainees so the combined impact of these items requires a \$3.8 million augmentation of the labor budget.

Mr. Contreras commented that staff is requesting a \$1 million increase for Materials and Supplies due to the fact that most of VTA's bus and light rail fleet vehicles are no longer under warranty so VTA must absorb all repair and parts costs associated with these vehicles.

Mr. Contreras continued that VTA has experienced the impact of dramatically increasing fuel costs over the past two years. He stated that the current budget uses an assumption that diesel fuel would cost an average of \$2.40 per gallon. Mr. Contreras noted that fuel prices are extremely volatile. To address this volatility, staff recommends a \$1.5 million budget augmentation providing for an average of \$2.63 per gallon for diesel fuel.

Mr. Contreras commented that tires are another expense that reflects higher petroleum costs. VTA has a new contract with a tire lease provider, which includes annual rate escalations that require augmenting the budget by \$341,000.

Mr. Contreras referenced Slide 8, "Statement of Revenues and Expenses," and commented that the Total Revenues increase \$26.2 million and Total Expenses increase \$6.7 million.

Mr. Contreras referenced Slide 9, "Capital Budget," and commented the FY 2007 Current Adopted VTA Capital Program requires amendment due to revised grant funding assumptions. The FY 2007 Paratransit Vehicle purchase project had an assumption of \$1.5 million in federal earmark funds, which currently is not in the House version of the Transportation Appropriations bill. Therefore, staff recommends substituting grant funds with local funds, which requires an additional \$1.5 million of VTA Enterprise funds. Any earmarks VTA may receive could be applied to subsequent Paratransit vehicle purchases.

Mr. Contreras reported that the Measure A Capital Budget needs to be augmented by \$45 million to be funded through a planned combination of bond proceeds and sales tax receipts. The funds will be used towards the costs of the Silicon Valley Rapid Transit (SVRT) Corridor in the amount of \$31 million; SVRT Engineering Management and other direct costs in the amount of \$11 million; and Caltrain Service Upgrades in the amount of \$3 million.

Mr. Contreras continued that in addition to the two Measure A Capital Budget augmentations, separate and concurrent Board action would be considered at the December 14, 2006 Board of Directors Meeting to approve contract amendments to advance 65 percent design development on the SVRT Corridor Project. The separate actions to approve these contract amendments include additional FY 2007 budget authorization totaling \$32.9 million.

Vice Chairperson Kerr queried about the additional \$45 million augmentation to the FY 2007 Measure A Capital Budget. Mr. Collins responded that the \$42 million for the SVRT Corridor Project Rail Relocation, Engineering Management and Support, and other VTA direct costs and VTA labor combined with the \$3 million for the Caltrain Service Upgrades was included in the Revenue and Expenditure Plan adopted by the Board of Directors in June 2006 but was not included in VTA's Capital Budget.

VTA's Capital Budget did not assume advancing Caltrain projects but the Project Advisory Committee recommended in the Revenue and Expenditure Plan to move up \$100 million in Caltrain Projects. The Policy Advisory Committee (PAC) established a Caltrain Capital Needs Study Subcommittee to study all projects that could potentially be undertaken to improve Caltrain service in Santa Clara County. The Caltrain Capital Needs Study Subcommittee report will be presented to the VTA Board of Directors in February 2007, and will provide a recommended list of prioritized Caltrain projects for the Board's approval. The project budget request would ensure that funds are available to advance forward on engineering for identified projects in FY 2007.

Vice Chairperson Kerr expressed concern that the \$3 million for the Caltrain Service Upgrades was not enough funding to cover the entire recommended list from the Caltrain Capital Needs Study Subcommittee.

Chairperson Williams commented that if the funding is not enough than staff would come back to the Board for adjustments and amendments to address the needs for the projects.

Mr. Burns commented that the \$3 million for the Caltrain Service Upgrades was not previously included in the Capital Budget but was included in the Revenue and Expenditure Plan adopted by the Board of Directors in June 2006. Mr. Burns commented that there are additional Caltrain projects in the Capital Budget that are advancing forward, such as the Caltrain Double Tracking, relocation of utilities in the Caltrain Corridor, Palo Alto Station Modification Improvements, and the Caltrain California Improvements.

Vice Chairperson Kerr noted that his concern is the BART Project would require another \$40 to \$50 million since the project is moving forward from 35 to 65 percent design. Mr. Burns responded that the amount would be more than the \$40 to \$50 million.

Mr. Lawson recommended that the Committee defer action on Agenda Item # 13. Fiscal Year 2007 Budget Review until after the Committee receives the presentation on Agenda Item # 17. Advancing 2000 Measure A Transit Improvement Program.

Mr. Contreras referenced Slide, "10 – Sources and Uses of Funds Summary," and reported that the FY 2007 Projected Total Revenues increased \$26 million compared to the FY 2007 Approved Total Revenues. The FY 2007 Projected Total Operating Expenses increased \$6.6 million compared to the FY 2007 Approved Total Operating Expenses. Mr. Contreras commented that VTA's FY 2007 Projected Ending Operating Reserves are \$68.7 million or equal 19 percent, which exceeds the 15 percent goal set by the Board of Directors. Mr. Contreras cautioned when the One-Time Revenues of \$18.6 million are not considered then VTA's Operating Reserves equal \$50.2 million or 13.9 percent.

Mr. Contreras reported that the Committee would receive a presentation on Retiree Health Actuarial at the December 21, 2006 A&F Committee Meeting.

On order of Chairperson Williams, there being no objection, the Committee recommended proceeding to Agenda Item # 17. Advancing 2000 Measure A Transit Improvement Program.

The Agenda was taken out of order.

17. Advancing 2000 Measure A Transit Improvement Program

Jack J. Collins, Chief Construction Officer, provided an overview of the Advancing 2000 Measure A Transit Improvement Program. Mr. Collins commented that there are a number of related actions planned for the December 14, 2006 Board of Directors Regular Meeting, which would advance projects that are part of the 2000 Measure A Transit Improvement Program. Some of the actions would go to the Administration and Finance (A&F) Committee and Transit Planning and Operations (TP&O) Committee and then be forwarded to the December 14, 2006 Board of Directors Meeting for consideration.

Mr. Collins provided a brief report on the 2000 Measure A Program progress. VTA has:

- Completed the purchase of the Low Floor Light Rail Vehicles, which are all in revenue service;
- Implemented the 522 Rapid Bus Service and began studying other Bus Rapid Transit (BRT) improvements in the Measure A Corridors;
- Continued in its second year of the Zero Emission Bus (ZEB) demonstration project, which \$6 million is allocated from the 2000 Measure A funds and the balance coming from State and federal grants;
- Completed final design on half of the Caltrain Double Tracking Project to Gilroy, which was part of the original obligation with Union Pacific Railroad (UPRR) and noted the Project Advisory Committee recommendation to the Board to move forward with an amendment to the Double Tracking Design Contract all the way to Gilroy;
- Initiated work on the Preliminary Engineering (PE) phase of the BART Extension Project to Silicon Valley that will be completed by the end of the year; Started the final design on the Capitol Expressway Light Rail to Eastridge but deferred the work from the Nieman Extension, which is consistent with the Revenue and Expenditure Plan;
- Developed and reviewed a draft Measure A Program Cost Report with the Citizens Advisory Committee (CAC) acting as the 2000 Measure A Watchdog Committee, staff will provide the plan to the Committee and Board on a quarterly basis;
- Worked with a Subcommittee of the Policy Advisory Committee (PAC) to prepare a list of priorities for Caltrain Capital Needs and would request Board action at the February meeting; and
- Re-established the Project Advisory Committee to advise the Board on funding issues, cash flow, potential hold points on the Measure A Projects, and 'No New Revenue' Scenarios.

Mr. Collins commented that the Committee would consider recommendations related to 2000 Measure A and Highway Programs to execute an agreement for Program and Construction Management Services to assist with VTA's management of the 2000 Measure A Transit Improvement Program for Caltrain and other non BART Projects, and VTA's Highway Programs.

Mr. Collins continued that there are a number of significant items that relate to the Silicon Valley Rapid Transit (SVRT) Corridor Project moving forward. He noted that Agenda Item # 20. Amend a Cooperative Funding Agreement with the Alameda County Transportation Authority (ACTA) for Final Engineering Services for the I-880/Mission Boulevard Interchange Project was deferred since the City of Fremont would like to participate in a three-way agreement to complete the design of the I-880/Mission Boulevard Interchange Project and Warren Avenue Grade Separation Project. Mr. Collins stated that the item would be presented to the Committee in January or February once VTA receives the funding commitment from the City of Fremont for its share of the project into final design.

Mr. Collins continued that other items related to the SVRT Corridor Project are an agreement with the Santa Clara Valley Water District (SCVWD) for design services for a new Berryessa Creek flood channel box culvert that would support UPRR relocation and

an amendment to the 2000 Measure A Capital Budget for fiscal year 2007 for expenditures related to UPRR relocation in the amount of \$31 million and an additional \$11 million for VTA labor and other direct costs.

Mr. Collins reported that at the November 15, 2006 TP&O Committee Meeting, the Committee moved several items forward to the Board of Directors for consideration including an amendment to an existing design contract in the amount of \$3.9 million with DMJM+Harris to complete an additional eight miles of Caltrain Double Tracking between Morgan Hill and Gilroy; and a request to execute an agreement in the amount of \$6 million with MCI/Verizon to begin relocating 8.5 miles of fiber optic line in the Caltrain Corridor to allow the double tracking.

Mr. Collins commented that staff recommends moving the BART Extension Project design development from 35 to 65 percent design level of completion and noted that this would tie into the Mid-Year Budget Adjustments. He stated that there are actions that would be forwarded to the TP&O Committee then the entire Board of Directors for consideration that would have an additional impact on VTA's FY 2007 Capital Budget.

Mr. Collins commented that the following Caltrain Improvement Projects were included in the current FY 2007 Capital Budget: DMJM+Harris Double Track Amendment in the amount of \$3.96 million and the Utility Relocation with MCI/Verizon in the amount of \$ 6.50 million; therefore, there is enough funding to move forward with those projects. However, the Caltrain Capital Needs Design Services project would require an adjustment in the amount of \$3 million to the FY 2007 Capital Budget.

Mr. Collins commented on the following SVRT Corridor Project items that would require an adjustment to the FY 2007 Capital Budget: Union Pacific Rail Relocation in the amount of \$31 million and VTA Labor and Indirect Costs to June 2007 in the amount of \$11 million, which includes \$4 million to clean up the yard and takes advantage of VTA's \$1 million Transportation Credit with UPRR.

Vice Chairperson Kerr queried about the site. Mr. Collins responded that the site would be used for the BART yard, shops, and storage of 155 trains. Mr. Collins noted that the site location bridges between San Jose and Santa Clara.

Mr. Collins referenced the TP&O Committee and reported the following SVRT Corridor Project items that would require an adjustment to the FY 2007 Capital Budget and noted they are all for a six month period: HNTB-Surface Guideway Design in the amount of \$10.60 million; HMM/Bechtel-Tunnel Design & Program Management in the amount of \$8.80 million; Earthtech-Station Design in the amount of \$5.70 million; PGH Wong/PB-Systems Design in the amount of \$2.50 million; STV-Yard & Shops in the amount of \$3.30 million; and Booz Allen-Design Integration in the amount of \$2 million, which total \$33 million of design work on the BART project over the next six months. Additionally, VTA has negotiated amendments with the consultants to continue their design to the 65 percent design level.

Vice Chairperson Kerr queried about the SVRT Corridor Project adjustment items to the FY 2007 Capital Budget and asked if these were items that were discussed previously.

Mr. Collins responded that the items were not discussed before but noted that they were included in the Revenue and Expenditure Plan.

Vice Chairperson Kerr queried if these additional items would move the SVRT Corridor Project to 35 percent design level or beyond. Mr. Collins responded that the additional items would move the project beyond 35 percent design level.

Vice Chairperson Kerr queried about the SVRT Corridor Project item that would require the \$31 million adjustment to the FY 2007 Capital Budget. Mr. Collins responded that the \$31 million is allocated for the Union Pacific Rail Relocation. Mr. Collins noted that \$170 million was spent on the SVRT Corridor Project Preliminary Engineering.

Vice Chairperson Kerr inquired why staff recommends designing the Santa Clara Station eight years ahead of time and schedule. Mr. Collins responded that staff recommends moving the entire project design level to 65 percent. Mr. Collins stated that staff recommends moving the yard design to a 50 percent level in order to move forward with a procurement document at a future date to complete the design with a contractor on a design built. Mr. Collins noted that the additional design work would take two years to reach the 65 percent design level. Mr. Collins continued that the next key decision point on the SVRT Corridor Project is the Federal Transit Administration (FTA) "Record of Decision" (ROD), which is scheduled for completion in December 2008. The ROD is necessary to qualify for federal New Starts funding and receive FTA's approval to enter into the final design phase of the project.

Vice Chairperson Kerr queried if there would be design drawings available from STV for the Yard and Shops. Mr. Burns responded that conceptual design drawings at a 50 percent level would be available.

Mr. Burns stated that the point is to arrive at a cost estimate with a minimal amount of risk associated with the cost.

Chairperson Williams referenced that FTA guidance encourages New Starts project sponsors to perform more design work in parallel with the environmental clearance and New Starts evaluation process. Chairperson Williams stressed the importance to move project design forward to the 65 percent design level and ready for construction when additional funding becomes available for the project.

Vice Chairperson Kerr queried about the cost of the project. Mr. Collins responded that the SVRT Corridor Project is at \$4.7 billion in 2005 dollars.

Mr. Collins continued that in order to keep the project on schedule it would cost an additional \$185 million. The goal is to move forward on a control and affordability basis to a logical key point decision, which is tied to the FTA's ROD. The FTA has changed its guidance so they are encouraging sponsors in the New Starts project process to advance and move further in project design to a 65 percent level, have more accurate cost estimates, and resolve issues with the cities before receiving the ROD and recommendation to start final design phase of the project.

Mr. Collins directed attention to the presentation “Why Continue Design to 65%?”, and commented that staff recommends continuing design, which is consistent with VTA’s Board of Directors decision to keep all 2000 Measure A Projects advancing forward as adopted in the June 2006 Revenue and Expenditure Plan. The design work would proceed over the next two years to a key decision point before major financial commitments are necessary.

Mr. Collins referenced Slide Three – Key Decision Point for Project, and commented that the next key decision point on the project is the FTA’s ROD, which is necessary to qualify for federal New Starts funding and receive FTA’s approval to enter into the final design phase of the project. Staff anticipates that the environmental document would be complete so the FTA would be in a position to grant VTA with the decision to enter into the final design phase in December 2008.

Mr. Collins continued that VTA requires the ROD to re-enter the New Starts Project process to receive funding, which VTA currently anticipates to receive funding in the amount of \$750 million from the federal government. Additionally, the ROD is required to enter the project into final design phase.

Mr. Collins stated that there are project issues that need to be resolved in order to receive a recommended rating and advancing design work would assist in resolving the issues. Additional work is required on Ridership forecast model, financial plan, and better cost estimates so a consultant would be hired to prepare a financial plan to determine how the organization would operate and finance the project. The advance design work would support the environmental clearance process. Staff anticipates forwarding an amendment to the Board of Directors for consideration in May or June 2007 regarding several changes from the PE that have resulted in cost savings to the project.

Board Member Gage queried if the Metropolitan Transportation Commission (MTC) played a role in this process. Mr. Collins responded not directly but MTC has recognized the SVRT Corridor Project in the Regional Transportation Plan (RTP) as one of two New Starts priorities in the region.

Mr. Collins continued that the FTA guidance encourages New Starts project sponsors to perform more design work in parallel with the environmental clearance. VTA has invested \$119 million in purchasing BART Rail Corridor to date, invested \$170 million in PE, and \$45 million in Environmental and Conceptual Engineering Studies, which was funded through a Traffic Congestion Relief Program (TCRP) State Grant. Mr. Collins stated that the current total investment for the project is \$381 million with \$215 million in funds anticipated from State TCRP funds.

Mr. Collins commented that VTA estimates advancing the project forward would cost an additional \$185 million for only design work without any major Right-of-Way Acquisitions. VTA anticipates that the State TCRP will fund a share of 65 percent design consistent with a Letter of No Prejudice (LONP) for PE.

Mr. Collins referenced the SVRT Corridor Project funding plan to June 2009, noting that everything related to the proposed 65 percent design level is in place and has been funded. Mr. Collins added that VTA has received funding from a State grant for the

project. The State participated in the PE in terms of the LONP; however, VTA advanced the funding for the PE. The LONP is a promise to repay VTA for the funding advanced for the PE, which was used to start the PE work for the project. The work completed by VTA with its own funds is eligible for reimbursement on the date that the LONP was signed by the State, which has been in place for the last two to three years.

Kurt Evans, Government Affairs Manager, stated that VTA would seek repayment when the PE phase is completed under the terms of the LONP. All of the advanced funding is obligated for entire reimbursement under State Statute in the amount of \$170 million.

Mr. Collins continued that the FTA has contributed a total of \$2.2 million, the State has contributed \$215 million, and VTA has contributed a total of \$351 million, which equals a total of \$566 for the project. Mr. Collins commented that VTA would need to work with the California Transportation Commission (CTC) to submit the grant allocation request at their January or February CTC Meeting.

Mr. Evans stated that when the TCRP was enacted in 2000, the State Statute lists 149 projects. The Statute provides \$649 million for the SVRT Corridor Project. Mr. Evans stated that the UP Relocation costs equaled \$45 million, so there is approximately \$600 million available to draw down from the TCRP for the project.

Mr. Burns referenced State Legislative Proposition 1A, which limits the ability of the Governor and the California State Legislature to use Proposition 42 funds for non-transportation purposes. Mr. Evans stated that Proposition 1A provides a constitutional guarantee to repay all prior year Proposition 42 loans to the General Fund.

Vice Chairperson Kerr asked if VTA advanced the SVRT Corridor Project to a 65 percent design level with the additional \$185 million and at the end of the design phase the BART project does not occur, could VTA receive reimbursement for the \$185 million from the State TCRP \$650 million project earmark. Mr. Collins responded that VTA would submit a LONP for the additional \$185 million for the project costs.

Mr. Burns stated that the CTC will make the decision, but noted that if the BART project did not occur then the State would not pay all of VTA's past project costs.

Board Member Gage stated that the 2000 Measure A Program was a list of projects supported by the voters and the projects need to move forward. He noted that there may be changes to the projects along the path, but ultimately VTA is committed to moving the projects forward.

Mr. Collins commented that VTA has a LONP that has been in place for the last two years, and by the end of this year, VTA will have over \$145 million in expenditures for the PE work on the project. VTA intends to submit an allocation request to the CTC in January 2007 for the \$170 million for VTA to receive reimbursement for the funds spent on the PE work for the project.

Vice Chairperson Kerr queried if VTA advanced the SVRT Corridor Project to a 65 percent design level would it assist in helping VTA receive the \$170 million for the PE work on the project. Mr. Collins responded, "yes".

Vice Chairperson Kerr expressed concern that more funding is not being allocated to Caltrain. Mr. Burns stated that it has been determined that the Caltrain Rengstorff Overcrossing project does not qualify as a 2000 Measure A Program Project, so staff is looking for other funding sources for the grade separation.

Chairperson Williams stressed the importance to advance projects forward, find ways to fund the Measure A Program, and look for opportunities to complete the projects.

Mr. Collins commented that VTA has committed and advanced \$100 million in Caltrain projects, which was approved by the Board of Directors in the Revenue and Expenditure Plan. Mr. Collins continued that VTA has moved forward with the Caltrain Double Tracking to Gilroy. The Caltrain Capital Needs Subcommittee will provide a report on the project priority scheduled to be available in February 2007.

M/S/C (Gage/Kerr) to receive a presentation on Advancing 2000 Measure A Transit Improvement Program.

13. Fiscal Year 2007 Budget Review (continued)

M/S/C (Gage/Kerr) to approve submitting a recommendation to the Board of Directors to approve amendment of the FY 2007 Operating Budget, augmenting the total appropriation by \$6.7 million to fund increasing operating costs, along with an increased estimate of \$26.2 million in operating revenues; approve amendment of the FY 2007 VTA Enterprise Capital Budget to reduce \$1.5 million in grant funding to be funded from VTA Enterprise funds; the two actions result in a net projected increase in Operating Reserves of \$18 million; and further, approve amendment of the FY 2007 Measure A Capital Budget, increasing appropriations by \$45 million.

18. Program and Construction management Services VTA Capital Projects

M/S/C (Gage/Kerr) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with South Bay Transportation Associates (SBTA), a joint venture of Hatch Mott MacDonald and URS Corporation, for program and construction management services for a period of three years in the amount of \$35.3 million. The term of the initial contract would be from January 1, 2007 to December 31, 2009, with additional amendments and extensions contemplated for an additional seven years once the transit and highway capital programs are better defined. Also, authorize an adjustment to the current 2000 Measure A Capital Budget for Fiscal Year 2007 as necessary to commit \$2 million for anticipated program management costs through June 2007.

19. Santa Clara Valley Water District Cooperative Agreement for the Combined Design of Lower Berryessa Creek Flood Protection and Union Pacific Track Relocation Improvements

M/S/C (Gage/Kerr) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a Cooperative Agreement with Santa Clara Valley Water District (SCVWD) for the combined design of Lower Berryessa Creek Flood Protection Improvements and Union Pacific Track Relocation in an amount not to exceed \$2.0 million. The recommended cost sharing agreement will provide that VTA and SCVWD share the costs of design equally with the maximum financial contribution by VTA not to exceed \$1.0 million.

20. (Deferred to the December 21, 2006 A&F Committee Meeting.)

Authorize the General Manager to amend a Cooperative Funding Agreement with Alameda County Transportation Authority (ACTA) in an amount not to exceed \$7.5 million, for a total cooperative funding agreement amount of \$11.4 million, related to the I-880/Mission Boulevard Interchange Project. Under the proposed amendment, VTA's financial obligation would be limited to \$3.75 million and would complete final engineering for new Union Pacific Railroad (UPRR) facilities and related improvements that are necessary for the widening of Mission Boulevard (State Route 262) in Fremont and for the grade separation of Warren Avenue.

21. 1996 Measure B Transportation Improvement Program – Route 17 Highway Planting Construction Contract Award

M/S/C (Gage/Kerr) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract in the amount of \$891,198 with Watkin and Bortolussi Inc./Forster & Kroeger Landscape Maintenance (a Joint Venture), the lowest responsible bidder, for construction of the Route 17 Highway Planting project, a 1996 Measure B Transportation Improvement Program (MBTIP) project.

22. 1996 Measure B Transportation Improvement Program (MBTIP) Executive Summary of the Semi-Annual Report for December 2006

M/S/C (Gage/Kerr) to approve submitting a recommendation to the Board of Directors to approve amendments to Rail, Highway and Program-wide project budgets for a net decrease of \$1.4 million in total program expenditures as detailed in the attached 1996 Measure B Transportation Improvement Program Semi-Annual Report for December 2006.

14. State Legislative Advocacy Contract

Mr. Evans provided a brief overview of the State Legislative Advocacy Contract, which would be a new contract with Smith, Watts & Company for State Legislative Advocacy Services for a period of three years.

M/S/C (Kerr/Gage) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a new contract with Smith, Watts & Company for State Legislative Advocacy Services for a period of three years in the amount of \$165,600. The term of the contract would be from January 1, 2007, to December 31, 2009. During the three-year term of the contract, the fixed retainer would be \$4,200 per month for the first year, \$4,600 per month for the second year and

\$5,000 per month for the third year. Further authorize the General Manager, at his discretion, to extend this contract after December 31, 2009, for two additional one-year periods at a fixed retainer rate to be negotiated, but which could not exceed \$5,400 per month for the first year and \$5,800 per month for the second year.

15. Implementation of No Smoking Policy at VTA Bus Shelters, Light Rail Platforms and Transit Center Platforms

Mr. Lawson provided a brief overview of the Implementation of No Smoking Policy at VTA Bus Shelters, Light Rail Platforms and Transit Center Platforms. Mr. Lawson commented that the request comes from the Citizens Advisory Committee (CAC) to move forward with a prohibition of smoking in VTA Bus Shelters and Light Rail Stations.

Board Member Gage queried about the legality and asked if VTA had the authority to implement the No Smoking Policy. Mr. Lawson responded that VTA has the authority to implement the No Smoking Policy at VTA's Bus Shelters. Mr. Lawson commented that the policy does not involve parking lots or City sidewalks.

Vice Chairperson Kerr asked how VTA would enforce the policy. Mr. Lawson responded that enforcement of the policy would come from the Sheriff's Department.

M/S/C (Kerr/Gage) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to implement a "No Smoking" policy at VTA bus shelters, light rail platforms and transit center platforms.

16. Technical Advisory Committee Recommendations on Playing a More Vital Role in Interacting with and Advising the Board of Directors

Mr. Burns provided a brief overview of the Technical Advisory Committee (TAC) recommendations on playing a more vital role in interacting with and advising the Board of Directors. Mr. Burns commented that this item is a result of VTA Board of Directors Chairperson Cindy Chavez's "Full Participation, Full Information" initiative with the intent to enhance the Committee's effectiveness and relationship within VTA.

Mr. Burns commented that the TAC developed a listing of written initial recommendations for the Board of Directors consideration. Mr. Burns stated that this would make TAC more involved at a working level at an earlier level in the process.

Mr. Lawson stated that this is a work in progress and not the completed document. The intention is to present the initial recommendations to VTA Board of Directors for consideration.

M/S/C (Kerr/Gage) to approve submitting a recommendation to the Board of Directors to review and provide feedback on the initial recommendations developed by the Technical Advisory Committee, as requested, on how to enhance Committee effectiveness and relationships to the Policy Advisory Committee and VTA Board of Directors.

OTHER ITEMS

23. Discussion of Use of Proceeds from Sale of VTA-Owned Real Properties

Mr. Burns noted that at the Congestion Management Program and Planning Committee (CMPP) continued discussion of the item and the Joint Development – Developer Selection Criteria to the next Committee Meeting since both items would require additional time for discussion.

Mr. Burns recommended that the A&F Committee defer discussion of the two items to a Board Workshop Meeting to allow for more in-depth discussion on these issues.

On order of Chairperson Williams, there being no objection, the Committee deferred the discussion of the Use of Proceeds from Sale of VTA-Owned Real Properties.

24. Joint Development – Developer Selection Criteria

On order of Chairperson Williams, there being no objection, the Committee deferred the discussion of the Joint Development – Developer Selection Criteria.

25. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

26. Committee Work Plan

Vice Chairperson Kerr requested an update on VTA's Hydrogen Program be added to the Committee Work Plan.

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

27. Committee Staff Report

Mr. Lawson announced that Chairperson Williams was elected as Chairperson to the Capitol Corridor Joint Powers Board (CCJPB). Mr. Lawson commented that VTA participated in the County-wide Disaster Simulation on Wednesday, November 15, 2006.

28. Chairperson's Report

Chairperson Williams expressed appreciation and thanked staff and Board Members for their diligent work and participation in the A&F Committee Meeting.

29. Determine Consent Agenda for the December 14, 2006 Board Meeting

CONSENT: Agenda Item # 12., Approve the Reappointments to the Committee for Transit Accessibility (CTA) for a two-year term; **Agenda Item # 14.**, Authorize the General Manager to execute a new contract with Smith, Watts & Company for State legislative advocacy services for a period of three years in the amount of \$165,600. The

term of the contract would be from January 1, 2007, to December 31, 2009. During the three-year term of the contract, the fixed retainer would be \$4,200 per month for the first year, \$4,600 per month for the second year and \$5,000 per month for the third year. Further authorize the General Manager, at his discretion, to extend this contract after December 31, 2009, for two additional one-year periods at a fixed retainer rate to be negotiated, but which could not exceed \$5,400 per month for the first year and \$5,800 per month for the second year; **Agenda Item # 15.**, Authorize the General Manager to implement a “No Smoking” policy at VTA bus shelters, light rail platforms and transit center platforms; **Agenda Item # 16.**, Review and provide feedback on the initial recommendations developed by the Technical Advisory Committee, as requested, on how to enhance Committee effectiveness and relationships to the Policy Advisory Committee and VTA Board of Directors; **Agenda Item # 18.**, Authorize the General Manager to execute a contract with South Bay Transportation Associates (SBTA), a joint venture of Hatch Mott MacDonald and URS Corporation, for program and construction management services for a period of three years in the amount of \$35.3 million. The term of the initial contract would be from January 1, 2007 to December 31, 2009, with additional amendments and extensions contemplated for an additional seven years once the transit and highway capital programs are better defined. Also, authorize an adjustment to the current 2000 Measure A Capital Budget for Fiscal Year 2007 as necessary to commit \$2 million for anticipated program management costs through June 2007; **Agenda Item # 19.**, Authorize the General Manager to execute a Cooperative Agreement with Santa Clara Valley Water District (SCVWD) for the combined design of Lower Berryessa Creek Flood Protection Improvements and Union Pacific Track Relocation in an amount not to exceed \$2.0 million. The recommended cost sharing agreement will provide that VTA and SCVWD share the costs of design equally with the maximum financial contribution by VTA not to exceed \$1.0 million; **Agenda Item # 21.**, Authorize the General Manager to execute a contract in the amount of \$891,198 with Watkin and Bortolussi Inc./Forster & Kroeger Landscape Maintenance (a Joint Venture), the lowest responsible bidder, for construction of the Route 17 Highway Planting project, a 1996 Measure B Transportation Improvement Program (MBTIP) project; and **Agenda Item # 22.**, Approve amendments to Rail, Highway and Program-wide project budgets for a net decrease of \$1.4 million in total program expenditures as detailed in the attached 1996 Measure B Transportation Improvement Program Semi-Annual Report for December 2006.

REGULAR: Agenda Item # 13., Approve amendment of the FY 2007 Operating Budget, augmenting the total appropriation by \$6.7 million to fund increasing operating costs, along with an increased estimate of \$26.2 million in operating revenues; approve amendment of the FY 2007 VTA Enterprise Capital Budget to reduce \$1.5 million in grant funding to be funded from VTA Enterprise funds; the two actions result in a net projected increase in Operating Reserves of \$18 million; and further, approve amendment of the FY 2007 Measure A Capital Budget, increasing appropriations by \$45 million.

30. Announcement

Mr. Burns congratulated Vice Chairperson Kerr for being re-elected to serve as Council Member for the Town of Los Altos Hills.

Board Member Gage commented that he was elected in the interim as the Santa Clara County Board of Supervisor Chairperson while Santa Clara County Board of Supervisor Jim Beall is participating in a training session in Sacramento over the next few months.

31. ADJOURNMENT

On order of Chairperson Williams, there being no objection, the meeting was adjourned at 1:40 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Board of Directors