



ADMINISTRATION & FINANCE COMMITTEE

Thursday, May 17, 2007

MINUTES

1. CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:04 p.m. by Chairperson Kerr in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

ROLL CALL

Members Present

Don Gage, Vice Chairperson
Breene Kerr, Chairperson
Chuck Reed
Forrest Williams

Members Absent

None

Alternates Present

None

Alternates Absent

Dominic Caserta
Judy Chirco
Pete McHugh

* Alternates do not serve unless participating as a Member.

A quorum was not present and a Committee of the Whole was declared.

2. CLOSED SESSION at 12:05 p.m.

Board Members Reed and Williams arrived at the meeting and entered Closed Session at 12:25 p.m. and a quorum was declared.

A. Conference with Legal Counsel – Existing Litigation [(Government Code Section 54956.9(a)]

1. Name of Case: Springer, et al. v. Albright, et al.
Santa Clara Co. Superior Court Case No. 1-06-CV-072624
2. Name of Case: Amalgamated Transit Union (ATU) v. Valley Transportation Authority (VTA)
Santa Clara Co. Superior Court Case No. 1-06-CV-072632

- B.** Conference with Labor Negotiators
[Government Code Section 54957.6]

VTA Designated Representatives:

Bill Lopez, Chief Administrative Officer

Robert Escobar, Manager, Office of Employee Relations

Employee Organization:

American Federation of State, County, and Municipal Employees (AFSCME)

- X.** Conference with Real Property Negotiator
[Government Code 54956.8]

Property: Block bounded by North First Street, North Market Street, Santa Clara Street and West St. John Street located in downtown San Jose.

Negotiator for VTA: Roberta Notrangelo, Manager of Real Estate

Negotiating parties: The Mitchell Family, Owners, acting through an exclusive listing by CB Richard Ellis.

Under negotiation: Price and terms of payment.

- X.X.** Conference with Real Property Negotiator
[Government Code 54956.8]

Property: Northerly portion of VTA's WP Milpitas line, approximately 3 miles in length

Negotiator for VTA: Roberta Notrangelo, Manager of Real Estate

Negotiating parties: Laura Giraud, Right of Way Division Manager, BART

Under negotiation: Price and terms of payment.

RECONVENED TO OPEN SESSION at 12:27 p.m.

3. CLOSED SESSION REPORT

- A.** Conference with Legal Counsel – Existing Litigation
[(Government Code Section 54956.9(a)]

- 1.** Name of Case: Springer, et al. v. Albright, et al.
Santa Clara Co. Superior Court Case No. 1-06-CV-072624

There was no reportable action taken during Closed Session.

- 2.** Name of Case: Amalgamated Transit Union (ATU) v. Valley Transportation Authority (VTA)
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There was no reportable action taken during Closed Session.

4. PUBLIC PRESENTATIONS

There were no Public Presentations.

5. ORDERS OF THE DAY

Chairperson Kerr requested that the following Agenda Item be removed from the Regular Agenda and placed on the Consent Agenda: **Agenda Item # 7.**, Report on Santa Clara Valley Transportation Authority Investments for the Month of March and quarter ending March 2007.

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

CONSENT AGENDA

6. **Regular Meeting Minutes of April 17, 2007**

M/S/C (Gage/Williams) to approve the Regular Meeting Minutes of April 17, 2007.

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

Report on Santa Clara Valley Transportation Authority Investments for the Month of March and quarter ending March 2007.

8. **Quarterly Purchasing Report**

M/S/C (Gage/Williams) to receive the Quarterly Purchasing Report.

9. **Fiscal Year 2007 Quarterly Statement of Revenues and Expenses for the period ending March 31, 2007**

M/S/C (Gage/Williams) to review the Fiscal Year 2007 Quarterly Statement of Revenues and Expenses for the period ending March 31, 2007.

10. **Monthly Legislative History Matrix**

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

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

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

12. **Third Quarter FY 2007 Report of Workers' Compensation Claims and Transitional Work Program**

M/S/C (Gage/Williams) to review the Third Quarter FY 2007 Report of Workers' Compensation Claims and Transitional Work Program.

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

13. **Legislative Positions**

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to adopt a support position for AB 256 (Huff), AB 945 (Carter), and SB 445 (Torlakson); and further, adopt an oppose position for SB 204 (Dutton).

14. **Federal Fiscal Year 2007 Federal Transit Administration Grant Applications**

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to submit federal Fiscal Year 2007 grant applications and execute grant agreements with the Federal Transit Administration (FTA) for Section 5307 Urbanized Area Formula; and Section 5309 New Starts, Fixed Guideway, and Bus/Bus Facility funds.

15. **VTA FY 2008 Transportation Development Act and State Transit Assistance Allocation Claim**

M/S/C (Gage/Williams) to approve submitting a recommendation to adopt a resolution authorizing the filing of an annual claim to the Metropolitan Transportation Commission (MTC) for allocation of FY 2008 Transportation Development Act (TDA) and State Transit Assistance (STA) funds.

16. **Transportation, Community and System Preservation Program Grant Application for Conceptual Engineering & Environmental Clearance for the Realignment of State Route 152**

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to authorize staff to submit an application for \$1 million in Transportation, Community and System Preservation (TCSP) Program funds (§1117 of Pub L. 109-59) for conceptual engineering and environmental clearance for the realignment of State Route 152, and if successful in obtaining funds, authorize the General Manager to enter into all necessary agreements with Caltrans and/or the Federal Highway Administration (FHWA) to accept the grant.

17. **Authorize the General Manager to Terminate and Execute Agreements with the Professional Investment Management Firms**

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute an agreement with MFS Investment Management (MFS) and terminate the agreement with Pyramis Global Advisors (Pyramis) for the management of the International Growth Equity Index Fund portfolio of the Valley Transportation Authority (VTA)/Amalgamated Transit Union (ATU) Pension Plan assets.

18. Three Grant Applications for Funding the Silicon Valley Comprehensive Mobility Initiative

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to authorize staff to submit applications to the “Intelligent Transportation Systems Operational Testing to Mitigate Congestion” (ITS-OTMC), “Value Pricing Pilot (VPPP) Program” and the “Discretionary Bus and Bus Facilities Program” grant programs for the Silicon Valley Comprehensive Mobility Initiative. Authorize the General Manager to enter into all necessary agreements with the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), Caltrans and Metropolitan Transportation Commission (MTC) to accept and use these grants.

The Agenda was taken out of order.

REGULAR AGENDA

7. Report on Santa Clara Valley Transportation Authority Investments for the Month of March and quarter ending March 2007

Chairperson Kerr asked about VTA’s Amalgamated Transit Union (ATU) Pension Plan compared to the California Public Employees’ Retirement System (CalPERS) Pension. Bill Lopez, Chief Administration Officer, stated that VTA’s ATU Pension Plan annual gross return of fees from January 1, 2006 through December 31, 2006 was 14.55 percent compared to CalPERS 15.74 percent.

Mr. Lopez commented that VTA’s ATU Pension Plan inception to date is 115.51 percent compared to VTA’s ATU Pension Plan Benchmark 88.82 percent.

M/S/C (Gage/Williams) on a vote of 3 Ayes to 0 Noes to 1 Abstention to receive the Report on Santa Clara Valley Transportation Authority Investments for the Month of March and quarter ending March 2007. Board Member Reed abstained.

19. Proposed Fare Modifications

Jerry G. Mikolajczyk, Acting Chief Financial Officer, introduced Ali Hudda, Disbursement Fiscal Resources Manager, who provided a brief overview of the Proposed Fare Modifications. Mr. Hudda commented that the proposed fare changes meet requirements for an exemption from the California Environmental Quality Act (CEQA) Public Resources Code Section 21083; Title 14, California Code of Regulations Section 15061 (b)(3). Mr. Hudda stated that the exemption applies because it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment.

Board Member Williams asked if VTA would be able to sustain the financial impact of the proposed fare modifications. Mr. Hudda responded that the proposed fare modifications are already built into VTA’s Recommended Biennial Budget.

M/S/C (Williams/Gage) to approve submitting a recommendation to the Board of Directors to review and recommend that the VTA Board of Directors approve the

following actions: 1) Invoke an exemption under CEQA, P.R.C. §21083 and CEQA Guidelines Section 15061(b)(3) for the purpose of establishing and modifying fares; and 2) Adopt a resolution establishing rates and fares for VTA bus, light rail, and paratransit services effective July 1, 2007.

20. Recommended Biennial Budget for Fiscal Years 2008 and 2009

Jerry G. Mikolajczyk, Acting Chief Financial Officer, introduced Carol Lawson, Fiscal Resources Manager Treasury and Financial Planning, who provided a brief overview of the Recommended Biennial Budget for Fiscal year 2008 and 2009.

Ms. Lawson reported that the Recommended Biennial Budget was presented at the April 27, 2007 Board Workshop Meeting, five community meetings throughout Santa Clara County, and at the May 2007 Advisory Committees. The Proposed Budget that will be forwarded to the June 7, 2007 Board of Directors Regular Meeting will include a summary of the comments and recommendations received from the community and VTA Committees.

Ms. Lawson referenced the Proposed Adjustments to the Recommended Biennial Budget as of May 16, 2007, highlighting:

VTA Transit Operating – Revenues

- Increase of \$2.6 million to Transportation Development Act (TDA) Revenues;
- Decrease of \$117,000 to State Operating Grants in FY 2008 and \$267,000 in FY 2009 due to a decrease in available grant funds;
- Increase of \$1.4 million to Materials & Supplies in FY 2008 and \$1.6 million in FY 2009 due to increased parts requirements in order to maintain an aging fleet and an increase in infrastructure rebuild programs;
- Increase of \$86,000 to Security in FY 2008 and decrease \$24,000 in FY 2009 to reflect estimated cost of new Santa Clara County Sheriff's contract; and
- Increase of \$100,000 to Data Processing in FY 2008 for accessible document preparation software and training to facilitate compliance with the Americans with Disabilities Act (ADA).

Chairperson Kerr referenced the increase in Materials and Supplies to maintain VTA's fleet and stressed the importance to purchase new buses for VTA's fleet. Mr. Mikolajczyk responded that the actual overall costs are declining since VTA's mechanic staff is rebuilding the bus engines. Mr. Mikolajczyk continued that the problem is that there is a backlog issue but the engine repairs will payoff in the upcoming years.

Board Member Williams expressed support and stated that the costs will be less in the long-term.

Vice Chairperson Gage expressed concern over the engine overhaul backlog issue and queried if staff has considered outside contracting to assist with the repairs.

Vice Chairperson Gage stressed the importance to attempt to address the current backlog. Dan Smith, Chief Operating Officer, responded that staff is utilizing VTA's reserve fleet during the backlog period and commented that there is no impact to VTA's customers.

Ms. Lawson continued with the Proposed Adjustments to the Recommended Biennial Budget as of May 16, 2007, highlighting:

VTA Transit Capital

- TransLink Ticket Vending Machine (TVM) Integration for \$3.4 million; and
- Security Enhancements for \$1.7 million in FY 2008.

Ms. Lawson continued that the Valley Transportation Plan (VTP) Highway Improvement Program Capital has been previously brought to the Board on a project-by-project basis; however, it would be expedient to include the appropriation for the program with the adoption of the Proposed Biennial Budget. The total appropriation for the identified VTP Highway Improvement Program Projects is \$118 million for FY 2008 and FY 2009. Ms. Lawson stated that 100 percent of the program expenditures are funded by grants or agreements with the appropriate city.

Ms. Lawson stated that the Recommended Biennial Budget includes \$4 million in FY 2008 as a contingency to cover future costs associated with the closeout of the existing 1996 Measure B Transportation Improvement Program (MBTIP) projects.

Michael T. Burns, General Manager, commented that the \$118 million for VTP Highway Improvement Program Projects includes the three Corridor Mobility Improvement Account (CMIA) Program projects, which have been approved by the California Transportation Commission (CTC).

Vice Chairperson Gage stressed the importance and requested that the Board of Directors receive progress reports on a quarterly basis. Ms. Lawson responded that the Administration and Finance (A&F) Committee will receive a Quarterly Revenue and Expense Report.

Edward Mason, Interested Citizen, stated that a list of his comments were forwarded to the Office of the Board Secretary and requested that the list be submitted to VTA's Board of Directors. Ms. Lawson responded that Mr. Mason's list will be included as part of the general questions and comments portion of the Recommended Biennial Budget forwarded to the June 7, 2007 Board of Directors Regular Meeting for consideration.

M/S/C (Gage/Reed) to approve submitting a recommendation to the Board of Directors to review and recommend that the VTA Board of Directors approve the Recommended Biennial Budget for the Fiscal Years 2008 and 2009.

31. Amendment to the Policy Advisory Committee Bylaws Proposed by the Policy Advisory Committee (PAC)

Chairperson Kerr stated that the Policy Advisory Committee (PAC) consists of elected officials and stressed the importance for the Board to take full advantage of the Committee's recommendations.

Jim Lawson, Government Affairs Manager and Staff Liaison, provided a brief overview of the Amendment to the Policy Advisory Committee Bylaws Proposed by the Policy Advisory Committee (PAC). Mr. Lawson commented that the recommendation was proposed by the PAC provides for the following amendments to the PAC bylaws: 1) Amend the quorum requirement from "presence of 9 members" to "presence of a majority of filled membership positions" and 2) Change the votes required to pass an item from "majority of total authorized membership" to "majority of quorum."

Mr. Lawson stated that the PAC is a sixteen-member committee representing the member agencies that comprise VTA, which consists of one elected official from each of the county's 15 cities and one County Board of Supervisor. The PAC bylaws provide for each appointing authority to appoint an alternate member, to serve when the PAC member cannot attend. PAC was established to provide all local jurisdictions within the County the opportunity to have input on the development of VTA policies.

Staff does not recommend the changes since both the County of Santa Clara and VTA have specific quorum and majority vote requirements. All VTA Advisory Committees with the exception of the Committee for Transit Accessibility (CTA) operate under the same quorum and voting policy.

Mr. Lawson stated that even if a quorum may not be present or PAC does not take formal action the Committee still has the opportunity to provide meaningful input to the Board. Mr. Lawson discussed recent examples where a quorum was not present, but the Committee provided significant policy direction including the Community Bus Implementation and Caltrain Capital Needs Study Subcommittee.

Vice Chairperson Gage stressed the importance of committee members' attendance, participation, and commitment to address issues and conduct committee business. Vice Chairperson Gage added that part of the issue is to get members to attend committee meetings.

Chairperson Kerr expressed concern that the PAC requires an unanimous vote of nine to pass an item. Vice Chairperson Gage responded that an unanimous vote of the quorum is required by the Board and stressed the importance for the PAC to provide input to Board of Directors.

Vice Chairperson Gage stressed the importance regarding committee member commitment to their committee and added if members have schedule conflicts or other commitments, then the alternate member may attend. Vice Chairperson Gage added if an issue is important to the member then they will attend committee meetings.

Board Member Reed stressed the importance for the PAC to represent and provide the views of all the cities.

Board Member Williams stressed the importance of committee member commitment in their Advisory Committee and added that members and alternates need to attend their meetings. Board Member Williams noted the importance of taking an oath to serve and if members realize the importance of the committee then members will attend.

M/S/C (Williams/Gage) on a vote of 3 Ayes to 1 Noes to 0 Abstentions to approve submitting a recommendation to the Board of Directors to not make any changes to the Policy Advisory Committee (PAC) bylaws. Chairperson Kerr opposed.

(Agenda Item #31 continued and heard after Agenda Item #29 later on the Agenda.)

21. Authorization for the Preparation of Environmental Compliance Documents for Highway, Transit, and Transit Facility Projects

Michael T. Burns, General Manager, provided a brief overview of the Authorization for the Preparation of Environmental Compliance Documents for Highway, Transit, and Transit Facility Projects. Mr. Burns commented that the intention is to amend the budget authority to execute task order contracts and support services for an increase in the total value for all agreements from \$2,400,000 to \$4,800,000.

M/S/C (Williams/Gage) to approve submitting a recommendation to the Board of Directors to amend the authorization granted to the General Manager on October 7, 2004 to execute task order contracts for the preparation of environmental compliance documents and other environmental support services for highway, transit, and related facility project and approve an increase in the total value for all agreements from \$2,400,000 to \$4,800,000.

22. Lease Agreement with Bright Horizons Children's Centers, Inc. for the Operation and Maintenance of the Tamien Child Care Center

Jim Lawson, Government Affairs Manager and Staff Liaison, provided a brief overview of the Lease Agreement with Bright Horizons Children's Centers, Inc. for the Operation and Maintenance of the Tamien Child Care Center. Mr. Lawson commented that Bright Horizons Children's Center, Inc. has operated the Tamien Child Care Center facility for 12 years at no charge from VTA.

Mr. Lawson stated that staff has re-negotiated an extension of the existing lease for a period of five-years at a rental rate of \$75,000 for the first year and two percent annual escalations in the subsequent years. Mr. Lawson continued that the new five-year lease with Bright Horizons Children's Center, Inc. will include a provision for a six-month notice to vacate the premises if VTA determines the need to use the property for development.

Bright Horizons Children's Center, Inc. will make approximately \$60,000 in improvements to the Tamien Child Care Center facility.

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a Five-Year Lease with Bright Horizons Children's Center for occupancy of the Tamien Child Care Center at a rental

rate of \$75,000 per year with two-percent annual increases and a six-month termination notice.

23. Contract with Mark Thomas & Company, Inc. for Preliminary Engineering, Environmental and Final Design Services for the I-880 Improvement Project (SR 237 to US 101)

John Ristow, Programming & Project Development Deputy Director, provided a brief overview of the Contract with Mark Thomas & Company, Inc. for Preliminary Engineering, Environmental and Final Design Services for the I-880 Improvement Project (SR 237 to US 101). Mr. Ristow commented the project is included in the Corridor Mobility Improvement Account (CMIA) Program projects design phases.

Mr. Ristow stated that the California Transportation Commission (CTC) selected three projects in Santa Clara County and provided CMIA grant funds to the projects, including the I-880 Improvements Project (State Route 237 to US 101). The purpose of the I-880 Improvements Project is to improve the traffic operations through the Route 880 Corridor by widening the mainline from six to eight lanes to provide a new High Occupancy Vehicle (HOV) lane in each direction and extending the existing HOV system from State Route 237 to US 101.

M/S/C (Williams/Gage) on a vote of 3 Ayes to 0 Noes to 1 Abstention to approve submitting a recommendation to the Board of Directors to authorize the General Manager to negotiate and execute a contract with Mark Thomas & Company to provide preliminary engineering, environmental planning and final design services for the I-880 Improvements (State Route 237 to US 101) project for a total contract value not to exceed \$7,500,000 and an initial contract term through August 31, 2011. Board Member Reed abstained.

Board Member Reed left the meeting at 1:08 p.m.

24. Contract with HMM Engineers for Preliminary Engineering, Environmental and Final Design services of US 101 Operational Improvements Project (I-280/680 to Tully Road)

John Ristow, Programming & Project Development Deputy Director, provided a brief overview of the Contract with HMM Engineers for Preliminary Engineering, Environmental and Final Design services of US 101 Operational Improvements Project (I-280/680 to Tully Road). Mr. Ristow commented the project is included in the Corridor Mobility Improvement Account (CMIA) Program projects design phases.

Mr. Ristow stated that the purpose of the US 101 Operational Improvements Project is to improve the overall operations on US 101 in East San Jose by eliminating the mainline traffic bottlenecks and merging and weaving conflicts at the Tully Road Interchange and improve safety.

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to negotiate and execute a contract with HMM Engineers to provide preliminary engineering, environmental planning and final design services for the US 101

Operational Improvements Project (I-280/680 to Tully Road), for a total contract value not to exceed \$6,000,000 and an initial contract term through December 31, 2009.

25. **Contract with URS Corporation for Preliminary Engineering and Environmental of the US 101 Improvements Project – SR 85 to Embarcadero Road**

John Ristow, Programming & Project Development Deputy Director, provided a brief overview of the contract with URS Corporation for Preliminary Engineering and Environmental of the US 101 Improvements Project – SR 85 to Embarcadero Road. Mr. Ristow commented the project is included in the Corridor Mobility Improvement Account (CMIA) Program projects design phases.

Mr. Ristow stated that the purpose of the US 101 Improvements Project from State Route 85 to Embarcadero Road is to improve the overall operations on US 101 over the length of the approximately 3.2 mile segment, add auxiliary lanes in each direction along US 101 from State Route 85 to Embarcadero Road in Santa Clara County. The project complements the adjoining project in San Mateo County, adding auxiliary lanes between the Embarcadero Road and March Road.

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to negotiate and execute a contract with URS Corporation to provide preliminary engineering and environmental planning services for the US 101 Improvements Project – State Route 85 to Embarcadero Road, for a total contract value not to exceed \$2,500,000 and an initial contract term through December 31, 2009.

26. **Contract Amendment with Mark Thomas & Company, Inc. Preliminary Engineering and Environmental Document I-280/I-880/Stevens Creek Boulevard Interchange Project**

John Ristow, Programming & Project Development Deputy Director, provided a brief overview of the Contract Amendment with Mark Thomas & Company, Inc. (MTCO) Preliminary Engineering and Environmental Document I-280/I-880/Stevens Creek Boulevard Interchange Project. Mr. Ristow commented that staff recommends amending the existing contract with MTCO to provide the services required to complete the Project Study Report (PSR) to evaluate project alternatives and add additional services for completion of the PSR, Preliminary Engineering (PE), and environmental studies to fully identify the project scope, cost, and schedule and approve the project.

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to execute a contract amendment with Mark Thomas & Company, Inc. for Preliminary Engineering and Environmental Document services for the I-280/I-880/Stevens Creek Interchange Project, increasing the approved contract value by \$2,330,000 for a new contract value of \$2,816,025; and extending the term of the contract through December 31, 2010.

27. **Contract Amendment with URS Corporation for Preliminary Engineering and Environmental Phase of the US 101 Widening Project, from Monterey Road to SR 129**

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to negotiate and execute a contract amendment with URS Corporation increasing the contract value by \$3,900,000 to perform preliminary engineering and environmental services for the US 101 Widening Project, from Monterey Road to State Route 129 for a total contract value of \$4,650,000 and extending the contract term through August 31, 2010.

28. Amendments to SCVTA – ATU Pension Plan

Bill Lopez, Chief Administrative Officer, provided a brief overview of the Amendments to SCVTA – ATU Pension Plan. Mr. Lopez commented that Assembly Bill (AB) 1064 added Section 99159 to the Public Utilities Code (PUC) relating to the administration of public transit district pension plans. AB 1064 requires equal representation of labor and management on public transit district pension plans.

Mr. Lopez stated that discussions were held with representatives of VTA and the Amalgamated Transit Union (ATU) Local 265 in an effort to reach agreement on how to amend the Pension Plan to implement the provisions of AB 1064. Unfortunately, an agreement could not be reached so ATU filed a grievance regarding the implementation of the unions proposed changes.

Mr. Lopez continued that a settlement could not be reached in the grievance so ATU filed a lawsuit in the Superior Court of the State of California, Santa Clara County, in ATU v. SCVTA in a petition to compel arbitration. The Court directed VTA and ATU representatives to attempt to reach a settlement; therefore, a proposed settlement including proposed amendments to the Pension Plan was reached between the parties.

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to approve amendments to the Santa Clara Valley Transportation Authority (VTA) - Amalgamated Transit Union (ATU) Pension Plan.

29. VTA Appointments to SCVTA – ATU Pension Plan Board of Pensions

Bill Lopez, Chief Administrative Officer, provided a brief overview of the VTA Appointments to SCVTA – ATU Pension Plan Board of Pensions. Mr. Lopez commented that Gerald A. Rosenquist, former Chairperson to the Board of Pensions, will be appointed as the jointly-selected seventh Pension Board member.

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to adopt a resolution designating positions from which VTA's appointees to the Santa Clara Valley Transportation Authority (VTA) - Amalgamated Transit Union (ATU) Pension Plan Board of Pensions will be made, and authorize the General Manager to make those appointments. Additionally, authorize the General Manager to appoint Gerald A. Rosenquist, former Chairperson to the Board of Pensions, as the jointly-selected seventh Pension Board member.

31. Amendment to the Policy Advisory Committee Bylaws Proposed by the Policy Advisory Committee (PAC) (continued)

Chairperson Kerr requested that staff apply an amendment to the PAC bylaw recommendation to be forwarded to the June 7, 2007 Board of Directors Regular Meeting to allow cities to opt out on a temporary basis from the PAC so that the cities do not count as part of the quorum requirements. Suzanne B. Gifford, Legal Counsel, responded that a revised Board Memorandum would be forwarded to the June 7, 2007 Board of Directors meeting reflecting the change in the Alternatives portion of the memorandum.

30. Amendments to 457 Deferred Compensation Plan and 401 (a) Money Purchase Plans

Bill Lopez, Chief Administration Officer, provided a brief overview of the Amendments to 457 Deferred Compensation Plan and 401 (a) Money Purchase Plans. Mr. Lopez commented that VTA offers a pre-tax savings plan for all employees under Internal Revenue Code Section 457. VTA's 457 Deferred Compensation Committee oversees the 457 Plan and the Plan is funded entirely through employee contributions.

Mr. Lopez commented that VTA's Money Purchase Plan for Non-Represented employees and for employees represented by American Federation of State, County, and Municipal Employees (AFSCME) is a pre-tax savings plan under Internal Revenue Code Section 401(a).

Mr. Lopez stated that the 457 Plan and the 401(a) Plans are periodically revised to incorporate changes in tax laws and to incorporate needed administrative changes and clarifications.

Mr. Lopez referenced the changes made to the 457 Plan to bring it in to compliance with the regulations and for administrative purposes, highlighting:

- Changing the Committee representation from six members to seven members, adding one AFSCME representative;
- Clarifying the meaning of distribution;
- Clarifying the meaning of beneficiary, beneficiary designations, and beneficiary distribution methods;
- Clarifying that beneficiaries are not eligible for emergency withdrawals and requiring the liquidation of rolled over assets prior to application for emergency withdrawal;
- Requiring that the principal residence be within the state of California when applying for a principal residence loan;
- Revising the loan interest rate provision for participants on active military service;
- Clarifying plan transfer provisions;
- Adding a provision for non-spouse beneficiaries to transfer funds to an inherited IRA;
- Adding a provision allowing in-service plan-to-plan transfers to purchase defined benefit plan credit for periods for which there is no performance of actual service ("airtime").

Mr. Lopez referenced the changes made to the 401(a) Plans to bring it in to compliance with the regulations and for administrative purposes, highlighting:

- Clarifying the meaning of beneficiary, beneficiary designations, and beneficiary distribution methods;
- Clarifying rollover provisions;
- Clarifying the provision allowing in-service plan-to-plan transfers to purchase defined benefit plan credit for periods for which there is no performance of actual service (“airtime”);
- Deleting joint and survivor annuity and retirement survivor annuity distribution requirements;
- Requiring that the principal residence be within the state of California when applying for a principal residence loan;
- Revising the loan interest rate provision for participants on active military service.

M/S/C (Gage/Williams) to approve submitting a recommendation to the Board of Directors to authorize amendments to VTA’s 457 Deferred Compensation Plan and 401 (a) Money Purchase Plans to incorporate provisions authorized or mandated by federal regulations and to make clarifications to certain administrative provisions of the Plans.

OTHER ITEMS

32. Items of Concern and Referral to Administration

Chairperson Kerr requested that staff apply an amendment to the PAC bylaw recommendation to be forwarded to the June 7, 2007 Board of Directors Regular Meeting to allow cities to opt out on a temporary basis from the PAC so that the cities do not count as part of the quorum requirements.

Vice Chairperson Gage stressed the importance and requested that the Board of Directors receive updates and progress reports on a quarterly basis regarding VTA’s finances.

33. Committee Work Plan

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

34. Committee Staff Report

Jim Lawson, Government Affairs Manager and Staff Liaison, announced the Administration and Finance (A&F) Committee Special Meeting regarding the Organizational Assessment Implementation Plan scheduled on May 23, 2007 at San Jose City Hall.

Michael T. Burns, General Manager, stated that the intent of the May 23, 2007 A&F Special Meeting is to discuss and review the future workplan of the Organizational Assessment Implementation Plan, which will be presented to the Board of Directors at

the
June 7, 2007 Regular Meeting.

Chairperson Kerr asked if the A&F Committee Special Meeting will include information on VTA's bond indebtedness. Mr. Burns responded, "yes."

Mr. Burns commented that the Board direction is that the A&F Committee would be responsible to represent the Board of Directors at the working level regarding VTA's Organizational and Financial Assessment Implementation Plan. Mr. Burns stated that staff's intention is to reduce VTA's bond indebtedness by utilizing the funding reimbursement received from the State for the BART Project Preliminary Engineering.

Vice Chairperson Gage stressed the importance for the workplan to include information on the tasks, key issues, date line, and other relevant information.

35. Chairperson's Report

Chairperson Kerr commented that he is currently working with staff on clarification regarding the hydrogen fueling stations and adding an environmental component to the project.

Vice Chairperson Gage stressed the importance for VTA not to move forward ahead of a plan that does not comply with San Jose's Land Use Policy. Michael T. Burns, General Manager, responded that the discussion will be forwarded to the Board of Directors before final action is considered.

36. Determine Consent Agenda for the June 7, 2007 Board Meeting

CONSENT: Agenda Item # 13., Adopt a support position for AB 256 (Huff), AB 945 (Carter), and SB 445 (Torlakson); and further, adopt an oppose position for SB 204 (Dutton); **Agenda Item # 14.,** Authorize the General Manager to submit federal Fiscal Year 2007 grant applications and execute grant agreements with the Federal Transit Administration (FTA) for Section 5307 Urbanized Area Formula; and Section 5309 New Starts, Fixed Guideway, and Bus/Bus Facility funds; **Agenda Item # 15.,** Adopt a resolution authorizing the filing of an annual claim to the Metropolitan Transportation Commission (MTC) for allocation of FY 2008 Transportation Development Act (TDA) and State Transit Assistance (STA) funds; **Agenda Item #16.,** Authorize staff to submit an application for \$1 million in Transportation, Community and System Preservation (TCSP) Program funds (§1117 of Pub L. 109-59) for conceptual engineering and environmental clearance for the realignment of State Route 152, and if successful in obtaining funds, authorize the General Manager to enter into all necessary agreements with Caltrans and/or the Federal Highway Administration (FHWA) to accept the grant; **Agenda Item # 17.,** Authorize the General Manager to execute an agreement with MFS Investment Management (MFS) and terminate the agreement with Pyramis Global Advisors (Pyramis) for the management of the International Growth Equity Index Fund portfolio of the Valley Transportation Authority (VTA)/Amalgamated Transit Union (ATU) Pension Plan assets; **Agenda Item # 18.,** Authorize staff to submit applications to the "Intelligent Transportation Systems Operational Testing to Mitigate Congestion" (ITS-OTMC), "Value Pricing Pilot (VPPP) Program" and the "Discretionary Bus and Bus Facilities Program" grant programs for the Silicon Valley

Comprehensive Mobility Initiative. Authorize the General Manager to enter into all necessary agreements with the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), Caltrans and Metropolitan Transportation Commission (MTC) to accept and use these grants; **Agenda Item #21.**, Amend the authorization granted to the General Manager on October 7, 2004 to execute task order contracts for the preparation of environmental compliance documents and other environmental support services for highway, transit, and related facility project and approve an increase in the total value for all agreements from \$2,400,000 to \$4,800,000; **Agenda Item #22.**, Authorize the General Manager to execute a Five-Year Lease with Bright Horizons Children's Center for occupancy of the Tamien Child Care Center at a rental rate of \$75,000 per year with two-percent annual increases and a six-month termination notice; **Agenda Item # 23.**, Authorize the General Manager to negotiate and execute a contract with Mark Thomas & Company to provide preliminary engineering, environmental planning and final design services for the I-880 Improvements (State Route 237 to US 101) project for a total contract value not to exceed \$7,500,000 and an initial contract term through August 31, 2011; **Agenda Item # 24.**, Authorize the General Manager to negotiate and execute a contract with HMH Engineers to provide preliminary engineering, environmental planning and final design services for the US 101 Operational Improvements Project (I-280/680 to Tully Road), for a total contract value not to exceed \$6,000,000 and an initial contract term through December 31, 2009; **Agenda Item #25.**, Authorize the General Manager to negotiate and execute a contract with URS Corporation to provide preliminary engineering and environmental planning services for the US 101 Improvements Project – State Route 85 to Embarcadero Road, for a total contract value not to exceed \$2,500,000 and an initial contract term through December 31, 2009; **Agenda Item #26.**, Authorize the General Manager to execute a contract amendment with Mark Thomas & Company, Inc. for Preliminary Engineering and Environmental Document services for the I-280/I-880/Stevens Creek Interchange Project, increasing the approved contract value by \$2,330,000 for a new contract value of \$2,816,025; and extending the term of the contract through December 31, 2010; **Agenda Item #27.**, Authorize the General Manager to negotiate and execute a contract amendment with URS Corporation increasing the contract value by \$3,900,000 to perform preliminary engineering and environmental services for the US 101 Widening Project, from Monterey Road to State Route 129 for a total contract value of \$4,650,000 and extending the contract term through August 31, 2010; **Agenda Item #28.**, Approve amendments to the Santa Clara Valley Transportation Authority (VTA) - Amalgamated Transit Union (ATU) Pension Plan; **Agenda Item #29.**, Adopt a resolution designating positions from which VTA's appointees to the Santa Clara Valley Transportation Authority (VTA) - Amalgamated Transit Union (ATU) Pension Plan Board of Pensions will be made, and authorize the General Manager to make those appointments. Additionally, authorize the General Manager to appoint Gerald A. Rosenquist, former Chairperson to the Board of Pensions, as the jointly-selected seventh Pension Board member; and **Agenda Item #30.**, Authorize amendments to VTA's 457 Deferred Compensation Plan and 401 (a) Money Purchase Plans to incorporate provisions authorized or mandated by federal regulations and to make clarifications to certain administrative provisions of the Plans.

REGULAR: Agenda Item # 19. Review and recommend that the VTA Board of Directors approve the following actions: 1) Invoke an exemption under CEQA, P.R.C. §21083 and CEQA Guidelines Section 15061(b)(3) for the purpose of establishing and modifying fares; and 2) Adopt a resolution establishing rates and fares for VTA bus, light rail, and paratransit services effective July 1, 2007; **Agenda Item # 20.** Review and recommend that the VTA Board of Directors approve the Recommended Biennial Budget for the Fiscal Years 2008 and 2009; and **Agenda Item #31.** Consider the following amendments to the Policy Advisory Committee (PAC) bylaws proposed by the PAC: 1) Amend the quorum requirement from “presence of 9 members” (majority of total authorized membership) to “presence of a majority of filled membership positions” and 2) Change the votes required to pass an item from “majority of total authorized membership” to “majority of quorum”; and further, advise staff which, if any, of these proposed or other modifications to the PAC bylaws the Board wants submitted for formal adoption at a subsequent meeting.

37. Announcement

There were no Announcements.

38. ADJOURNMENT

On order of Chairperson Kerr, there being no objection, the Committee meeting was adjourned at 1:30 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Board of Directors