

ADMINISTRATION & FINANCE COMMITTEE

Thursday, November 15, 2007

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 Vice Chairperson Gage in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

ROLL CALL

Members Present

Don Gage, Vice Chairperson
Chuck Reed
Forrest Williams

Members Absent

Breene Kerr, Chairperson

Alternates Present

None

Alternates Absent

Dominic Caserta
Kansen Chu
Pete McHugh

* Alternates do not serve unless participating as a Member.

A quorum was present.

2. PUBLIC PRESENTATIONS

Jerry Grace, Interested Citizen, queried about the role of the Americans with Disabilities Act (ADA) to the Valley Transportation Plan (VTP) 2035. Michael T. Burns, General Manager, directed staff to address Mr. Grace's concerns.

3. ORDERS OF THE DAY

Vice Chairperson Gage requested that Agenda Item #8., First Quarter FY 2008 Report of Public Liability/Property Damage Claims Activity, be removed from the Consent Agenda and placed on the Regular Agenda.

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

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

CONSENT AGENDA

4. **Regular Meeting Minutes of October 18, 2007**

M/S/C (Reed/Williams) to approve the Regular Meeting Minutes of October 18, 2007.

5. **Report on Santa Clara Valley Transportation Authority Investments for the Month of September and Quarter Ending September 2007**

M/S/C (Reed/Williams) to review the Report on Santa Clara Valley Transportation Authority Investments for the Month of September and Quarter ending September 2007.

6. **Quarterly Purchasing Report**

M/S/C (Reed/Williams) to review the Quarterly Purchasing Report.

7. **Fiscal Year 2008 Quarterly Statement of Revenues and Expenses for the Period Ending September 30, 2007**

M/S/C (Reed/Williams) to review the Fiscal Year 2008 Quarterly Statement of Revenues and Expenses for the Period Ending September 30, 2007.

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

Review the First Quarter FY 2008 Report of Public Liability/Property Damage Claims Activity.

9. **Triennial Performance Audit – Transportation Development Act (TDA) Fiscal Years 2004 through 2006**

M/S/C (Reed/Williams) to review the Triennial Performance Audit – Transportation Development Act (TDA) Fiscal Years 2004 through 2006.

10. **Monthly Legislative History Matrix**

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

11. **Citizens Advisory Committee (CAC) Appointment**

M/S/C (Reed/Williams) to appoint Norman Kline to the Citizens Advisory Committee (CAC) position representing pedestrians.

REGULAR AGENDA

8. First Quarter FY 2008 Report of Public Liability/Property Damage Claims Activity

Jerry Grace, Interested Citizen, requested staff to explain the First Quarter FY 2008 Report of Public Liability/Property Damage Claims Activity. Nancy G. Eksterowicz, Risk Manager, responded that the report is about the status of claims made against VTA by members of the public. She noted that in the previous quarter, VTA received 165 claims.

M/S/C (Williams/Reed) to review the First Quarter FY 2008 Report of Public Liability/Property Damage Claims Activity.

12. First Quarter FY 2008 Report of Workers' Compensation Claims and Transitional Work Program

Nancy G. Eksterowicz, Risk Manager, provided a brief background about VTA's Workers' Compensation benefits. She noted that VTA utilizes the services of Tristar Risk Management as a third party administrator for claims adjusting.

Ms. Eksterowicz reported on the First Quarter Comparison that highlighted the following: 1) 13 percent decrease in Workers' Compensation claims; 2) Decrease in lost workdays for new reported claims; and 3) Payments decreased by \$499,976 or 31 percent. She stated that the positive trends were attributed by the new model for administering Workers' Compensation claims that was authorized by the Board of Directors.

Ms. Eksterowicz reported that the Transitional Work Program has produced savings for industrial injury temporary disability payments of \$67,814.

Vice Chairperson Gage queried about staff's plan of action to resolve the shoulder and back injury of employees. Ms. Eksterowicz responded that VTA has invested in the following training and programs that would educate employees to avoid injuries: 1) Ergonomic bus operator seats; 2) Ergonomic and Health Training; 3) Back Injury Prevention Training; 4) Pilot Fitness Program; and 5) Ongoing Educational Programs.

Member Reed expressed appreciation regarding the new model for administering Workers' Compensation claims that dramatically decreased claims against VTA as reflected in the report. Jerry Mikolajczyk, Chief Financial Officer, stated that the decrease in the number of claims resulted in significant liability savings. He noted that the savings made were integrated to VTA's reserves.

Member Williams inquired about the workers that are prone to injuries and the type of injury they obtain. Ms. Eksterowicz responded that bus operators have more risk of getting injured on the job and they usually injure their shoulders and back. She added that bus operators are being trained to drive without putting stress on their back and shoulders.

Member Williams recommended using cameras in the coaches to monitor bus operators while driving. Michael T. Burns, General Manager, responded that staff together with a third party administrator reviews each claim and determines ways to improve the working condition of bus operators. Mr. Burns referenced the decrease in the number of Lost Work Days as evidence that the ongoing educational programs are effective in reducing injuries.

Vice Chairperson Gage recommended having supervisors observe the way bus operators drive to determine the main cause of the injuries.

M/S/C (Reed/Williams) to review the First Quarter FY 2008 Report of Workers' Compensation Claims and Transitional Work Program.

13. Amendment of the Investment Policy for Unrestricted and Restricted Funds

Carol Lawson, Fiscal Resources Manager, reported on the following recommended changes to the Investment Policy: 1) Eliminate diversification limits for bond related funds; 2) Amend review and reporting requirements; and 3) Minor changes to Mutual Fund and Commercial Paper limits to insure compliance with California Government Code Section 53601.

Ms. Lawson reported on the diversification requirements of bond related funds. She noted that staff recommends amending the Investment Policy to exclude bond related funds from diversification requirements.

Ms. Lawson reported on the reporting requirements and explained that staff recommends amending the Investment Policy to remove the detailed quarterly reporting requirements and adding a requirement that the Chief Financial Officer review the Investment Policy annually so that only future amendments would be reviewed and approved by the Board of Directors.

Member Williams inquired about the risk involved in amending the Investment Policy. Ms. Lawson explained the practical impacts of the amended Investment Policy and stated that there are no risks in the recommended changes.

Member Williams requested information on situations that would require the Board of Directors to revisit the Investment Policy. Ms. Lawson responded that amendments to the California Government Code causes changes in the Investment Policy that would require Board approval.

Member Williams stressed the importance of ensuring that VTA's investments remain secured with the amended Investment Policy. Jerry Mikolajczyk, Chief Financial Officer, responded that the amended Policy Investment would incur savings on the following: 1) Cost to produce documents; 2) Staff time to prepare the documents; and 3) Board of Directors time to review the information.

Member Reed expressed concern regarding the recommended changes to the reporting requirements. Ms. Lawson responded that the Board of Directors would continue to

receive the following reports: Market Value and Performance against the benchmark for all of the portfolios. She noted that the only change is the removal of the detailed quarterly report.

Member Reed recommended changing the language of the memorandum to include the General Manager or Internal Auditor among the individuals who will review the report on a quarterly basis. Suzanne Gifford, General Counsel, clarified that the inclusion of the General Manager or Internal Auditor to receive the detailed quarterly report is part of VTA's process of reviewing the report. She added that amending the language in the memorandum will formalize the process. Ms. Lawson responded that the language in the memorandum will be updated to reflect the inclusion of the General Manager or Internal Auditor to review the quarterly detailed report.

Member Reed expressed concern regarding the availability of the quarterly detailed report to the public. Ms. Lawson responded that the report is a public record and members of the public can request to review it.

M/S/C (Williams/Reed) to approve submitting a recommendation to the Board of Directors to approve recommended changes to the Investment Policy for Unrestricted and Restricted Funds as amended.

14. Non-Represented Employees Benefits Program

Bill Lopez, Chief Administrative Officer, reported that changes were made to the benefits offered to Service Employees International Union (SEIU), Transportation Authority Engineers and Architects Association (TAEA), and American Federation of State, County and Municipal Employees (AFSCME) represented employees. He stated that it is recommended that similar changes be implemented for non-represented employees.

Mr. Lopez enumerated the following changes to the Benefits Program of non-represented employees: 1) Non-Represented employees hired on or after 2/11/08 must have eight years of VTA service to be eligible for retiree medical coverage; 2) Effective 2/11/08, the sick leave and scheduled time off accrual and usage rules recently adopted for AFSCME represented employees will be implemented; and 3) Effective 5/19/08, medical premium contributions for all active Non-Represented employees shall be increased from \$25 to \$35 per month, plus any premium in excess of the lowest-cost monthly premium.

M/S/C (Williams/Reed) to approve submitting a recommendation to the Board of Directors to approve benefits program changes for Non-Represented employees.

15. Caltrans' Planning Grant for the Eastridge Transit Center Access Plan

Casey Emoto, Transportation Engineering Manager, provided a brief report about the Eastridge Transit Center Access Plan that highlighted the following: 1) Eastridge Transit Center is in a community of mixed income and cultures; 2) Second busiest transfer point in the VTA system; and 3) The Plan will identify projects that will improve access to the transit center from neighboring Environmental Justice communities.

Jerry Grace, Interested Citizen, inquired about the schedule to complete the Eastridge Transit Center Access Plan. Mr. Emoto responded that the study will start the summer of 2008 and would take nine months to complete.

Mr. Grace queried if the Eastridge Transit Center Access Plan would extend to Downtown San José. Michael T. Burns, General Manager, responded that in the existing plan, Light Rail would operate from the Eastridge Transit Center to Alum Rock where it would connect with the existing line that goes to downtown San José.

M/S/C (Williams/Reed) to approve submitting a recommendation to the Board of Directors to adopt a resolution authorizing the filing and execution of an Environmental Justice Planning grant application for the Eastridge Transit Center Access Plan and authorize the General Manager to enter into a fund transfer cooperative agreement with Caltrans.

16. Cooperative Agreements with the City of San José for Funding for the US 101 Operational Improvement Project (Yerba Buena Road to I-280)

Casey Emoto, Transportation Engineering Manager, provided a brief report that highlighted the following: 1) California voters approved Proposition 1B that would provide \$19.9 billion for transportation improvements; 2) California Transportation Commission (CTC) selected three projects in the Santa Clara County and provided \$187 million in Corridor Mobility Improvement Account (CMIA) bond funds; and 3) Costs of the US 101 Operational Improvements Project.

Mr. Emoto noted that VTA is partnering with the City of San José. He added that the City of San José would provide \$10 million to fund the Plans, Specifications and Estimates (PS&E) development, Right of Way (ROW) engineering and the planned construction phase of the project.

M/S/C (Williams/Reed) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a cooperative agreement with the City of San José specifying funding and project development responsibilities for the US 101 Operational Improvements Project (Yerba Buena Road I-280).

17. SamTrans Transfer Agreement

Ali Hudda, Fiscal Resources Manager, provided a brief report about the updated transfer agreement between VTA and SamTrans. He noted that the new agreement would eliminate the requirement for additional fare payments and any monthly pass or day pass will be valid on both systems within the City of Palo Alto and Menlo Park.

Vice Chairperson Gage inquired about the existing agreement between VTA and SamTrans. Michael T. Burns, General Manager, responded that in the existing agreement patrons boarding in Menlo Park to ride into Santa Clara County would require both VTA and SamTrans fare. Mr. Hudda stated that with the new agreement, both VTA and SamTrans would honor each other's monthly and day passes.

Jerry Grace, Interested Citizen, expressed concern regarding the cost of the required transfer from VTA to a SamTrans bus. Mr. Hudda explained that the new agreement would eliminate additional cost.

Mr. Grace expressed concern whether the new agreement would honor the transit sticker that he receives. Mr. Hudda responded that he would discuss that issue with Mr. Grace offline.

M/S/C (Williams/Reed) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a revised transfer agreement with the San Mateo County Transit District (SamTrans).

18. 2008 Federal Legislative Program

Kurt Evans, Federal and State Government Affairs Manager, reported that the 2008 Federal Legislative Program is divided into the following 10 sections: 1) Federal Transportation Appropriations; 2) Highway Trust Fund; 3) Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Reauthorization; 4) Public Transit Security; 5) New Starts Program; 6) Small Starts Program; 7) Public-Private Partnerships; 8) Energy and Climate Change; 9) Amtrak; and 10) High-Speed Rail.

Mr. Evans provided a report about the two new sections in the 2008 Federal Legislative Program which are the following: SAFETEA-LU Reauthorization; and Public-Private Partnerships.

Mr. Evans reported that the remaining eight carry-over sections were updated to reflect the most current information. He provided a brief description for each section.

Vice Chairperson Gage inquired about the High-Speed Rail section. Mr. Evans responded that there is no established program in the federal level that would fund High-Speed Rail projects.

Member Williams inquired if the BART Project is included in the 2008 Federal Legislative Program. Mr. Evans responded that staff would consider seeking appropriation for the BART Project in year 2010, when it is in the final design phase. He added that staff would monitor the notice of proposed rule making for the New Starts Program so that the BART Project would qualify for funding.

Member Williams stressed the importance of the BART Project to the County. Mr. Evans responded that the following should occur to consider the BART Project for funding: 1) Greater recognition in the evaluation of the rating process; 2) Federal Transportation Administration's (FTA) evaluation on the cost effectiveness of projects should be based on the value of the federal investment on the project. Michael T. Burns, General Manager, compared a project in Charlotte, North Carolina that requires \$250 million in funding with an estimated ridership of 8,000, to VTA's project that would require \$750 million with an estimated ridership of 100,000. He noted that VTA's approach is a better investment for federal money.

Member Reed inquired about the timeframe regarding the notice of proposed rule making. Mr. Evans responded that due to some unaddressed issues, the Congress is now involved with FTA in finalizing the rule making process. He added that this process might rollover to FY 2009. Mr. Burns noted the possibility exists that the process will not get finalized before the Reauthorization Bill.

Member Reed requested staff to prepare the 2008 Federal Legislative Program for his endorsement when he goes to Washington D.C.

M/S/C (Williams/Reed) to approve submitting a recommendation to the Board of Directors to approve the 2008 Federal Legislative Program for the Santa Clara Valley Transportation Authority (VTA).

OTHER ITEMS

19. Electronic Document Management System (EDMS) Pilot Project Assessment

Bill Lopez, Chief Administrative Officer, provided a report that highlighted the following topics: 1) Background; 2) Time for Distribution of Documents; 3) Document Retrieval; 4) Copy Center Count of Copies; 5) Contract Closeout Document Reconciliation; and 6) Tracking Distribution of Documents to External Sources.

Member Reed commented that labor cost savings was not included in the report. Mr. Lopez responded that detailed labor cost savings are still being determined. He noted the Document Retrieval process as one of the areas that would provide significant labor cost savings.

Jerry Mikolajczyk, Chief Financial Officer, stressed the effectiveness of the EDMS in producing cost savings. He cited the Silicon Valley Rapid Transit (SVRT) billing as an example and stated that the process to collect funds took two months and two extra staff. He noted that with EDMS, the process would only take 10 days to complete with minimal labor costs.

Member Williams commented that the report should reflect the savings that would be incurred with the implementation of the EDMS. Mr. Lopez responded that a more detailed report will be forwarded to the Committee upon the completion of the assessment.

Vice Chairperson Gage inquired if the EDMS would be implemented throughout the agency. Mr. Mikolajczyk responded that it will be utilized agency wide.

Member Reed expressed concern regarding the exclusion of labor cost savings in the report. Mr. Burns stated that the implementation of the EDMS would incur costs and at the same time substantiate labor cost savings.

M/S/C (Reed/Williams) to receive the Electronic Document Management System (EDMS) Pilot Project Assessment.

20. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

21. Committee Work Plan

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

22. Committee Staff Report

Jim Lawson, Government Affairs Manager and Staff Liaison, provided a brief report, highlighting: 1) The January 14, 2008 implementation of the Comprehensive Operations Analysis (COA) and staff's public outreach efforts; 2) Cancellation of the November 30, 2007 Board of Directors Workshop Meeting; and 3) Next Board of Directors meeting is on December 13, 2007 at 9:00 a.m.

23. Chairperson's Report

Vice Chairperson Gage expressed his appreciation to serve as the Chair for the meeting.

24. Determine Consent Agenda for the December 13, 2007 Board Meeting

CONSENT: Agenda Item # 11., Appoint Norman Kline to the Citizens Advisory Committee (CAC) position representing Pedestrians; **Agenda Item # 13.**, Approve changes to the Investment Policy for Unrestricted and Restricted Funds; **Agenda Item # 14.**, Approve benefits program changes for Non-Represented employees; **Agenda Item # 15.**, Adopt a resolution authorizing the filing and execution of an Environmental Justice Planning grant application for the Eastridge Transit Center Access Plan and authorize the General Manager to enter into a fund transfer cooperative agreement with Caltrans; **Agenda Item # 16.**, Authorize the General Manager to execute a cooperative agreement with the City of San Jose specifying funding and project development responsibilities for the US 101 Operational Improvements Project (Yerba Buena Road to I-280); **Agenda Item # 17.**, Authorize the General Manager to execute a revised transfer agreement with the San Mateo County Transit District (SamTrans); and **Agenda Item # 18.**, Approve the 2008 Federal Legislative Program for the Santa Clara Valley Transportation Authority (VTA).

REGULAR: None

25. Announcement

There were no Announcements.

26. ADJOURNMENT

On order of Vice Chairperson Gage, there being no objection, the Committee meeting was adjourned at 1:07 p.m.

Respectfully submitted,

Michael Diaresco, Board Assistant
VTA Board of Directors