



## ADMINISTRATION & FINANCE COMMITTEE

Thursday, January 17, 2008

### MINUTES

#### 1. CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:07 p.m. by Chairperson Williams in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

#### ROLL CALL

##### Members Present

Chuck Reed  
Forrest Williams

##### Members Absent

David Casas  
Don Gage

##### Alternates Present

None

##### Alternates Absent

David Cortese  
Pete McHugh  
Chris Moylan

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

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

Chairperson Williams removed the following Agenda Items from the Agenda: Agenda Item #2., Closed Session and Agenda Item #3., Closed Session Report.

#### 2. ADJOURN TO CLOSED SESSION

Conference with Labor Negotiators  
[Government Code Section 54957.6]

##### VTA Designated Representatives:

Jerry Mikolajczyk, Chief Financial Officer  
Bill Lopez, Chief Administrative Officer  
Robert Escobar, Manager, Office of Employee Relations

##### Employee Organization:

Amalgamated Transit Union (ATU)

There was no Closed Session.

#### 3. CLOSED SESSION REPORT

There was no Closed Session Report.

**4. PUBLIC PRESENTATIONS**

There were no Public Presentations.

**5. ORDERS OF THE DAY**

Chairperson Williams removed the following Agenda Items from the Agenda: Agenda Item #2., Closed Session and Agenda Item #3., Closed Session Report.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole accepted the Orders of the Day.

**CONSENT AGENDA**

**6. Regular Meeting Minutes of November 15, 2007**

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole deferred the Regular Meeting Minutes of November 15, 2007.

**7. Regular Meeting Minutes of December 20, 2007**

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole received and filed the Regular Meeting Minutes of December 20, 2007.

**8. 2007 Year End Attendance Report**

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole reviewed the 2007 Year End Attendance Report.

**9. 2008 Administration and Finance Committee (A&F) Meeting Schedule**

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole deferred the 2008 Administration and Finance Committee (A&F) Meeting Schedule.

**10. Report on Santa Clara Valley Transportation Authority Investments for the Month of November 2007**

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole reviewed the Report on Santa Clara Valley Transportation Authority Investments for the Month of November 2007.

**11. Monthly Legislative History Matrix**

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole reviewed the Monthly Legislative History Matrix.

**12. Bicycle and Pedestrian Advisory Committee (BPAC) Appointment**

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to ratify the appointment of Lane Parker to the Bicycle and Pedestrian Advisory Committee (BPAC) representing the City of San José for the term ending June 30, 2008.

**REGULAR AGENDA**

**13. Election of Vice Chairperson for 2008**

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole deferred the Election of Vice Chairperson for 2008.

**14. VTA Sustainability Program**

John H. Ristow, Chief CMA Officer, introduced Tom Fitzwater, Environmental Planning Manager, who provided an overview on VTA Sustainability Program. Mr. Fitzwater reported that VTA is implementing programs for the conservation of natural resources, the reduction of Greenhouse Gas (GHG) emissions, the prevention of pollution and the use of renewable energy and materials. He noted that the Board approved a total of \$3 million for “green sustainability facility improvements” in the FY 2008 and FY 2009 Budget. The purpose of the project is to assess and implement improvements at VTA facilities to address issues of environmental concern and energy efficiency.

Chairperson Williams asked if the Sustainability Program logo is VTA’s trademark. Suzanne B. Gifford, Legal Counsel, responded that VTA’s service mark is a registered trademark and stated that it is not a requirement to register the Sustainability Program logo.

Michael Ludwig, Interested Citizen, expressed his support of VTA Sustainability Program. Mr. Ludwig stated that the program is good for the environment and noted savings to VTA in the future by implementing the program within the organization.

Board Member Reed inquired about Biodiesel fuel. John H. Ristow, Chief CMA Officer, responded that VTA is exploring the uses and will forward the information to the Board of Directors.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to approve the VTA Sustainability Program.

**15. Caltrain Right-of-Way Payment Schedule**

Jim Lawson, Senior Policy Advisor, provided an overview on the Caltrain Right-of-Way Payment Schedule. Mr. Lawson reported that the Peninsula Corridor Joint Powers Authority (PCJPA) operates Caltrain, the commuter rail service from Gilroy to San Francisco. The PCJPA is a partnership of the following three member agencies: Valley Transportation Authority (VTA), the City and county of San Francisco, and SamTrans. SamTrans serves as the managing agency.

Mr. Lawson reported that the initial Caltrain Right-of-Way (ROW) was purchased from the Southern Pacific Transportation Company by the PCJPA in 1991 for \$202 million. The funds SamTrans contributed to the ROW were characterized as an advance to the other agencies and is based on the percentage of ROW in each jurisdiction. VTA's share of the ROW is approximately \$34.6 million and San Francisco's share is \$8.3 million.

VTA, SamTrans, San Francisco, and the Metropolitan Transportation Commission (MTC) were able to identify a non-local funding source to reimburse SamTrans. They mutually agreed that reimbursement will be paid from sources of gasoline sales tax "spillover" funds, which are projected to flow to the region over the next several years: \$43 million in regional population based spillover funds from MTC and \$10 million in revenue based spillover funds with \$8 million from VTA and \$2 million from San Francisco.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to approve a payment schedule to reimburse the San Mateo County Transit District (SamTrans) for the Santa Clara Valley Transportation Authority's (VTA) share of the purchase of the Caltrain Right-of-Way (ROW) through projected gasoline "spillover" funds consistent with the schedule developed by the Metropolitan Transportation Commission (MTC) for their repayment share; and authorize the General Manager to enter into all necessary funding agreements to make the payments.

## **16. Debt Reduction Fund Policies**

Jerry Mikolajczyk, Chief Financial Officer, reported that staff recommends that the funds released from the Worker's Compensation Reserve be placed in a new Transit Enterprise Debt Reduction Fund and the redemption of 2006 Series E Bonds and the refunding of 2006 Series F & G Bonds be placed in a new Measure A Debt Reduction Fund.

Mr. Mikolajczyk reported that the objective of each Debt Reduction Fund is to enhance VTA's fiduciary governance practices and is a step towards taking actions to mitigate the impacts of increasing levels of unfunded obligations. The funds held in the Debt Reduction Funds will be invested according to VTA's Investment Policy.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to approve the recommended Debt Reduction Fund Policies, which authorize the General Manager to establish the Transit Enterprise Debt Reduction Fund and Measure A Debt Reduction Fund. Further grant the General Manager the authorization to use such funds for purposes consistent with the approved policies.

## **OTHER ITEMS**

### **17. Actuarial Valuation of VTA's Retiree Health Plan as of July 1, 2007**

Ali Hudda, Disbursement Fiscal Resources Manager, introduced John Botsford, Milliman Consulting Actuary Representative, who provided a report that highlighted the following topics: 1) Government Accounting Standards Board (GASB) 45 effective for 2007 – 2008 Fiscal Year; 2) Valuation Results; 3) Plan Highlights; 4) Historical Contribution Rates;

5) Historical Funded Status; and 6) Other Post Employment Benefits (OPEB) – What are other districts doing?

Mr. Botsford reported that GASB 45 is a new accounting standard to measure OPEB benefit obligations. In 1993 VTA began funding its retiree medical benefits on an actuarial basis in a manner similar to GASB 45, while most agencies were funding on a pay-as-you-go basis.

VTA's Unfunded Actuarial Accrued Liability (UAAL) is \$107 million under the current method and \$139.2 million under the GASB 45 method. VTA plans to amortize the UAAL over 20 years to be consistent with the amortization period adopted by the VTA Amalgamated Transit Union (ATU) Pension Plan, which will require VTA to contribute \$15.4 million in FY 2008 and is provided for in the approved FY 2008 Budget.

**On order of Chairperson Williams**, there being no objection, the Committee of the Whole reviewed the Actuarial Valuation of VTA's Retiree Health Plan as of July 1, 2007.

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

There were no Items of Concern and Referral to Administration.

### **19. Committee Work Plan**

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

### **20. Committee Staff Report**

Jim Lawson, Senior Policy Advisor and Staff Liaison provided a brief report, highlighting: the Governor's proposed 2008-2009 State Budget and VTA's successful implementation of the New Bus Service on January 14, 2008.

Michael T. Burns, General Manager, expressed appreciation and acknowledged VTA's employees for their contribution and teamwork with the implementation of the new bus service plan.

### **21. Chairperson's Report**

There was no Chairperson's Report.

**22. Determine Consent Agenda for the February 7, 2008 Board Meeting**

**CONSENT: Agenda Item # 12.,** Ratify the appointment of Lane Parker to the Bicycle and Pedestrian Advisory Committee (BPAC) representing the City of San José for the term ending June 30, 2008; **Agenda Item # 14.,** Approve the VTA Sustainability Program Guidelines; and **Agenda Item # 15.,** Approve a payment schedule to reimburse the San Mateo County Transit District (SamTrans) for the Santa Clara Valley Transportation Authority's (VTA) share of the purchase of the Caltrain Right-of-Way (ROW) through projected gasoline "spillover" funds consistent with the schedule developed by the Metropolitan Transportation Commission (MTC) for their repayment share; and authorize the General Manager to enter into all necessary funding agreements to make the payments.

**REGULAR: Agenda Item # 16.,** Approve the recommended Debt Reduction Fund Policies, which authorize the General Manager to establish the Transit Enterprise Debt Reduction Fund and Measure A Debt Reduction Fund. Further grant the General Manager the authorization to use such funds for purposes consistent with the approved policies.

**23. Announcement**

There were no Announcements.

**24. ADJOURNMENT**

**On order of Chairperson Williams,** there being no objection, the Committee of the Whole meeting was adjourned at 1:03 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant  
VTA Board of Directors