

ADMINISTRATION & FINANCE COMMITTEE

Thursday, March 19, 2009
12:00 PM

VTA Conference Room B-104
3331 North First Street
San Jose, CA

AGENDA

CALL TO ORDER

1. ROLL CALL

2. PUBLIC PRESENTATIONS:

This portion of the agenda is reserved for persons desiring to address the Committee on any matter not on the agenda. Speakers are **limited to 2 minutes**. The law does not permit Committee action or extended discussion on any item not on the agenda except under special circumstances. If Committee action is requested, the matter can be placed on a subsequent agenda. All statements that require a response will be referred to staff for reply in writing.

3. ORDERS OF THE DAY

4. RECESS TO CLOSED SESSION

Anticipated Litigation--Conference with Legal Counsel
Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: (Three cases)

RECONVENE TO OPEN SESSION

5. CLOSED SESSION REPORT

6. ACTION ITEM - Conduct voting to determine the Committee's Vice Chairperson for calendar year 2009.

CONSENT AGENDA

- 7.** Approve the Regular Meeting Minutes of February 19, 2009.
- 8.** INFORMATION ITEM - Report on Santa Clara Valley Transportation Authority Investments for the month of January 2009.
- 9.** INFORMATION ITEM - Review the Monthly Legislative History Matrix.
- 10.** INFORMATION ITEM - Review the 2009 Quarterly Attendance Report.
- 11.** ACTION ITEM - Ratify the nomination of Erik Larsen to the Citizens Advisory Committee, representing the South Bay AFL-CIO Labor Council.

REGULAR AGENDA

12. ACTION ITEM - Adopt a support position for AB 266 (Carter), which requires the California Transportation Commission (CTC) to do an assessment of the state's unmet transportation needs every five years.
13. ACTION ITEM - Authorize the General Manager to execute an agreement to continue the BART Plus multi-agency ticket program in cooperation with BART and nine other Bay Area transit agencies through December 2009 with the option to extend up to three years in annual increments.

OTHER ITEMS

14. Items of Concern and Referral to Administration
15. Review Committee Work Plan.
16. Committee Staff Report (J. Smith)
 - Discussion regarding the Fiscal Year 2010 and Fiscal Year 2011 Budget Preparation. (Verbal Report) (J. Smith)
17. Chairperson's Report (Kniss)
18. Determine Consent Agenda for the April 2, 2009 Board of Directors Meeting.
19. ANNOUNCEMENTS
20. ADJOURN

NOTE COMMITTEE MEMBERS: In order to establish a quorum for this meeting, members are asked to call the Board Secretary's Office at (408) 321-5680 or E-mail: board.secretary@vta.org before 5:00 p.m. on the day prior to the meeting. Thank you for your cooperation.

In compliance with the Americans with Disabilities Act (ADA), those requiring accommodations or accessible media for this meeting should notify the Board Secretary's Office 48 hours prior to the meeting at (408) 321-5680 or e-mail: board.secretary@vta.org, TDD (408) 321-2330. VTA's Homepage is located on the Web at: <http://www.vta.org/>.

All reports for items on the open meeting agenda are available for review in the Board Secretary's Office, 3331 North First Street, San Jose, California, (408) 321-5680, the Monday, Tuesday, and Wednesday prior to the meeting. This information is available on VTA's website at <http://www.vta.org/> and also at the meeting.

**NOTE: THE BOARD OF DIRECTORS MAY ACCEPT, REJECT OR MODIFY
ANY ACTION RECOMMENDED ON THIS AGENDA.**



Date: February 23, 2009
 Current Meeting: March 19, 2009
 Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: Elect Standing Committee Vice Chairperson

Policy-Related Action: No

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Conduct voting to determine the Committee's vice chairperson for calendar year 2009.

BACKGROUND:

The VTA Administrative Code has established four board standing committees that review items and provide recommendations to the full board on matters within their respective assigned areas of responsibility. The four standing committees are: Administration and Finance (A&F); Transit Planning and Operations (TPO); Congestion Management Program and Planning (CMPP); and Audit, which was added in 2008. The chairperson and vice chairperson for each committee are determined annually, except for Audit Committee chairperson, which is determined every other year.

The VTA Board Chairperson nominates, for Board approval, committee members for each standing committee chairperson position. The Board approves the appointment of the standing committee chairpersons at its first meeting of the calendar year, which is normally January. Standing committee chairpersons serve a one-year term, except for the Audit Committee chairperson, which serves for two years

At the first meeting of the calendar year, each standing committee elects from its membership a vice chairperson. The vice chairperson performs the duties of the chairperson in the event of the chairperson's absence or inability to act, and while so acting, has all of the authority of the chairperson. The vice chairperson position serves a one-year term, which coincides with the calendar year and the Committee chairperson's term. The vice chairperson is eligible for election to successive terms and only members, not alternates, are eligible to serve. The affirmative vote of a majority of the total authorized committee membership, which is three

members, is required to elect the vice chairperson. The term of office for the newly elected vice chairperson commences immediately following completion of the voting.

FISCAL IMPACT:

There is no financial impact.

Prepared by: Stephen Flynn, Sr. Management Analyst

Administration & Finance Committee

Thursday, February 19, 2009

MINUTES

Call to Order

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:10 p.m. by Chairperson Kniss in Room B-104, VTA River Oaks Campus, 3331 North First Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status	Arrived
David Casas	Board Member	Absent	
Don Gage	Board Member	Present	
Chuck Reed	Board Member	Present	
Liz Kniss	Chairperson	Present	
Nora Campos	Alternate Board Member	Absent	

2. PUBLIC PRESENTATIONS:

There were no Public Presentations.

3. ORDERS OF THE DAY

Chairperson Kniss moved the following Items to the end of the Agenda: **Agenda Item #4**, Closed Session and **Agenda Item #5**, Closed Session Report.

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

The Agenda was taken out of order.

Agenda Item #4., Closed Session and **Agenda Item #5.**, Closed Session Report were moved to the end of the Agenda.

4. RECESS TO CLOSED SESSION

Anticipated Litigation--Conference with Legal Counsel

Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: (Three cases)

5. CLOSED SESSION REPORT

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

CONSENT AGENDA

6. **Regular Meeting Minutes of January 15, 2009**

M/S/C (Gage/Reed) to approve the Regular Meeting Minutes of January 15, 2009.

7. **Monthly Legislative History Matrix**

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

8. **Second Quarter FY 2009 Public Liability/Property Damage Claims Activity**

M/S/C (Gage/Reed) to review the 2009 Quarterly Public Liability Claims report.

9. **Second Quarter Report of Workers' Compensation Claims and Transitional Work Program**

M/S/C (Gage/Reed) to review Quarterly Workers' Compensation and Transitional Work Program Claims report.

10. **Quarterly Purchasing Report**

M/S/C (Gage/Reed) to review the Quarterly Purchasing Report for October 1 through December 31, 2008.

REGULAR AGENDA

11. **Monthly Investment Report - December 2008**

Kimberly Koenig, Fiscal Resources Manager, stated the investment report covered the investment performance for the month of December 2008, as well as calendar year 2008.

Ms. Koenig reported: 1) VTA operating portfolio ended the calendar year with a 5.3 percent return; 2) Retiree medical portfolio earned 2.7 percent in December, but ended the year down 21 percent; 3) VTA Amalgamated Transit Union (ATU) pension portfolio earned 4.1 percent in the month December, but ended the year down 20 percent; and 4) ATU spousal medical fund earned 3.4 percent in December, but ended the year down 21 percent. Ms. Koenig noted these losses were due to all asset allocations within the equities.

Chairperson Kniss questioned if the reported losses would initiate a procedural change going forward. Ms. Koenig recommended no changes be made to the long-term investment portfolios, noting the importance of focusing on the long-term goal of earning eight percent.

Member Reed questioned regarding benchmarking to other plans, funds, or agencies, noting a wide range of performance among investors and questioned how VTA measures against others. He then questioned whether information gleaned from benchmarking would suggest a change in the mix of portfolios or money managers.

Ms. Koenig referenced VTA's investment consultant, Mercer Consulting, who provides quarterly analysis on each money manager's performance and change recommendations. With one exception, VTA's money managers have been performing either better or equal to the median within each of their respective categories. In February, the Board approved replacing Brandywine with Wedge Capital, a replacement expected to be completed by the end of March.

Member Reed noted Ms. Koenig's comments reflected an internal evaluation and suggested an external evaluation would afford a comparative look at cities or other transit agencies to determine best practices. He suggested the evaluation encompass a 10-year performance period, noting some funds perform consistently better than others.

Ms. Koenig noted VTA has not performed peer comparisons for these funds. Member Reed suggested peer comparisons should be considered, noting the City of San Jose hopes to gain a better understanding of why others achieve better performance for similar types of funds through the use of peer comparisons.

Chairperson Kniss expressed her support of benchmarking, especially with transportation agencies.

Bill Lopez, Chief Administrative Officer, reported the ATU Pension Plan performs peer-to-peer comparisons and benchmarking, through which a report could be generated.

On order of Chairperson Kniss and there being no objection, the Committee reviewed the Amendment to the VTA Unrestricted and Restricted Funds Investment Policy.

12. Quarterly Revenue & Expense Statement

Carol Lawson, Fiscal Resources Manager, provided an update on the Statement of Revenues and Expenses year-to-date through December 31, 2008.

Ms. Lawson referenced Schedule 12A, entitled "Santa Clara Valley Transportation Authority Statement of Revenues and Expense Fiscal year 2009 through December 31, 2008." She reported total revenues for the first six month of the year were \$14 Million under budgeted revenues. Sales tax revenues, the majority of revenues earned, were made up of three components: 1) 1976 one-half cent sales tax; 2) Transportation Development Act (TDA) Funds; and 3) Operating Assistance derived from the Measure A Sales Tax.

Ms. Lawson reported total expenses for the first six-month period were budgeted at \$181 Million; Actuals were \$171 Million. The major function of that was with labor costs. Through active management of vacancies, labor costs have been kept low.

Joseph Smith, Chief Financial Officer and Staff Liaison, provided handouts entitled "Santa Clara Valley Transportation Authority Sources and Uses of Funds Summary - Preliminary FY10-FY12 Projections as of 2-12-09" and "VTA Transit Sales Tax Based & STA Revenues." Michael T. Burns, General Manager, noted this report was being brought to the attention of the committee and would be discussed during the February 27, 2009, Board of Directors Workshop.

Mr. Burns referenced the difference between projected revenues and expenses for fiscal years 2010, 2011 and 2012 and reported a \$28 Million operating deficit for fiscal year 2010 and an almost \$50 Million operating deficit for fiscal year 2011.

Budget proposals submitted by each department have been vetted and reduced. There is still a significant shortfall. The shortfall of Fiscal Year 2010 is covered by reserves. With the reserves then depleted, there is a shortfall in Fiscal Year 2011.

Mr. Burns reported this item will be discussed in more detail at the February 27, 2009, Board of Directors Workshop and in more detail with the A&F over the next four-month period as the budget is developed for Fiscal Years 2010 and 2011.

Mr. Burns stated these are unprecedented times, creating a challenge of preparing a two-year budget given the uncertainty of what will occur over the next two years. There has been consideration of a one-year budget, continually updated throughout the year. With a two-year budget, there would be a significant reduction in expenses. In the event this direction continues, these numbers will not be achieved without significant service cuts.

Mr. Burns noted VTA has been significantly affected by the economy and impacted by the State budget, just like every other municipality in the county. VTA will have more information on the stimulus funds at the Board of Directors Workshop. This will be a difficult budget process.

Member Gage questioned how this will affect capital projects. Mr. Burns stated capital projects will be reduced, noting the same trend is being seen in the Measure A program and in the sales tax revenues.

Mr. Burns stated this item will be discussed during the February 27, 2009, Board of Directors Workshop.

M/S/C (Gage/Reed) to review and accept the Fiscal Year 2009 Quarterly Statement of Revenues and Expenses for the period ending December 31, 2008.

13. Financial Policy Statements

Joseph Smith, Chief Financial Officer and Staff Liaison, stated the Board is being asked to reaffirm the summarization of VTA financial policies. The summarization provides a guideline of how financial affairs are conducted at VTA.

The mission of the Government Finance Officers Association of the United States and Canada (GFOA) is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and practices. GFOA recommends these fiscal policies be reviewed and reaffirmed annually during the budget process and these policies be summarized in the budget document.

Staff's goal is to submit the prepared budget document to the GFOA for review and consideration for the Distinguished Budget Presentation Award.

Chairperson Kniss referenced Page 3, noted under “Long-Range Planning” the phrase “long-term analysis and financial planning” and questioned the period of time defined by long-term analysis. Mr. Smith stated it was in reference to the annually updated 10-year short-range transportation plan. He noted it is part of the federal plan with financial cash-flow representing anticipated revenues, costs for operating expenses, as well as the capital expenditures. Chairperson Kniss suggested staff provide a better definition.

Chairperson Kniss questioned regarding the process for grant evaluation and whether there was something in the grants that provide information on their cost effectiveness. John Ristow, Chief Congestion Management Agency (CMA) Officer, reported the Transit Agency receives some grants on a formula basis. Grants that VTA pursues are against a project that is already in a capital improvement program.

M/S/C (Gage/Reed) to reaffirm VTA financial policies by approving a summarized version of financial policy statements for adoption and use in various VTA financial documents such as the biennial adopted budget book.

Board Member Reed recused himself per Government Code Section 84308 from the following Agenda Items: **Agenda Item #s 14, 15, and 16.**

Board Member Reed recused himself and left his seat at 12:25 p.m., the quorum was lost, and a Committee of the Whole was declared

14. Real Estate Consultant Services

Member Gage questioned regarding the number of items included on the Attachment entitled “Real Estate Consultant Services.” John Ristow, Chief Congestion Management Agency (CMA) Officer, defined the list as a qualification list containing experts within each individual area with costs incurred only if utilized.

On order of Chairperson Kniss and there being no objection, the Committee of the Whole approved forwarding the item without a recommendation to the Board of Directors for consideration at the March 5, 2009, VTA Board of Directors Regular Meeting and authorize the General Manager to establish a list of thirty-one qualified firms for the various categories of real estate consultant services as reflected on the attached Exhibit "A" including title and escrow, acquisition and eminent domain, relocation, real property appraisal, goodwill appraisal and appraisal review services. The list will be for a five-year period. The General Manager is authorized to enter into contracts of up to five years with an aggregate value not to exceed \$14,000,000. The specific value for each contract executed will be determined in accordance with an approved budget for the relevant capital project that requires the contracted services.

15. SJ Arena Parking Management Lease Extension

Roberta Notrangelo, Manager, Real Estate & Project Administration, stated arena management takes control of the San Jose Diridon Caltrain Station parking lot two and one-half hours prior to each event. Staff monitors and charges each vehicle entering at a parking rate predetermined by the City of San Jose. The revenue collected, less a management fee for San Jose Arena Management, is shared between the Peninsula Corridor Joint Powers Board (PCJPB) and VTA with 69 percent going to the PCJPB and

31 percent to VTA. The shares are based on the percentage of the 580 parking stalls each agency owns within the parking facility. (180 spaces are VTA owned and 400 spaces are PCJPB owned.) The terms and conditions would remain the same. Staff feels the terms and conditions are favorable. Approximately \$190,000 per year in revenue is generated from this agreement.

All of the terms in conditions remain in place. A 30-day cancellation clause is in place should VTA require the property for the Diridon BART station area.

On order of Chairperson Kniss and there being no objection, the Committee of the Whole approved forwarding the item without a recommendation to the Board of Directors for consideration at the March 5, 2009, VTA Board of Directors Regular Meeting and authorize the General Manager to execute a Second Amendment to the Cooperative Parking Agreement with the Peninsula Corridor Joint Powers Board (PCJPB) and San Jose Arena Management, LLC (SJAM) extending for an additional five years SJAM's management of the San Jose Diridon Caltrain Station parking lot for HP Pavilion (Arena) event parking.

16. Selection of ICMA Retirement Corporation as VTA's 457 Deferred Compensation Plan and 401(A) Money Purchase Plan Provider

Bill Lopez, Chief Administrative Officer, stated each plan has different features, but the primary purposes of both is to allow employees to contribute part of their salaries on a pre-tax basis and to defer taxes on that income and investment earnings to their benefit.

On order of Chairperson Kniss and there being no objection, the Committee of the Whole approved forwarding the item without a recommendation to the Board of Directors for consideration at the March 5, 2009, VTA Board of Directors Regular Meeting and:

- 1) Confirm the Deferred Compensation Committee's selection of International City Management Association - Retirement Corporation (ICMA-RC) as VTA's 457 Deferred Compensation Plan and 401(a) Money Purchase Plan Provider;
- 2) Adopt ICMA-RC's model plan documents for the 401(a) Plans and adopt a resolution confirming the pre-tax deferral of participant contributions to the 401(a) Plans;
- 3) Amend the 401(a) Plan for the General Manager to add the General Counsel to the Plan; and
- 4) Authorize staff to amend the Plan Documents whenever ICMA amends its model plan to ensure compliance with Internal Revenue Service regulations and changes in tax law.

OTHER ITEMS

Board Member Reed took his seat at 12:35 p.m. and the quorum was declared.

17. Revised Joint Development Policy

Bijal Patel, Deputy Director, Property Development & Management, provided an update on the Joint Development Program.

Ms. Patel noted over the past few months staff has reviewed a number of different areas where improvements can be made within the Joint Development Program and how the goals set forth can be achieved.

The Board has adopted and amended a Joint Development Policy. Staff has reviewed the policy to ensure it will take VTA in the direction it needs to go. Many areas have been identified for improvement. Staff's proposal is to replace the existing framework with one much more comprehensive and detailed. Staff has met with the Congestion Management Program & Planning (CMPP) Committee over the past few months, as a working group, discussing the areas of improvement on a conceptual level.

Ms. Patel noted the next step is the proposed text of the new framework, which consists of two parts. The first part is the policy itself, which is a high level guidance document for the program and the second is a more detailed information plan.

Ms. Patel discussed the proposed revisions with the document, noting the most significant difference is the proposed policy which is more comprehensive. The policy starts with how to identify assets that would be considered joint development assets, and how they are developed. She noted this leads to many steps of a participatory process. There are many outreach efforts requiring staff to work with the local jurisdictions, local stakeholders, and developer community to define what the development concept is and the community has some level on consensus. The goal is to have as much early input as possible before entering a Request for Proposals from Prospective Contractors (RFP) process. Once VTA is in the RFP process there will be well-defined concepts for what will be done site by site.

Ms. Patel noted the policy has three very clearly defined goals: 1) To provide a long-term, stable source of revenue for VTA; 2) To carry out transit-oriented development, where appropriate; and 3) To create development that results in ridership growth and/or infrastructure improvements. The emphasis will be to try and achieve all three as much as possible, but where there is a conflict the policy will consider revenue as the primary objective.

Ms. Patel stated the new policy contemplates the Board would actually approve the development concept of the RFP criteria before an RFP is issued so there is an organizational consensus on the path being taken on any major development project.

Michael T. Burns, General Manager, stated it would not just be organizational from VTA's prospective, but from the jurisdiction that has land-use responsibility. Ms. Patel agreed with Mr. Burns' comment and stated before it would be brought to the Board for approval, staff would have met with local jurisdictions, multiple times, including other key stakeholders ensuring the concepts being brought before the Board have been reviewed by those local jurisdictions and stakeholders.

Ms. Patel stated the implementation plan details information staff will provide to the Board for approval of the development concept. The Board will know with whom staff has met, the different analyses performed, and why staff has arrived at the concept they are proposing.

Mr. Ristow referenced a property transaction brought before the Board in 2008. The transaction illustrated areas of improvement needed within the overall program. The Board directed staff to review the program and identify areas for improvement. The areas requiring review, highlighted by the Board, were with the overall process and to involve the cities earlier in the development process. Mr. Ristow noted this direction from the Board was prior to Ms. Patel joining VTA. Ms. Patel has been able to take a fresh look at the process and to implement the Board's input.

Member Gage questioned when General Counsel would become involved in the process. Kevin Allmand, General Counsel, stated he has been involved and has discussed with Ms. Patel VTA's legal authority to do joint development, making sure what is proposed is consistent with the authority we have.

Member Gage stated the importance of Mr. Allmand being involved with all VTA joint development contracts, to ensure everything is completely defined and legal before an item is brought before the Board. Mr. Allmand noted his agreement.

Member Reed questioned regarding the long-term revenue strategy and whether this would primarily be with land leases. Ms. Patel stated this would be addressed site by site, noting the way the policy is drafted staff envisions long term revenue generation with ground leases. Ms. Patel noted there may be certain sites where long-term leasing does not make sense, particularly with for sale residential product, where VTA might have to consider certain areas where a site will be divided with portions sold and portions leased. She then noted this will have to be driven by the specific asset, but the overall goal is long-term leasing.

On order of Chairperson Kniss and there being no objection, the Committee reviewed and discussed the revised Joint Development Program policy framework.

18. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

19. Review Committee Work Plan

Agendize the voting to determine the A&F Committee's Vice Chairperson for calendar year 2009, for the March 19, 2009, A&F meeting.

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

20. Committee Staff Report

Joseph Smith, Chief Financial Officer and Staff Liaison, reported the budget would be discussed during the February 27, 2009, Board of Directors Workshop.

Mr. Smith noted there will also be a discussion regarding an annual budget for VTA in place of the two-year budget.

21. Chairperson's Report

There was no Chairperson's Report.

22. Determine Consent Agenda for the March 5, 2009 Board of Directors Meeting.

CONSENT:

Agenda Item #7, Review the Monthly Legislative History Matrix.

Agenda Item #12, Review and accept the Fiscal Year 2009 Quarterly Statement of Revenues and Expenses for the period ending December 31, 2008.

Agenda Item #13, Reaffirm VTA financial policies by approving a summarized version of financial policy statements for adoption and use in various VTA financial documents such as the biennial adopted budget book.

Agenda Item #14, Authorize the General Manager to establish a list of thirty-one qualified firms for the various categories of real estate consultant services as reflected on the attached Exhibit "A" including title and escrow, acquisition and eminent domain, relocation, real property appraisal, goodwill appraisal and appraisal review services. The list will be for a five-year period. The General Manager is authorized to enter into contracts of up to five years with an aggregate value not to exceed \$14,000,000. The specific value for each contract executed will be determined in accordance with an approved budget for the relevant capital project that requires the contracted services.

Agenda Item #15, Authorize the General Manager to execute a Second Amendment to the Cooperative Parking Agreement with the Peninsula Corridor Joint Powers Board (PCJPB) and San Jose Arena Management, LLC (SJAM) extending for an additional five years SJAM's management of the San Jose Diridon Caltrain Station parking lot for HP Pavilion (Arena) event parking.

Agenda Item #16, 1) Confirm the Deferred Compensation Committee's selection of International City Management Association - Retirement Corporation (ICMA-RC) as VTA's 457 Deferred Compensation Plan and 401(a) Money Purchase Plan Provider; 2) Adopt ICMA-RC's model plan documents for the 401(a) Plans and adopt a resolution confirming the pre-tax deferral of participant contributions to the 401(a) Plans; 3) Amend the 401(a) Plan for the General Manager to add the General Counsel to the Plan; and 4) Authorize staff to amend the Plan Documents whenever ICMA amends its model plan to ensure compliance with Internal Revenue Service regulations and changes in tax law.

23. ANNOUNCEMENTS

Member Reed reported on his trip to Washington last week to discuss the stimulus package with Secretary LaHood, noting it is clear that as soon as the stimulus package is out of the way, the United States House of Representative's Committee on Transportation and Infrastructure will address the surface transportation reauthorization work, noting that is where the real money is with regard to transportation.

4. RECESSED TO CLOSED SESSION at 12:50 p.m.

Anticipated Litigation - Conference with Legal Counsel

Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: (Three cases)

Kevin Allmand, General Counsel, requested the record reflect the A&F Committee was recessing to close session for Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9.

RECONVENED TO OPEN SESSION at 1:11 p.m.

5. CLOSED SESSION REPORT

There was no reportable action taken during Closed Session.

24. ADJOURNMENT

On order of Chairperson Kniss and there being no objection, the meeting was adjourned at 1:12 p.m.

Respectfully submitted,

Susan E. Garcia, Board Assistant
VTA Board of Directors



Date: March 3, 2009
Current Meeting: March 19, 2009
Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: Monthly Investment Report - January 2009

FOR INFORMATION ONLY

BACKGROUND:

Santa Clara Valley Transportation Authority funds are invested in accordance with the asset allocation and diversification strategies described in the Investment Policies amended December 13, 2007.

DISCUSSION:

General Market Conditions

In January 2009, the Equity markets experienced their worst showing in the last 25 years with a decline of 8.8% in the Dow Jones Industrial Average and 8.4% in the S&P 500. The decline was led, again, by the financial services stocks that performed poorly last year in the wake of the credit crisis. Large banks have continued to struggle, evidenced by Bank of America's difficulty in digesting the bad assets from its Merrill Lynch acquisition. Citigroup also posted huge losses and announced plan to reorganize and merge brokerage operations with Morgan Stanley. Concerns were renewed that the government may be forced to nationalize banks, further eroding confidence in an already shaky financial system. Disappointing earnings releases, surging unemployment, and housing starts dropping to record lows also weighed heavily on the markets, overshadowing any optimism from the inauguration on the new administration.

VTA Enterprise Funds

Pursuant to VTA's adopted Investment Policy, 100% of surplus assets, held in the operating portfolio, are invested in Domestic Fixed Income. Funds are split between two portfolios managed by Payden & Rygel (Payden), LAIF (State Pool - Local Agency Investment Fund) and interest bearing checking accounts.

The long-term portfolio outperformed its benchmark by 0.2% due to price appreciation of corporate bonds and treasury inflation protected (TIPS) securities holdings. The current yield for the Payden long-term portfolio is 3.2% and 1.5% for the Payden short-term portfolio. The current yield for funds invested in LAIF is 2.0%.

Market performance for each Payden account is summarized in the following table.

Asset Class	Money Manager	January Return	Calendar YTD	Benchmark	January Benchmark Return	Calendar YTD
Long-Term Fixed Income	Payden & Rygel	-1.1%	-1.1%	Barclays Capital US Govt. Intrmed.	-1.3%	-1.3%
Short-Term Fixed Income	Payden & Rygel	0.2%	0.2%	iMoneyNet Money Market Index	0.2%	0.2%
Total (Weighted)		-0.3%	-0.3%		-0.4%	-0.4%

On February 5, 2009, the Board of Directors approved the addition of a mid-term fixed income strategy that would have an investment horizon of one to three years. Staff transferred a total of \$150 million from the short-term portfolio on February 12, 2009, and will continue to reallocate between Payden accounts, based on anticipated needs for the next two year budgetary cycle.

VTA Retirees' Other Post Employment Benefits (OPEB) Trust

VTA's adopted Investment Policy requires the following asset allocation for Retirees' OPEB funds:

<u>Asset Allocation</u>	<u>Range</u>	<u>Actual</u>	<u>Ongoing Target</u>
Domestic Fixed Income	25-60%	49%	38%
Domestic Large Cap Index	35-70%	50%	60%
Cash	0- 5%	1%	2%

The Retirees' OPEB portfolio outperformed the composite benchmark by 0.8% in January and calendar year-to-date. The current yield in the fixed income portfolio for January is 5.8%.

Market performance by money manager is summarized in the following table.

Asset Class	Money Manager	January Retiree Return	Calendar YTD	Benchmark	January Benchmark Return	Calendar YTD
Fixed Income	Dodge & Cox	0.6%	0.6%	Barclays Capital US Aggregate	-0.9%	-0.9%
Large Cap Index	State Street	-8.4%	-8.4%	S&P 500	-8.4%	-8.4%
Total (Weighted)		-3.9%	-3.9%		-4.7%	-4.7%

Dodge & Cox - The Fixed Income portfolio manager outperformed their benchmark by 1.5% in January and calendar year-to-date due to price appreciation of corporate bonds and high quality mortgage and asset backed securities holdings.

Historic Portfolio Performance (calendar year) for the last six calendar years:

Year	Performance	Year	Performance
2003	17.2%	2006	11.7%
2004	7.6%	2007	6.1%
2005	3.9%	2008	-21.0%

A 7.75% annual return assumption is used in the annual actuarial analysis for the Retiree's OPEB. The results of the actuarial analysis determine VTA's annual contribution rates. Any difference between actual investment returns and the 7.75% assumed annual return is recognized in the same year.

Inception-to-date (April 2000 to January 2009) performance is a gain of 15.4% versus the composite benchmark of 14.6%. Average composite annual return is 1.8% for Retirees' OPEB versus 1.7% for benchmarks.

VTA/ATU Pension Plan Assets

It is the policy of the VTA/ATU Board of Pension to have a well-managed investment program that provides for the financial needs of the pension plan and allows the investments to be appropriately diversified and prudently invested to protect the safety of the principal while maintaining a reasonable return. Assets are invested within the following investment guidelines:

<u>Asset Allocation</u>	<u>Range</u>	<u>Actual</u>	<u>Ongoing Target</u>
Domestic Fixed Income	35-45%	47%	39%
Domestic Large-Cap Value	15-25%	18%	20%
Domestic Large-Cap Index	10-20%	13%	15%
Domestic Small-Cap Value	5-15%	7%	10%
International Equity	10-20%	14%	15%
Cash	0- 5%	1%	1%

The following table provides a summary of performance by money manager for the month of January and calendar year-to-date.

Asset Class	Money Manager	January VTA/ATU Return	Calendar YTD	Benchmark	January Benchmark Return	Calendar YTD
Fixed Income	Dodge & Cox	0.6%	0.6%	Barclays Capital US Aggregate	-0.9%	-0.9%
Large Cap Index	State Street	-8.4%	-8.4%	S&P 500	-8.4%	-8.4%
International Equity Index (Growth)	MFS	-9.7%	-9.7%	MSCI AC World	-7.6%	-7.6%
Large Cap Value Stocks	Robeco/Boston Partners	-8.3%	-8.3%	Russell 1000 Value	-11.5%	-11.5%
Small Cap Value Stocks	Brandy-Wine	-13.4%	-13.4%	Russell 2000 Value	-14.3%	-14.3%
Total (Weighted)		-4.7%	-4.7%		-5.7%	-5.7%

The VTA/ATU Pension Plan composite portfolio outperformed the composite benchmarks by 1.0% in January and calendar year-to-date. The current yield of Dodge & Cox/Fixed Income portfolio for January is 5.9%.

Dodge & Cox - The Fixed Income portfolio manager outperformed their benchmark by 1.5% in January and calendar year-to-date due to price appreciation of corporate bonds and high quality mortgage and asset backed securities holdings.

MFS - The International Growth Equity manager fell 2.1% more than their benchmark in January and calendar year-to-date. Underperformance in financials and pharmaceuticals holdings along with an underweight in basic materials and utilities detracted from overall relative performance.

Historic Portfolio Performance for the last six calendar years:

Year	Performance	Year	Performance
2003	21.5%	2006	14.6%
2004	12.2%	2007	5.8%
2005	7.2%	2008	-19.8%

An 8% annual return assumption is used in the annual actuarial analysis for the VTA/ATU Pension Plan. The results of the actuarial analysis determine VTA's annual contribution rates. Any difference between actual investment returns and the 8% annual return assumption is amortized over a period of five years.

Inception-to-date (October 1998 to January 2009) performance is a gain of 71.7% versus the composite benchmark of 45.0%. Average composite annual return is 6.9% for ATU Pension Plan versus 4.4% for benchmarks.

ATU Spousal Medical Trust Fund, Dental, and Vision Plan

Asset allocation for the ATU Spousal Medical Trust Fund (including funds for dental and vision plans) is provided for in the VTA/ATU Pension Plan Investment Policy.

<u>Asset Allocation</u>	<u>Range</u>	<u>Actual</u>	<u>Ongoing Target</u>
Domestic Fixed Income	25-60%	46%	38%
Domestic Large Cap Index	35-70%	51%	60%
Cash	0- 5%	3%	2%

The ATU Spousal Medical Trust Fund composite portfolio outperformed the composite benchmark by 0.9% in January and calendar year-to-date. Market performance by money manager is summarized in the following table.

Asset Class	Money Manager	January Spousal Return	Calendar YTD	Benchmark	January Benchmark Return	Calendar YTD
Fixed Income Fund (Index Fund)	Dodge & Cox	0.9%	0.9%	Barclays Capital US Aggregate	-0.9%	-0.9%
Large Cap Index	State Street	-8.4%	-8.4%	S&P 500	-8.4%	-8.4%
Total (Weighted)		-4.0%	-4.0%		-4.9%	-4.9%

Dodge & Cox - The Income Fund portfolio manager outperformed their benchmark by 1.8% in January and calendar year-to-date due to price appreciation of corporate bonds and high quality mortgage and asset backed securities holdings.

Other Data

The valuation of VTA's securities is provided by Interactive Data Corporation (IDC), Merrill Lynch Securities Pricing Service and Bloomberg Generic Pricing Service. These firms are the leading providers of global securities data. They offer the largest information databases with current and historical prices on securities traded in all major markets.

This report complies with VTA's adopted investment policies. Based on budgeted revenues and expenditures as well as actual transfers to/from reserves, there are sufficient funds available to meet expenditure requirements for the six months ending July 31, 2009.

Staff is conducting an investment portfolio performance survey (benchmarking to peer agencies) of Bay Area Cities and Transportation Agencies for fiscal year 2007 and 2008. The results of the survey will be shared at the April A&F Committee.

VTA's investment consultant (Tom Lightvoet) from Mercer Investment Consulting, Inc. will attend the Administration and Finance Committee meeting on April 16, 2009 to discuss peer evaluations they might have available.

Reviewed and verified by: Kimberly Koenig, Manager, Finance Department

Prepared By: Manny Bagnas, Investment Services Manager

VTA INVESTMENT COMPOSITE PORTFOLIO PERFORMANCE

MONEY MANAGERS' TOTAL MARKET RETURN - TRADE DATE FOR THE MONTH OF JANUARY 2009

SUMMARY: January 31, 2009

<u>Description</u>	<u>Total Market Value</u>		<u>January Total Market Return</u>		<u>Total Market Return</u>	
	<u>(1) Prior Month</u>	<u>Current Month</u>	<u>\$Unrealized Gain/Loss</u>	<u>%Unrealized Gain/Loss</u>	<u>VTA Calendar YTD</u>	<u>Benchmark Calendar YTD</u>
1 - Fixed Income Long-Term Investment Pool (2)	216,620,976.00	214,298,557.00	-2,322,419.00	-1.1%	-1.1%	-1.3%
2 - Fixed Income Short-Term Investment Pool (2)	304,573,790.00	305,105,073.00	531,283.00	0.2%	0.2%	0.2%
3 - VTA Bond Funds with Fiscal Agents (3)	23,462,012.00	25,437,272.00	-	-	-	-
4 - Funds with LAIF Investment Pool (2)	26,000,000.00	26,800,000.00	-	-	-	-
5 - Funds with Union Bank-Congestion Management	3,934,260.00	3,457,575.00	-	-	-	-
6 - Funds with Union Bank-Measure B	36,351,045.00	35,034,933.00	-	-	-	-
7 - Funds with Union Bank DDA account (2)	9,054,658.00	3,818,853.00	-	-	-	-
Total VTA Funds	619,996,741.00	613,952,263.00				
1 - Retirees' OPEB - Fixed Income	43,340,988.00	43,608,499.00	267,511.00	0.6%	0.6%	-0.9%
2 - Retirees' OPEB - State Street - Index	48,064,603.00	44,090,477.00	-3,974,126.00	-8.4%	-8.4%	-8.4%
Total Retirees' OPEB Funds	91,405,591.00	87,698,976.00				
1 - VTA/ATU Pension Fund-Fixed Income	119,691,825.00	120,377,619.00	685,794.00	0.6%	0.6%	-0.9%
2 - VTA/ATU Pension Fund-State Street - Index	36,950,005.00	33,861,213.00	-3,088,792.00	-8.4%	-8.4%	-8.4%
3 - VTA/ATU Pension Fund- Int'l - Equity Growth	39,544,908.00	35,707,460.00	-3,837,448.00	-9.7%	-9.7%	-7.6%
4 - VTA/ATU Pension Fund-Stock Large Cap Value	50,293,647.00	46,108,055.00	-4,185,592.00	-8.3%	-8.3%	-11.5%
5 - VTA/ATU Pension Fund-Stock Small Cap Value	21,922,733.00	18,990,966.00	-2,931,767.00	-13.4%	-13.4%	-14.3%
Total Pension Fund	268,403,118.00	255,045,313.00				
1 - ATU Spousal Med Fund - Dodge & Cox - Index	4,438,383.00	4,479,792.00	41,409.00	0.9%	0.9%	-0.9%
2 - ATU Spousal Med Fund-State Street - Index	5,426,272.00	4,972,669.00	-453,603.00	-8.4%	-8.4%	-8.4%
Total ATU Spousal Funds	9,864,655.00	9,452,461.00				
Total Investments	989,670,105.00	966,149,013.00				

Legend:

- (1) Total includes contributions / withdrawals made during current month.
- (2) Measure A Funds: \$310,356,950 which includes earnings: from Payden \$13,689,825
LAIF \$951,664, and Union Bank DDA Account \$103,240
- (3) Bonds Reserves and/or Debt Service Funds

VTA INVESTMENT COMPOSITE PORTFOLIO PERFORMANCE.

PER GENERAL LEDGER BALANCE - SETTLEMENT DATE

FOR THE MONTH OF JANUARY 2009

SUMMARY: January 31, 2009

<u>Description</u>	(1) <u>Dec-08</u> <u>Book Value</u> <u>/Cost</u>	(1) <u>Jan-09</u> <u>Book Value</u> <u>/Cost</u>	<u>Fiscal 09</u> <u>Year-to-Date</u> <u>Dec 08 Realized</u> <u>Earnings - \$</u>	<u>Fiscal 09</u> <u>Year-to-Date</u> <u>Jan 09 Realized</u> <u>Earnings - \$</u>	<u>Change for the Month</u> <u>Realized</u> <u>Earnings - \$</u>
VTA FUNDS					
1 - Fixed Income - Long-Term Investment Pool (2)	204,089,725	204,324,193	3,414,921	4,113,805	698,884
2 - Fixed Income - Short-Term Investment Pool (2)	303,431,052	304,562,533	2,823,355	3,236,427	413,072
3 - VTA Bond Funds with Fiscal Agent (3)	23,462,012	25,437,272	276,651	302,853	26,202
4 - Funds with LAIF Investment Pool (2)	26,000,000	26,800,000	406,884	425,569	18,685
5 - Funds with Union Bank-Congestion Management	3,934,260	3,457,575	25,080	25,728	648
6 - Funds with Union Bank-Measure B	36,351,045	35,034,933	298,771	306,255	7,484
7 - Funds with Union Bank Pooled DDA account (2)	9,054,658	3,818,853	34,014	34,547	533
Total VTA Funds	606,322,752	603,435,359	7,279,676	8,445,184	1,165,508
RETIREEES' OPEB FUNDS					
1 - Retirees' OPEB -Fixed Income	44,057,379	44,281,133	1,236,349	1,454,922	218,573
2 - Retirees' OPEB -State Street - Index	73,570,619	74,265,619	0	0	0
Total Retirees' OPEB Funds	117,627,998	118,546,752	1,236,349	1,454,922	218,573
ATU PENSION FUNDS					
1 - VTA/ATU Pension Fund-Fixed Income	125,366,025	124,125,503	3,863,327	4,476,306	612,979
2 - VTA/ATU Pension Fund-State Street - Index	56,391,135	56,391,135	0	0	0
3 - VTA/ATU Pension Fund- Int'l - Equity Growth - MFS	60,108,856	60,108,856	0	0	0
4 - VTA/ATU Pension Fund-Stock Large Cap Value	59,328,062	57,634,185	-3,805,596	-5,499,874	-1,694,278
5 - VTA/ATU Pension Fund-Stock Small Cap Value	28,372,179	27,532,315	-2,966,880	-3,807,103	-840,223
Total ATU Pension Funds	329,566,257	325,791,994	-2,909,149	-4,830,671	-1,921,522
ATU SPOUSAL MEDICAL PLAN FUNDS					
1 - ATU Spousal Med Fund - Dodge & Cox - Index (4)	4,327,234	4,327,234	-32,002	-32,002	0
2 - ATU Spousal Med Fund-State Street - Index	8,207,187	8,207,187	0	0	0
Total ATU Spousal Plan Funds	12,534,421	12,534,421	-32,002	-32,002	0
Total Investments	1,066,051,428	1,060,308,526	5,574,874	5,037,433	-537,441

Legend:

- (1) Total includes contributions / withdrawals made during current month.
- (2) Measure A Bond Funds: \$310,356,950 which includes earnings: from Payden \$13,689,825
LAIF \$951,664, and Union Bank DDA Account \$103,240
- (3) Bonds Reserves and/or Debt Service Funds
- (4) Recognize real loss associated with \$990K withdrawal from Dodge & Cox Funds on 11/05/08 to rebalance the portfolio: contribution to State Street \$900K and Cash Balance \$90K



Date: February 24, 2009

Current Meeting: March 19, 2009

Board Meeting: April 2, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: Monthly Legislative History Matrix

FOR INFORMATION ONLY

BACKGROUND:

For your information, I am attaching our Monthly Legislative History Matrix, which describes key transportation-related bills that are being considered by the California Legislature during the 2009-10 session. It indicates the status of these measures and any adopted VTA positions with regard to them.

DISCUSSION:

The big news in Sacramento is that Gov. Arnold Schwarzenegger and the Legislature successfully enacted an intricate package of 33 bills that attempts to close the massive \$40 billion gap between state revenues and spending over the next 17 months, while at the same time stimulating the economy by accelerating some public works projects and giving tax breaks to some businesses. Action came three months after the Governor declared a fiscal emergency and called on lawmakers to convene a special session to solve the state's budget crisis.

In general, the enacted budget package takes a three-pronged approach, with \$12.8 billion in temporary tax increases, \$15 billion in spending cuts, and \$11.4 billion in borrowing. It also includes a \$1 billion reserve.

Temporary Tax Increases: The budget package consists of four temporary tax increases. How long they would be in effect would depend on whether California voters approve a constitutional amendment appearing on a special election ballot scheduled for May 19 to impose a limit on future state spending. The four temporary tax increases, which are expected to generate \$12.8 billion over 17 months, call for the following:

1. Raising the state sales tax by 1 percent, effective April 1, 2009. This tax increase would sunset on June 30, 2012, if the voters approve the spending cap. If the voters reject the

spending cap, then it would expire one year sooner, on June 30, 2011.

2. Raising the vehicle license fee (VLF) from 0.65 percent of the market value of a vehicle to 1.15 percent. The revenues generated from this increase would be split between the General Fund and a new special account dedicated to funding local public safety programs. The VLF rate increase would become effective for registrations beginning May 19, 2009, and would expire on June 30, 2013, if the voters approve the spending cap. Without the spending cap, the rate increase would expire two years sooner, on June 30, 2011.
3. Imposing a 0.25 percent rate increase for personal income taxes, effective starting in tax year 2009. This rate add-on would apply through tax year 2012 if the voters go along with the spending cap. If the spending cap is rejected, then it would apply to tax years 2009 and 2010. Furthermore, if the state receives funding through the federal economic stimulus bill that offsets at least \$9.1 billion of General Fund costs, then the rate increase would be reduced to 0.125 percent.
4. Reducing the dependent credit allowed against personal income taxes to the federal level of \$99 instead of \$309 beginning in the 2009 tax year. The dependent credit reduction would apply through tax year 2012 if the voters approve the spending cap. It would expire two years sooner, applying only to tax years 2009 and 2010, if the spending cap is rejected.

Spending Cuts: The budget package includes \$15 billion in reductions that would impact every aspect of state government. The key cuts are as follows:

- ü \$8.6 billion from K-12 education.
- ü \$264 million from the University of California and California State University systems.
- ü \$673 million from eliminating cost-of-living increases for recipients of CalWORKs and SSI/SSP grants.
- ü \$1.4 billion from the elimination of two paid holidays, from two furlough days per month through June 2010, and from cuts in overtime pay for state employees.
- ü \$181 million from state prison medical care.
- ü \$146 million from the courts.

If California does not receive funding through the federal economic stimulus bill that offsets at least \$9.1 billion of General Fund costs, then there would be further cuts to Medi-Cal, CalWORKs, in-home support for seniors, SSI/SSP, and the courts.

Transportation: The State Transit Assistance Program (STA) took the brunt of the cuts in transportation. For FY 2009, STA funding was sliced from \$306 million to \$153 million. In addition, the budget package calls for using all STA money to pay for yellow school bus service and debt service on transportation-related bonds for the next four fiscal years, through FY 2013. Meanwhile, Proposition 42 funding for local streets/roads and the STIP would remain intact for the current fiscal year and for FY 2010. Finally, \$100 million in annual tribal gaming revenues that were intended to repay various state transportation accounts for prior-year loans to the

General Fund would remain in the General Fund for FY 2009 and FY 2010.

Borrowing: The budget package calls for \$11.4 billion in loans as follows:

- § Borrowing \$5 billion from the state lottery, subject to voter approval.
- § Selling \$5.9 billion in reimbursement warrants (RAWs) in July 2009 to be repaid no later than June 30, 2011. The RAWs would not be issued if the state receives more than \$9.1 billion from the federal economic stimulus legislation to offset General Fund expenditures.
- § Generating an additional \$433 million for the General Fund through loans and transfers from various special funds over a 17-month period.

Ballot Measures: The budget plan depends on the approval of five key ballot measures to be considered by the voters during a special election scheduled for May 19. If these measures do not pass, then the plan will likely begin to fall apart. These ballot measures are as follows:

1. Shifting \$226.7 million in FY 2010 and up to \$234 million in FY 2011 from the Proposition 63 mental health special fund to the General Fund to cover the costs of the Early Periodic Screening, Diagnosis and Treatment Program for low-income children. Proposition 63 revenues are generated through a tax on the wealthy.
2. Transferring \$340 million in FY 2009 and \$268 million annually for five fiscal years starting in FY 2010 from the Proposition 10 special fund for early childhood development efforts to pay for a series of children's programs that are currently covered by the General Fund. Proposition 10 revenues are generated through a tax on tobacco products.
3. Modernizing the state lottery and allowing future proceeds to be borrowed by the General Fund. The budget package assumes that \$5 billion in future lottery revenues would be loaned to the General Fund in FY 2010.
4. Increasing annual K-12 school funding by \$9.3 billion in future years in lieu of any maintenance factors that could be required by Proposition 98.
5. Placing a limit on the amount of revenues that could be appropriated for General Fund purposes. This constitutional amendment would require the Department of Finance to forecast a revenue amount for the General Fund for a particular fiscal year derived from the last 10 years of revenue growth amounts. Any revenues exceeding this forecasted amount must be deposited into a newly created Budget Stabilization Fund, which could only be tapped: (1) if revenues are insufficient to cover prior-year expenditures, adjusted for inflation and population; or (2) in cases of a declared emergency. Under this constitutional amendment, money would accumulate in the Budget Stabilization Fund until it equals 12.5 percent of General Fund revenues, at which point the excess funding could be used for one-time expenditures. This ballot measure is tied to the duration of

the four temporary tax increases that were included in the budget package. If it passes, then those temporary tax increases would be extended beyond FY 2010 by one to three years.

Economic Stimulus Provisions: At the insistence of Gov. Schwarzenegger, several bills intended to stimulate the state's sluggish economy were enacted along with the budget package. The key ones are as follows:

- § Providing unlimited authority for public-private partnerships for transportation projects until January 1, 2017.
- § Allowing the use of design-build contracting for 10 Caltrans projects, five regional/local transportation projects, 10 redevelopment agency projects, and five state facility projects.
- § Providing exemptions from the California Environmental Quality Act (CEQA) and permit streamlining for eight specific state highway projects being implemented by Caltrans with Proposition 1B bond money.
- § Effective in tax year 2011, allowing multi-state businesses to apportion income to California using only their percentage of sales in California.
- § Providing a tax credit for the production costs of movies and TV series that are produced in California.
- § Providing a tax credit of \$3,000 per full-time equivalent employee hired by small businesses. The credit would be available for the 2009 and 2010 tax years.

Prepared By: Kurt Evans

LEGISLATIVE HISTORY
2009 – 2010 State Legislative Session
February 17, 2009

State Assembly Bills

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 112 (Beall) Santa Clara Valley Transportation Authority: Local Streets/Roads Funding	Makes several technical corrections to the enabling statutes of the Santa Clara Valley Transportation Authority (VTA) to ensure that VTA has the appropriate statutory authority to work with local jurisdictions on developing funding strategies to address their local street and road maintenance and repair needs.	As Introduced	Assembly Desk	Sponsor
AB 116 (Beall) Contracts: Materials, Supplies and Equipment	Amends the enabling statutes of the Santa Clara Valley Transportation Authority (VTA) to raise the dollar threshold for when VTA must use the formal competitive bidding process to procure materials, supplies and equipment from \$25,000 to \$100,000, consistent with federal guidelines. Also includes comparable provisions for: (a) the San Mateo County Transit District (SamTrans); (b) the Alameda-Contra Costa Transit District (AC Transit); and (c) the Golden Gate Bridge, Highway and Transportation District (Golden Gate Transit).	As Introduced	Assembly Desk	Sponsor
AB 118 (Logue) Global Warming Solutions Act: Repeal	Repeals the California Global Warming Solutions Act of 2006.	As Introduced	Assembly Desk	
AB 153 (Ma) California High-Speed Rail Authority	Specifies that the California High-Speed Rail Authority constitutes a “governing body” for the purpose of adopting a resolution of necessity pursuant to an eminent domain proceeding. Allows the authority to employ its own legal staff or contract with other state agencies for legal services.	As Introduced	Assembly Desk	
AB 266 (Carter) Transportation Needs Assessment	Every five years, requires the California Transportation Commission (CTC) to develop an assessment of: (a) the unfunded costs of programmed state and federally earmarked transportation projects in California; and (b) available funding for transportation purposes and unmet transportation needs on a statewide basis. Requires the assessment to include recommendations on how the state and local transportation agencies may address the transportation funding shortfalls and unmet needs that are identified. Requires the results from the initial assessment to be submitted to the Legislature by March 1, 2011.	As Introduced	Assembly Desk	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
<p>ACA 9 (Huffman) Local Governments: Special Taxes</p>	<p>Calls for placing before the voters an amendment to the California Constitution to allow a local agency to impose, extend or increase any special tax if the tax is approved by the voters by a 55 percent majority. Also allows a local agency to incur indebtedness in the form of general obligation bonds to fund: (a) the construction, reconstruction, rehabilitation, or replacement of public infrastructure improvements and public safety agency facilities; (b) the development of affordable housing; and (c) the acquisition or lease of real estate for public infrastructure improvements, public safety agency facilities and affordable housing, if the bond issuance is approved by the voters by a 55 percent majority.</p>	<p>As Introduced</p>	<p>Assembly Desk</p>	
<p>ACR 14 (Niello) Global Warming Solutions Act: Economic Analysis</p>	<p>Prior to any regulatory action being taken consistent with the scoping plan for the California Global Warming Solutions Act of 2006, requires the California Air Resources Board (CARB) to perform an economic analysis that would give the state a more complete and accurate picture of the costs and benefits of the act's implementation. Calls upon the governor to use the authority granted by the act to adjust any applicable deadlines for regulations.</p>	<p>As Introduced</p>	<p>Assembly Natural Resources Committee</p>	

State Senate Bills

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 10 (Leno) Local Vehicle Assessment	Authorizes counties and San Francisco to impose a voter-approved local vehicle assessment at a rate not to exceed 2 percent of the market value of each motor vehicle or trailer coach registered within their respective jurisdictions for general revenue purposes if: (a) the board of supervisors approves an ordinance to that effect by a two-thirds vote; and (b) the assessment is approved by a majority vote of the electorate.	As Introduced	Senate Transportation and Housing Committee	
SB 31 (Pavley) Global Warming Solutions Act: Compliance Revenues	Requires revenues collected pursuant to compliance mechanisms related to the implementation of the California Global Warming Solutions Act of 2006 that are adopted by the California Air Resources Board (CARB) to be deposited in the Air Pollution Control Fund. Allows these revenues to be used for: (a) renewable energy and energy efficiency programs that reduce greenhouse gas emissions, particularly those programs focusing on low-income consumers; (b) investments in technologies to reduce greenhouse gas emissions, especially technologies that provide pollution reduction co-benefits; and (c) green jobs development and training that will reduce greenhouse gas emissions.	As Introduced	Senate Environmental Quality Committee	
SB 104 (Oropeza) Global Warming Solutions Act: Definition of Greenhouse Gases	Includes nitrogen trifluoride in the definition of “greenhouse gases” under the California Global Warming Solutions Act of 2006. For purposes of implementing the act, requires the California Air Resources Board (CARB) to designate as a greenhouse gas any anthropogenic gas one metric ton of which makes the same or greater contribution to global warming as one metric ton of carbon dioxide. For anthropogenic gases that are designated as a greenhouse gas, requires CARB to adopt regulations, including emissions limits and emissions reduction measures.	As Introduced	Senate Environmental Quality Committee	
SCA 3 (Wyland) Proposition 42 Suspensions	Calls for placing before the voters an amendment to the California Constitution to eliminate the ability of the Governor and the Legislature to suspend the transfer of gasoline sales tax revenues pursuant to Proposition 42 from the General Fund to the Transportation Investment Fund (TIF). Prohibits the loaning of TIF revenues under any circumstances. Prohibits the enactment of a statute that would reduce the extent to which gasoline sales tax revenues are deposited into the General Fund for transfer to the TIF for transportation purposes.	As Introduced	Senate Revenue and Taxation Committee	
SCA 10 (Ducheny) Constitutional Amendments	Calls for placing before the voters an amendment to the California Constitution regarding statewide initiative measures. Specifically, requires the Secretary of State’s Office to transmit a copy of an initiative measure certified for the ballot that would amend the constitution to both the Senate and Assembly no later than 176 days prior to the election at which the measure is to be considered by the electorate. Within 30 days, allows the Legislature to propose an amended form of the initiative measure by adopting a concurrent resolution. If the sponsors of the initiative measure accept the proposed amendments, requires the Legislature’s proposal to appear on the ballot in place of the certified initiative measure. If the amended form proposed by the Legislature is not accepted, requires information regarding the proposed amended form to be included in the ballot materials related to the initiative measure.	As Introduced	Senate Elections, Reapportionment and Constitutional Amendments Committee	

**CALIFORNIA STATE LEGISLATURE
2009 Regular Session Calendar**

DAY	JANUARY
1	Statutes signed into law in 2008 take effect.
5	Legislature reconvenes.
10	Budget must be submitted by the Governor to the Legislature on or before this date.
30	Last day to submit bill requests to the Legislative Counsel's Office.

DAY	FEBRUARY
27	Last day for bills to be introduced.

DAY	APRIL
2	Spring Recess begins upon adjournment.
13	Legislature reconvenes from Spring Recess.

DAY	MAY
1	Last day for policy committees to hear and report fiscal bills introduced in their house.
15	Last day for policy committees to hear and report to the floor non-fiscal bills introduced in their house.
29	Last day for fiscal committees to hear and report to the floor bills introduced in their house.

DAY	JUNE
5	Last day for bills to be passed out of their house of origin.
15	Budget must be passed by midnight.

DAY	JULY
10	Last day for policy committees to hear and report bills introduced in the other house.
17	Summer Recess begins upon adjournment, provided that the budget bill has been enacted.

DAY	AUGUST
17	Legislature reconvenes from Summer Recess.
28	Last day for fiscal committees to hear and report to the floor bills introduced in the other house.

DAY	SEPTEMBER
4	Last day to amend bills on the Assembly and Senate floors.
11	Last day for each house to pass bills. Interim Recess begins at the end of this day's session

DAY	OCTOBER
11	Last day for the Governor to sign or veto bills passed by the Legislature before September 11, and in his possession after September 11.

DAY	JANUARY 2010
4	Legislature reconvenes.



Date: February 19, 2009
Current Meeting: March 19, 2009
Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: 2009 Quarterly Attendance Report

FOR INFORMATION ONLY

BACKGROUND:

At the January 5, 1995 Board of Directors meeting, the Board Secretary was requested to submit quarterly and year-end attendance reports to include Board Standing Committees and Board Advisory Committees.

Prepared By: Michelle M. Garza

2009 ATTENDANCE SHEET

P = Present A = Absent
 E = Excused Absence NA = Not Applicable C = Canceled
 Eff = Effective TE = Term Expiration

NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Administration & Finance Committee: 3rd Thursday of each month @ 12:00 pm												
Gage, Don (5)	P	P										
Kniss, Liz (5)	E	P										
Shirakawa, George (Alt-5)	NA	NA										
Casas, David (2)	E	E										
Moylan, Chris (Alt-2)	P	NA										
Reed, Chuck (1)	P	P										
Campos, Nora (Alt -1)	NA	NA										
Audit Committee: quarterly 1st Thursday of month (Board Meeting Day) @ 4:00 pm												
Casas, David (2)	NA	NA										
Gage, Don (5)	NA	NA										
Pyle, Nancy (1)	NA	NA										
Sellers, Greg (4)	NA	NA										
Bicycle & Pedestrian Advisory Committee: Wednesday following the 1st Thursday of each month @ 6:00 pm												
Bunnell, Cheryl	P	A										
Chung, Celia (Alt Ex-officio)	A	P										
Entin, Bruce	A	P										
Fernandez, Chris	P	P										
Ginzton, Nancy	P	P										
Hagenmaier, Carl	P	P										
Manry, William F.	A	Resigned 01/09										
Meyer, Jerri-Ann	P	P										
Muniz, Thomas	P	P										
Sacco, Marian	A	P										
Simons, David	P	P										
Stallman, Jim	P	P										
Sullivan, John	P	P										
Swent, Richard	A	P										
Wadler, Herman	P	P										
Walton, Joseph	P	P										
Winter, Corinne (Ex-Officio)	A	NA										
Zavala, Jana	P	P										
Citizens Advisory Committee: Wednesday following the 1st Thursday of each month @ 4:30 pm												
Blaylock, Stephen	P	A										
Chang, Bena	P	Resigned 01/09										
Elias, Chris	P	P										
Hashimoto, Ray	P	P										

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NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Citizens Advisory Committee - Continued												
Hughan, Roberta	A	P										
Jacobvitz, Robert	P	A										
Kline, Norman	P	P										
Morando, Gaye	P	P										
Okuzumi, Margaret	A	P										
Powers, Charlotte	P	P										
Probst, Sally	P	P										
Rogers, Connie	A	P										
Schulter, Martin	A	E										
Skinner, Peter Appointed 02/09		P										
Tebo, Noel	P	P										
Committee for Transit Accessibility: Wednesday following the 1st Thursday of each month @ 1:00 pm												
Arnberg, Lori	A	A										
Eljas, Emma	P	P										
Gallo, Linda	P	P										
Gouveia, Sandra	P	A										
Grant, David	P	A										
Hernandez, Troy	P	P										
Jensen, Marjorie	P	P										
Julian, David	P	A										
Langford, Connie	P	P										
Lasich, Martin	A	P										
Michels, Laura	P	P										
Montague, Mike	P	P										
Morrow, Aaron	A	P										
Nourzaie, Shawna	P	A										
Saltman, Larry	P	P										
Shah, Dilip S.	P	P										
Slack, Thomas	A	P										
Stahl, Barbara	P	P										
Zhu, William	P	P										
<u>Ex-Officio</u>												
Fernandez, Christina	NA	P										
Janssen, Jeff	NA	NA										
Heatley, Katie	P											

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NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Congestion Management Program & Planning: 3rd Thursday of each month @ 10:30 am												
Liccardo, Sam (1)	P	P										
Rose Herrera (1)	E	P										
Nancy Pyle (1)	P	P										
Campos, Nora (Alt -1)	E	E										
Kishimoto, Yoriko (2)	P	P										
Moylan, Chris (Alt-2)	NA	E										
Policy Advisory Committee: 2nd Thursday of each month @ 4:00 pm												
Satterlee, Megan	p	A										
(Alt) Vacant	NA	NA										
Kornder, Joe	P	P										
McLeod, Jamie (Alt)	NA	NA										
Joe Pirzynski Eff 12/08	P	P										
McNutt, Diane (Alt)	NA	NA										
McHugh, Pete	A	A										
Vacant (Alt)	A	A										
Lee, Marby	P	P										
Tate, Steve (Alt)	NA	NA										
Kotowski, Michael	P	A										
Baker, Jason (Alt)	NA	A										
Burt, Pat	A	A										
Klein, Larry (Alt)	A	A										
Page, Chuck	P	P										
King, Kathleen (Altenate)	NA	NA										
TBD-Los Altos Hills	A	A										
Abe-Koga, Margaret	P	P										
Macias, Laura(Alternate)	NA	NA										
Cortese, Dave (eff 2/09)	NA	A										
TBD (Alt)	A	A										
Moylan, Christopher	P	P										
Whittum, David (Alt)	NA	NA										
Chu, Kansen	P	P										
Woodward, Perry	P	P										
Tucker, Cat (Alt)	NA	NA										
Wang, Kris	NA	A										
Wong, Gilbert(Alt)	P	A										
Anstandig, Marshall	P	P										
Wright, Curtis (Alt)	NA	NA										

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Technical Advisory Committee: 2nd Thursday of each month @ 1:30 pm												
Armendariz, Greg	NA	P										
Rodriguez, Jaime (Alt)	P	NA										
Batra, Rajeev	P	P										
Riley, Kevin (Alt)	NA	NA										
Capurso, Todd Eff 6/1	P	P										
Rohani, Kevin (Alt) Eff 7/08	NA	NA										
Cherbone, John	P	P										
N/A (Alt)												
Dey, Don	P	P										
VACANT (Alt)												
Goepfert, Glenn	P	NA										
Stillman, David (Alt)	NA	P										
Jenkins, Joan	P	P										
Lazarus, Cathy (Alt)	NA	NA										
Kass, Robert	A	P										
Helms, Bill (Alt)	A	NA										
Likens, Gayle	P	P										
Caporgno, Julie (Alt)	NA	NA										
Lind, Larry (eff. 2/12/09)		P										
Gustafson, Jim (Alt)	A	NA										
VACANT												
Chen, Richard (Alt)	A	A										
Molloy Previsch, Kathy M.	A	A										
Rowe, Jim (Alt)	A	A										
Murdter, Michael	NA	NA										
Collen, Dan (Alt)	P	P										
Slintak, Ed (Eff 11/15/07)	A	A										
Tripousis, Ben (Eff 12/06)	P	P										
Larsen, Hans (Alt) Eff 12/06	NA	NA										
Witthaus, Jack	P	P										
El-Guendy, Heba (Alt)	NA	NA										
Ex-Officio												
VACANT												
Connolly, Kevin (Alt)	A	A										
Taubeneck, Lee	P	A										
Fung, Sylvia (Alt)	NA	A										

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NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Transit Planning & Operations Committee: 3rd Thursday of each month @ 4:30 pm												
Caserta, Dominic (2)	P	P										
Moylan, Christopher (Alt-2)	NA	NA										
Kalra, Ash (1)	P	E										
Campos, Nora (Alt-1)	NA	E										
Sandoval, Dolly (3)	P	E										
Page, Chuck (Alt-3)	NA	E										
Sellers, Greg (4)	P	P										
Livengood, Bob (Alt-4)	NA	NA										
Board of Directors: 1st Thursday of each month @ 5:30 pm												
<u>Group 1</u>												
Campos, Nora (Alt 1)	NA	NA/NA										
Herrera, Rose	P	P/P										
Kalra, Ash	P	P/E										
Liccardo, Sam	P	P/P										
Pyle, Nancy	P	P/P										
Reed, Chuck	P	P/P										
<u>Group 2</u>												
Casas, David	P	P/P										
Caserta, Dominic	P	P/E										
Kishimoto, Yoriko	P	P/P										
Moylan, Chris (Alt-2)	NA	NA/P										
<u>Group 3</u>												
Sandoval, Dolly	P	P/P										
Page, Chuck (Alt-3)	NA	NA/NA										
<u>Group 4</u>												
Livengood, Bob (Alt)	NA	P/NA										
Sellers, Greg	P	P/P										
<u>Group 5</u>												
Gage, Don	P	P/P										
Kniss, Liz	A	P/P										
Shirakawa, George (Alt)	NA	NA/NA										
Board of Directors - Continued												
<u>Ex-Officio</u>												
Chu, Dean J.	P	P/E										
Yeager, Ken	A	P/P										



Date: March 9, 2009
 Current Meeting: March 19, 2009
 Board Meeting: April 2, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: Citizens Advisory Committee Appointment

Policy-Related Action: No

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Ratify the nomination of Erik Larsen to the Citizens Advisory Committee, representing the South Bay AFL-CIO Labor Council.

BACKGROUND:

The Citizens Advisory Committee (CAC) is a 17-member committee representing the residents of the various city/county groupings of the VTA Board of Directors, as well as specified community stakeholder groups with an interest in transportation. Five positions represent Business and Labor organizations. The CAC advises the Board and VTA administration on issues impacting the communities and organizations they represent. It also serves in two other functions: (1) as the ballot-specified Citizens Watchdog Committee for the 2000 Measure A Transit Improvement Program; and (2) as the 2008 Measure D ballot-specified advisory body that reviews and comments on VTA's comprehensive transit program as part of the countywide transportation plan.

The CAC bylaws require that a committee member must be a resident of Santa Clara County while on the committee and cannot concurrently hold an elected public office. Committee members cannot be VTA staff or employed by the city they represent. The committee membership term is indefinite, and CAC members serve until resignation or replacement by their appointing organization or the VTA Board.

The process to fill CAC vacancies, as defined by the bylaws, is that member agencies and specified business and labor groups nominate representatives for their respective membership positions. For the six Community Interests positions, VTA's Administration & Finance Committee appoints one member per position from nominations submitted by advocacy groups

or received at-large. In all cases, the VTA Board must ratify the appointment.

DISCUSSION:

The VTA Administrative Code establishes the membership of the CAC. One of the five positions in the Business and Labor Groups section represents the South Bay AFL-CIO Labor Council (SBLC). The SBLC has nominated Erik Larsen as its new CAC representative to replace its former representative, Judy Kirkham, who has resigned and relocated out of state.

Mr. Larsen, who lives in Milpitas, currently works as a Community Organizer for the city of San José. He has a Bachelors Degree in Leadership and Union Administration from the National Labor College in Silver Springs, Maryland. He is active in the local community, serving as a lay preacher at Sunny Hills Methodist Church and as a Boy Scout Leader. He is also a member of the San Jose Convention and Visitors' Bureau. Mr. Larsen is the former president of AFSCME Local 101 and a graduate of Leadership Santa Cruz, a project of the Santa Cruz Chamber of Commerce.

Based on Mr. Larsen's qualifications and local community involvement, staff recommends that the Administration and Finance Committee appoints, and the Board ratifies Mr. Larsen's nomination to this position.

ALTERNATIVES:

The Board could choose to not ratify the nomination of this individual.

FISCAL IMPACT:

There is no fiscal impact as a result of this action.

Prepared by: Stephen Flynn, Sr. Management Analyst



Date: March 5, 2009
 Current Meeting: March 19, 2009
 Board Meeting: April 2, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: Bill Position: AB 266 (Carter)

Policy-Related Action: Yes

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Adopt a support position for AB 266 (Carter), which requires the California Transportation Commission (CTC) to do an assessment of the state's unmet transportation needs every five years.

BACKGROUND:

AB 266 requires the CTC to develop an assessment of: (a) the unfunded costs of programmed state and federally earmarked transportation projects in the state; and (b) available funding for transportation purposes and unmet transportation needs on a statewide basis. Under the provisions of this bill, the assessment also must include recommendations on how the state and regional/local agencies may address the transportation funding shortfalls and unmet needs that are identified. Results from the initial assessment must be submitted to the Legislature by March 1, 2011. Thereafter, the CTC would be required to do this assessment every five years.

DISCUSSION:

AB 266 is consistent with a 2004 recommendation by the Legislative Analyst's Office (LAO), which stated, "The first step in identifying a solution to a problem is identifying the scope of the problem. Yet, when it comes to transportation, there is currently no requirement that Caltrans or any other state entity assess and report on the state's overall transportation needs on a regular basis. While Caltrans and regional transportation planning agencies (RTPAs) must regularly update funding and scheduling documents, such as the State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP), these documents provide no information about unfunded needs. Similarly, RTPAs are required to adopt long-range planning documents under both state and federal law, but these documents are

not compiled to provide a view of the state's needs as a whole.”

In 1999, the CTC released its “Inventory of Ten-Year Funding Needs for California’s Transportation System, which was completed in response to the passage of SR 8 (Burton). This study noted, “The report demonstrates substantial unfunded need for reinvesting in California’s existing transportation systems. It also demonstrates the substantial funding requirements to expand those systems, both through lower cost operational improvements and through more costly capacity increases. These costs, while substantial, reflect the challenges of aging transportation systems and ‘catching up’ with three decades of population growth that out-paced highway and roadway capacity increases by a factor of over two, and growth in vehicle miles of travel that out-paced population by a factor of nearly three.”

The CTC indicated that in compiling the SR 8 study, it contacted nearly 1,000 transportation agencies in the state through questionnaires and individual inquiries. From this information, it computed that California’s 10-year funding need for transportation purposes was close to \$120 billion. However, the commission emphasized, “The report is essentially limited to a compilation of surveys. It does not offer a tightly integrated, prioritized, planning exercise. The various surveys have not been normalized for compatibility. Rather, the responses from all respondents have been summarized and assembled.”

In light of: (a) the shortcomings of the 1999 report and the fact that it was done close to 10 years ago; (b) the diversion of significant amounts of transportation dollars to shore up the General Fund, which became a common practice on the part of the Governor and Legislature this decade; (c) the continued serious shortfalls in transportation funding; and (d) the continuing deterioration of California’s transportation infrastructure, the CTC should update its needs assessment of the state’s transportation network as soon as possible. AB 266 would accomplish this purpose, as well as ensure that such an assessment is done on a regular basis so that policymakers have current information about the state’s unmet transportation funding needs. Therefore, we recommend that the Board of Directors support this legislation.

ALTERNATIVES:

The Board of Directors could decide to adopt a position for AB 266 that is different from the one being recommended, or it could opt to take no position on this bill at this time.

FISCAL IMPACT:

There is no fiscal impact associated with this recommendation.

Prepared by: Kurt Evans



Date: March 10, 2009
 Current Meeting: March 19, 2009
 Board Meeting: April 2, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: BART Plus Ticket Program Agreement

Policy-Related Action: No

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to execute an agreement to continue the BART Plus multi-agency ticket program in cooperation with BART and nine other Bay Area transit agencies through December 2009 with the option to extend up to three years in annual increments.

BACKGROUND:

The BART Plus program began in April, 1991 with the purpose of facilitating fare payment by transit riders whose travel patterns require them to use both BART and local transit, typically bus services.

Each month, BART Plus offers a special series of BART tickets pre-encoded with fixed amounts of BART ticket value. Each BART Plus ticket is honored as a “flash pass” on board participating bus operators for a half-month period. There are “A” versions of the tickets for the first half of the month and “B” versions of the tickets for the second half of the month. For trips on BART, the amount of BART ticket value is reduced for each trip taken during the half-month period and for five days after the end of the period, at which time the remaining BART value, if any, expires.

Pricing of BART Plus tickets is based on the amount of pre-encoded BART ticket value plus a fixed additional dollar amount that is shared among the bus operators. The bus operator share is allocated among the bus operators based on a usage survey. VTA has a very small share of the program, about 1.8%.

The most recent BART Plus program agreement was executed in 2006 for a two year term, and

this was subsequently extended through December 2008. Besides VTA and BART, other operators included in this agreement were Samtrans, SFMTA, Union City Transit, Central Contra Costa Transit Authority, Eastern Contra Costa Transit Authority, Western Contra Costa Transit Authority, Livermore Amador Valley Transit Authority, the City of Benicia, and the Dumbarton Bridge Service Consortium (which includes VTA, AC Transit, Samtrans, Union City Transit, and BART). The program is administered by BART with administrative costs charged against program revenues.

DISCUSSION:

In November 2008, BART staff initiated discussions regarding extending the BART Plus program agreement for 2009. In response to an SFMTA proposal to increase revenues for the bus operators, it was determined that a new agreement rather than an amendment should be executed. A new agreement has now been drafted based on the 2006 agreement but with a ticket price increase for the "bus share" from \$48 per month to \$58 per month effective July 2009. Also, Benicia will no longer be a part of the program but the City of Rio Vista will join for the first time.

Term of the new agreement is through December 2009, with optional extensions up to three years in one year increments.

ALTERNATIVES:

VTA could choose not to participate in the continuation of the BART Plus program.

FISCAL IMPACT:

VTA received \$22,115 from the BART Plus Program for the fiscal year ended June 30, 2008.

Reviewed and verified by Ali Hudda, Deputy Director of Accounting.

Prepared by: David Sausjord, Revenue Services Manager