

ADMINISTRATION & FINANCE COMMITTEE

Thursday, March 19, 2009

MINUTES

CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:15 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
David Casas	Board Member	Absent
Don Gage	Board Member	Present
Liz Kniss	Board Member	Present
Chuck Reed	Board Member	Present
Nora Campos	Alternate Board Member	N/A
Chris Moylan	Alternate Board Member	N/A
George Shirakawa	Alternate Board Member	N/A

* Alternates do not serve unless participating as a Member.

A quorum was present.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

Chairperson 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.

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

6. **Election of Administration and Finance (A&F) Committee Vice Chairperson for 2009**

Chairperson Kniss opened the nominations from the floor for the position of Administration and Finance Committee Vice Chairperson for 2009.

Member Reed nominated Member Gage for the position of Administration and Finance Committee Vice Chairperson for 2009.

M/S/C (Reed/Kniss) to close the nominations and elect Member Gage as Administration and Finance (A&F) Committee Vice Chairperson for 2009, on a white ballot.

CONSENT AGENDA

7. **Regular Meeting Minutes of February 19, 2009**

M/S/C (Gage/Reed) to approve the Regular Meeting Minutes of February 19, 2009.

8. **Monthly Investment Report - January 2009**

M/S/C (Gage/Reed) to review the Report on Santa Clara Valley Transportation Authority Investments for the month of January 2009.

9. **Monthly Legislative History Matrix**

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

10. **2009 Quarterly Attendance Report**

M/S/C (Gage/Reed) to review the 2009 Quarterly Attendance Report.

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

M/S/C (Gage/Reed) to approve submitting a recommendation to the Board of Directors to ratify the nomination of Erik Larsen to the Citizens Advisory Committee (CAC), representing the South Bay AFL-CIO Labor Council.

REGULAR AGENDA

12. **Bill Position: AB 266 (Carter)**

Kurt Evans, Government Affairs Manager, reported Assembly Bill (AB) 266 (Carter) an attempt to identify a solution to the states transportation funding problem. The last assessment was conducted in 1999 by the California Transportation Commission (CTC) at the direction of the Legislature, which was completed in response to the passage of SR 8 (Burton).

Mr. Evans reported the CTC assessment 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 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.”

Based on the 1999 CTC assessment study, it was determined that California’s 10-year funding need for transportation purposes was close to \$120 billion, which may now be closer to \$200 billion over the next 10 years. Mr. Evans stated the CTC determined that it would be beneficial to conduct an assessment of the State’s unfunded transportation needs on a regular basis to have an idea of the magnitude of the real problem.

M/S/C (Gage/Reed) to approve submitting a recommendation to the Board of Directors to 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. BART Plus Ticket Program Agreement

Ali Hudda, Deputy Director of Accounting, reported the recommended agreement is 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. The most recent program agreement was executed in 2006 for a two year term, which was extended through December 2008.

The BART Plus multi-agency ticket program consists of the following agencies: VTA, BART, SamTrans, San Francisco Municipal Transportation Agency (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.

Mr. Hudda stated it was determined a new agreement should be executed based on the following changes: a ticket price increase for the “bus share” from \$48 per month to \$58 per month effective July 2009, the removal of Benicia, and the inclusion of the City of Rio Vista to the multi-agency program.

Mr. Hudda commented VTA has a small share of the program, about 1.8 percent; therefore, VTA received \$22,115 from the BART Plus Program for fiscal year ending June 30, 2008.

M/S/C (Reed/Gage) to approve submitting a recommendation to the Board of Directors to 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

There were no Items of Concern and Referral to Administration.

15. Committee Work Plan

Joe Smith, Chief Financial Officer, noted a presentation is scheduled for April 16, 2009 Administration and Finance (A&F) Committee Meeting regarding a peer evaluation on the pension plan.

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

16. Committee Staff Report

Discussion regarding the Fiscal Year 2010 and Fiscal Year 2011 Budget Preparation

Joe Smith, Chief Financial Officer, provided a brief overview of the FY 2010 and FY 2011 Budget Preparation Process. Mr. Smith stated VTA has significant decreases in anticipated revenues. VTA anticipated receiving \$12 million from the State Transportation Assistance (STA) Program; however, the State budget has eliminated all operating assistance funding.

Mr. Smith commented on VTA's strategies to offset revenue reductions in development of Preliminary Projections: maximize the use of Preventive Maintenance Funds; maintain current vacancy rates and fill only the positions considered critical to maintaining VTA's core mission and service plan; and severely limit program enhancement or scope increases.

VTA will have a deficit of \$28.4 million in FY 2010 and \$49.7 million in FY 2011. Mr. Smith commented on the following strategies to offset revenue reductions and minimize VTA's projected deficit: fare increases; savings identified in Annual Service Plan, which will not be reinvested in additional service; adjustments to VTA's Light Rail Service Plan with a reduction in the number of rail cars; Workers' Compensation reserve reductions since it is currently over-funded; Wage freeze for administrative employees; elimination of program enhancements or scope increases; elimination of some "premium" Paratransit Services; 15 percent reduction in non-labor budgets throughout each division; and further labor savings, such as work furloughs.

Michael T. Burns, General Manager, stressed the importance to increase revenues and reduce costs, noting VTA's approach is to manage head count, preserve workforce, and not decrease transit system service based on budgetary reasons.

Vice Chairperson Gage stressed the importance to keep the community apprised of VTA's budget challenges and service reductions that may affect them.

Mr. Burns stated staff is currently working on VTA's budget preparation process and provide an update at the April 16, 2009 Administration and Finance (A&F) Committee Meeting and April 24, 2009 Board of Directors Workshop Meeting. VTA's recommended budget is scheduled for review at community meetings and VTA's Advisory Committee Meetings in May 2009 then VTA's final recommended budget will be forwarded for consideration at the June 4, 2009 Board of Directors Regular Meeting.

17. Chairperson's Report

There was no Chairperson's Report.

18. Determine Consent Agenda for the April 2, 2009 Board Meeting

CONSENT: Agenda Item #11, Ratify the nomination of Erik Larsen to the Citizens Advisory Committee (CAC), representing the South Bay AFL-CIO Labor Council; **Agenda Item #12**, 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; and

Agenda Item #13, 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.

REGULAR: None

19. Announcements

There were no Announcements.

4. RECESSED TO CLOSED SESSION at 12:48 p.m.

Anticipated Litigation - Conference with Legal Counsel

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

RECONVENED TO OPEN SESSION at 1:00 p.m.

5. CLOSED SESSION REPORT

Anticipated Litigation - Conference with Legal Counsel

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

There was no reportable action taken during Closed Session.

20. ADJOURNMENT

On order of Chairperson Kniss and there being no objection, the meeting was adjourned at 1:00 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Board of Directors