

ADMINISTRATION & FINANCE COMMITTEE

Thursday, May 21, 2009

MINUTES

CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:12 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 not present and a Committee of the Whole was declared.

2. PUBLIC PRESENTATIONS

Jaime Rodriguez, City of Milpitas, distributed a letter dated May 21, 2009, written by Milpitas Mayor Livengood to the VTA Board of Directors noting his concern regarding the rotation status of the City of Milpitas on the Valley Transportation Authority (VTA) Board of Directors.

Mr. Rodriguez spoke on behalf of Mayor Livengood, noting that Gilroy and Morgan Hill recently advised Milpitas that in spite of the current rotational process, Milpitas will not be rotated into the VTA Board Member position in 2010.

Mayor Livengood expressed concern that Milpitas will not be allowed the opportunity to serve on the VTA Board of Directors if Gilroy and Morgan Hill have their way in the selection process. Mayor Livengood stressed the importance for VTA's Board of Directors to ensure VTA's Board Member selection process is equitable and fair.

Michael T. Burns, General Manager, responded staff will provide an update on the Governance Structure at the August 20, 2009 A&F Committee meeting. Mr. Burns noted the city groupings are responsible to select their representative to serve on the Board. The selection process is under the jurisdiction of the city groupings and not the VTA Board of Directors.

Board Member Reed arrived at the meeting at 12:15 p.m.,
and a quorum was declared.

3. ORDERS OF THE DAY

Chairperson Kniss requested to move 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.

CONSENT AGENDA

6. Regular Meeting Minutes of April 16, 2009

M/S/C (Reed/Gage) to approve the Regular Meeting Minutes of April 16, 2009.

7. Monthly Investment Report - March 2009

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

8. Monthly Legislative History Matrix

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

9. Third Quarter FY 2009 Public Liability/Property Damage Claims Activity

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

**10. Third Quarter FY 2009 Report of Workers' Compensation Claims and Transitional
Work Program**

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

11. Quarterly Purchasing Report

M/S/C (Reed/Gage) to review the Quarterly Purchasing Report for January 1 through
March 31, 2009.

12. Quarterly Revenue and Expense Statement

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

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

REGULAR AGENDA

13. Fare Increase Proposal

Joe Smith, Chief Financial Officer, reported VTA's last fare policy change was in September 2007 when the fares decreased. The proposed fare increase is an important element of VTA's plan to get through the current economic downturn.

The proposed fare change increases all Single Ride and Community Bus fares by \$0.25, except the Senior/Disabled Community Bus fare, which is proposed to remain at \$0.50. Light Rail Excursion Pass, Day Pass, Monthly Pass, and Paratransit fares are proposed to be adjusted accordingly. Proposed Eco Pass fares are to be increased 20 percent for all service. The base paratransit one way trip fare is proposed to increase 14 percent or \$0.50, which is consistent with the change in the fixed route Adult Base Fare.

Mr. Smith stated VTA anticipates the fare increase will generate an estimated additional \$4.4 million in annual fare revenues on the fixed route system. The anticipated loss of ridership due to the fare increases is 3.1 percent.

Jim Unites, Operations Deputy Director, reported VTA and Outreach Paratransit worked collaboratively to develop the set of proposals to Paratransit service to align it with VTA's fixed route bus and light rail service.

Mr. Unites commented the service modifications and fare increases will be effective January 1, 2010. Mr. Unites indicated that most paratransit customers utilize standard prescheduled rides and will not be adversely impacted by the service modifications. All premium services will be priced at four times the base paratransit fare. Individuals were willing to pay the additional charges for premium services, which will be standardized at a rate of \$16.00 effective January 1, 2010.

Mr. Unites commented on the revised Paratransit Service Change Proposals to Same Day Service; Subscription Service; Open Returns, Will Call Rides; Second Vehicle Service; Service Area Surcharge; Extended Service Hours and Area; and Advanced Trip Scheduling.

Mr. Unites reported in accordance with the Americans with Disabilities Act (ADA) requirements, paratransit service needs to operate the same hours and area as VTA's bus and light rail services. VTA's proposal is to provide standard paratransit trips only during the same hours of the day and days per week that bus and light rail service are operating on the routes.

ADA requires service to be provided within a ¾ mile boundary of the transit system routes, but VTA's proposal will extend the boundary one mile beyond the limit. Since 2003, South County customers have been exempted from paying the premium Service Area fare, but VTA's current proposal is to discontinue this exemption.

Michael T. Burns, General Manager, reported staff conducted several public meetings and the proposed changes were available on VTA's website. The revised proposals were developed based on community input obtained from the community meetings. VTA and OUTREACH Paratransit worked together to ensure that customers with specific concerns were addressed either through other services or with trip planning to ensure customers were not impacted by the proposed service changes.

Mr. Unites stated letters were sent to all 15,000 paratransit customers regarding the proposed service modifications and fare changes.

Mr. Smith commented that staff did not receive many comments on the fares changes at the community meetings, noting most of the comments received were related to the budget and Eco Pass Program.

Board Member Reed expressed appreciation to staff for their diligent work to address the financial constraints and challenges.

M/S/C (Gage/Reed) to approve submitting a recommendation to the Board of Directors to adopt a finding that a fare increase is necessary to meet operating expenses, including employee wages and fringe benefits and purchasing or leasing supplies, equipment, or materials; Invoke a Statutory Exemption under CEQA, P. R.C. §21080(b)(8) and CEQA Guidelines, 14CCR Section 15273(a) (Rates, Tolls, Fares and Charges) for the purpose of modifying and increasing fares; and Adopt a resolution establishing new rates and fares for VTA bus, light rail, and paratransit services effective January 1, 2010.

14. Approval of Recommended Biennial Budget for Fiscal Years 2010 and 2011

Joe Smith, Chief Financial Officer, reported VTA has five budget objectives to preserve core service, preserve jobs, maintain infrastructure, advance Capital Programs, and to apply a balanced approach to include the use of new reserves and reduce operating expenditures.

VTA's Fiscal Years 2010 and 2011 Recommended Budget was developed in the middle of economic distress, decline in Sales Tax Revenues, and the elimination of State Transit Assistance (STA) funding for transit operations.

Mr. Smith commented on VTA's strategies to offset revenue reductions and minimize VTA's projected deficit: utilize operating reserves; maximize the use of Federal Preventive Maintenance Funds; maintain current vacancy rates; fare increases; and service modifications.

Mr. Smith reported VTA's major assumptions to address operating expenses are to maintain current vacancy rates, fill only the positions deemed critical to maintain; non-representatives agreed to a wage freeze and 12 work furlough days; and negotiations with unions regarding labor saving strategies.

VTA's Transit Fund Revenues are expected to generate an additional \$2.2 million in Fiscal Year 2010 to reflect the January 1, 2010 effective date for VTA's fare increases; an additional \$195,000 in both Fiscal Years 2010 and 2011 for advertising on VTA's light rail vehicles; and income generated for the Joint Workforce Investment Program grant.

VTA's Transit Fund Expenses are expected to increase an additional \$3.7 million in both Fiscal Year 2010 and 2011 to reflect an increase in the Amalgamated Transit Union (ATU) Pension Plan contributions; an expense increase in both Fiscal Years 2010 and 2011 for the Joint Workforce Investment Program; and service reduction savings redistributed to individual expense categories.

Mr. Smith noted VTA's Transit Fund Capital Contingency increased to \$2 million.

Mr. Smith provided the following updates from VTA's Draft Recommended 2000 Measure A Program: maintain the existing appropriation and reallocate \$45 million of funding source for the Capital Expressway Light Rail to Eastridge project; reduce the de-obligation of funds by \$972,000 for the Dumbarton Rail Corridor project; reduce appropriation of funds by \$18 million previously appropriated and transfer \$41.9 million from Silicon Valley BART Extension for Kato Road project; add \$2 million augmentation to Fiscal Year 2008 appropriation for the Mineta Airport People Mover (APM); and add \$32.19 million for the Swap Payments to other agencies.

Mr. Smith commented on the Valley Transportation Plan (VTP) Highway Improvement Program, noting an increase in appropriations by \$5.225 million in Fiscal Year 2011 for the I-280/I-880/Stevens Creek Boulevard Interchange project; transfer of \$950,000 to Fiscal Year 2010 from Fiscal Year 2011 for the State Route (SR) 152 Realignment Concept Study; and transfer of \$44.565 million to Fiscal Year 2010 from Fiscal Year 2011 for the US 101 Improvements and I-280 to Yerba Buena project.

Mr. Smith stated staff has presented VTA's Recommended Budget at six community meetings held at various locations in May 2009 as well as to VTA's Advisory Committees in May 2009. VTA's final Recommended Budget will be forwarded for consideration to the June 4, 2009 Board of Directors Regular Meeting.

Vice Chairperson Gage expressed appreciation and thanked staff for their diligent work to address the economical challenges and constraints that VTA is currently experiencing. Michael T. Burns, General Manager, noted there are operating assumption risks, such as additional decreases in projected sales tax receipts as well as the depletion of operating reserves; therefore, VTA's Recommended Budget will be forwarded with the assumed labor savings that are currently being negotiated with the unions.

Vice Chairperson Gage stressed the importance for VTA to look for opportunities to advance projects ahead of schedule to increase project savings.

M/S/C (Gage/Reed) to approve submitting a recommendation to the Board of Directors to adopt a resolution of the Board of Directors of the Santa Clara Valley Transportation Authority adopting a Biennial Budget for the period July 1, 2009 through June 20, 2011.

15. Bill Position: AB 610 (Caballero)

Kurt Evans, Government Affairs Manager, reported Assembly Bill (AB) 610 (Caballero) provides assistance by the Office of Planning and Research to: (a) develop and disseminate information that would help a local governmental agency determine whether a local infrastructure project would benefit from a public-private partnership that provides an alternative financing and procurement approach; and (b) serve as a clearinghouse of information regarding the use of public-private partnerships for infrastructure projects in California and elsewhere.

Mr. Evans stated AB 610 (Caballero) is similar to a 2008 bill the VTA Board of Directors supported, but did not proceed through the legislative process. Public-private partnerships are contractual risk-sharing agreements between public agencies and private entities to design, build, finance, operate, and/or maintain infrastructure projects that traditionally would have been the sole responsibility of the public sector.

AB 610 (Caballero) allows the Office of Planning and Research to serve as a clearinghouse to: (a) provide information to educate local agencies about the appropriate

application of public-private partnerships to local infrastructure projects; and (b) work with local agencies to ensure any public-private partnership agreements they may pursue protect the public interest.

VTA's 2009 Legislative Program supports legislation that would enable local entities to engage in public-private partnerships to deliver transportation projects, noting AB 610 (Caballero) is consistent with VTA's Legislative Program principles.

M/S/C (Reed/Gage) to approve submitting a recommendation to the Board of Directors to recommend the VTA Board of Directors adopt a support position for AB 610 (Caballero), which requires the Office of Planning and Research to assist local agencies interested in pursuing public-private partnerships for local infrastructure projects.

14. Approval of Recommended Biennial Budget for Fiscal Years 2010 and 2011 (continued)

Vice Chairperson Gage queried about VTA's management to employee ratio and requested staff provide the information at the June 4, 2009 Board of Directors Regular Meeting.

16. Reimbursement Resolution – Express Lanes

Kimberly Koenig, Fiscal Resources Manager, reported the intent of the resolution is to preserve the right to use tax-exempt bond proceeds to reimburse the Santa Clara Valley Transportation Authority (VTA) for costs incurred for capital projects and equipment purchases related to Express Lane System, if VTA or a conduit issuer, such as the Metropolitan Transportation Commission (MTC)/Bay Area Transportation Authority (BATA), at a future date decides to issue bonds.

Ms. Koenig referenced Treasury Regulations Section 1.150-2, which regulates the use of proceeds of bonds issued after June 30, 1993 to reimburse costs paid before the issue date of such bonds. Expenditures made before the issuance of bonds are generally not eligible for reimbursement from the proceeds of such bonds unless expenditures were made in anticipation of being reimbursed with process. The resolution does not require VTA to issue bonds, but it maintains VTA's right to issue bonds later and recapture the funds advanced in anticipation of a bond issuance.

M/S/C (Reed/Gage) to approve submitting a recommendation to the Board of Directors to adopt a resolution to preserve the right to use tax-exempt bond proceeds to reimburse the Santa Clara Valley Transportation Authority (VTA) for costs incurred for capital projects and equipment purchases related to Express Lane System, if VTA or a conduit issuer such as MTC/BATA, at a future date decides to issue bonds.

OTHER ITEMS

17. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

18. Committee Work Plan

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

19. Committee Staff Report

Joe Smith, Chief Financial Officer, introduced Kathy Paul, Senior Assistant Counsel, to the Committee.

20. Chairperson's Report

There was no Chairperson's Report.

21. Determine Consent Agenda for the June 4, 2009 Board Meeting

CONSENT: Agenda Item #12, Review and accept the Fiscal Year 2009 Quarterly Statement of Revenues and Expenses for the period ending March 31, 2009;

Agenda Item #15, Recommend the VTA Board of Directors adopt a support position for AB 610 (Caballero), which requires the Office of Planning and Research to assist local agencies interested in pursuing public-private partnerships for local infrastructure projects; and

Agenda Item #16, Adopt a resolution to preserve the right to use tax-exempt bond proceeds to reimburse the Santa Clara Valley Transportation Authority (VTA) for costs incurred for capital projects and equipment purchases related to Express Lane System, if VTA or a conduit issuer such as MTC/BATA, at a future date decides to issue bonds.

REGULAR: Agenda Item #13, Adopt a finding that a fare increase is necessary to meet operating expenses, including employee wages and fringe benefits and purchasing or leasing supplies, equipment, or materials; Invoke a Statutory Exemption under CEQA, P. R.C. §21080(b)(8) and CEQA Guidelines, 14CCR Section 15273(a) (Rates, Tolls, Fares and Charges) for the purpose of modifying and increasing fares; and Adopt a resolution establishing new rates and fares for VTA bus, light rail, and paratransit services effective January 1, 2010; and

Agenda Item #14, Adopt a resolution of the Board of Directors of the Santa Clara Valley Transportation Authority adopting a Biennial Budget for the period July 1, 2009 through June 20, 2011.

22. Announcements

There were no Announcements.

4. RECESSED TO CLOSED SESSION at 1:02 p.m.

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

VTA Designated Representatives:

Joseph Smith, Chief Financial Officer
Bill Lopez, Chief Administrative Officer
Robert L. Escobar, Human Resources Manager

Employee Organizations:

American Federation of State, County and Municipal Employees (AFSCME)
Amalgamated Transit Union (ATU), Local 265
Service Employees International Union, (SEIU), Local 521
Transportation Authority Engineers and Architects Association (TAEA), Local 21

RECONVENED TO OPEN SESSION at 1:15 p.m.

5. CLOSED SESSION REPORT

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

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Joseph Smith, Chief Financial Officer

Bill Lopez, Chief Administrative Officer

Robert L. Escobar, Human Resources Manager

Employee Organizations:

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Amalgamated Transit Union (ATU), Local 265

Service Employees International Union, (SEIU), Local 521

Transportation Authority Engineers and Architects Association (TAEA), Local 21

There was no reportable action taken during Closed Session.

23. ADJOURNMENT

On order of Chairperson Kniss and there being no objection, the meeting was adjourned at 1:15 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Board of Directors