

ADMINISTRATION & FINANCE COMMITTEE

Thursday, March 18, 2010

MINUTES

CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:04 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
Don Gage	Board Member	Present
Liz Kniss	Chairperson	Present
Chuck Reed	Board Member	Absent
Perry Woodward	Vice Chairperson	Present
Nora Campos	Alternate Board Member	N/A
Pete McHugh	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

There were no Orders of the Day.

CONSENT AGENDA

4. Regular Meeting Minutes of January 21, 2010

M/S/C (Gage/Woodward) to approve the Regular Meeting Minutes of January 21, 2010.

5. Monthly Investment Report – December 2009

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

6. Fiscal Year 2010 Quarterly Statement of Revenues and Expenses for the Period Ending December 31, 2009

M/S/C (Gage/Woodward) to approve submitting a recommendation to the Board of Directors to review and accept the Fiscal Year 2010 Quarterly Statement of Revenues and Expenses for the period ending December 31, 2009.

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

7. **Quarterly Purchasing Report**

M/S/C (Gage/Woodward) to review the Quarterly Purchasing Report.

8. **Second Quarter FY 2010 Public Liability/Property Damage Claims Activity Report**

M/S/C (Gage/Woodward) to review the Second Quarter FY 2010 Public Liability/Property Damage Claims Activity Report.

9. **Second Quarter FY 2010 Report of Worker's Compensation Claims and Transitional Work Program**

M/S/C (Gage/Woodward) to review Second Quarter FY 2010 Report of Worker's Compensation Claims and Transitional Work Program.

10. **Committee for Transit Accessibility Appointments**

M/S/C (Gage/Woodward) to approve submitting a recommendation to the Board of Directors to approve the reappointment of Dilip Shah (2010-2011) and the appointments of Jeffrey S. Ovetz (2010-2011) and Vicci Smith (2010-2011) to the Committee for Transit Accessibility (CTA) for specified two-year terms, representing persons with disabilities; and further approve the reappointments of the Council on Aging Silicon Valley (2010-2011), City of San Jose Senior Citizens Commission (2010-2011), and the appointment of DeAnza Students Unlimited (2010-2011) to the CTA for specified two-year terms.

11. **Citizens Advisory Committee Appointments**

M/S/C (Gage/Woodward) to approve submitting a recommendation to the Board of Directors to take the following actions on appointments to the Citizens Advisory Committee: (1) Conditionally appoint Aaron Morrow to the position representing Pedestrians pending Board adoption of amendments to the Citizens Advisory Committee bylaws establishing a representative position from the Committee for Transit Accessibility; and submit this appointment to the Board of Directors for ratification; and (2) Ratify the appointment of Bena Chang to represent the Silicon Valley Leadership Group.

12. **Monthly Legislative History Matrix**

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

REGULAR AGENDA

13. **Monthly Investment Report – January 2010**

Kimberly Koenig, Finance Department Manager, reported the Gross Domestic Product (GDP) increased at an annual rate of 5.9 percent in the fourth quarter of 2009. The Dow Jones Industrials lost 3.5 percent while the S&P 500 Index lost 3.6 percent for the month of January. The small-cap stocks performed better than the large-cap stocks.

Ms. Koenig stated the top performing industries were health care, consumer staples, and financial services, while the worst sectors were utilities, materials and processing, and technology. Ms. Koenig reported on the Monthly Investment Report, noting the style change in the tables containing market performance data, which have been revised to include historical information.

The Retirees' Other Post Employment Benefits (OPEB) Trust composite portfolio underperformed the policy benchmark by .4 percent. The VTA/Amalgamated Transit Union (ATU) Pension Plan composite portfolio underperformed the policy benchmark by .1 percent.

The International Growth Equity Manager outperformed their benchmark by .7 percent in the current month and calendar year to date due to stock selection. The ATU Spousal Medical Trust Fund composite portfolio outperformed their policy benchmark by .1 percent.

Chairperson Kniss expressed appreciation for the change implemented to the market performance data tables, noting the impressive methodology.

Joe Smith, Chief Financial Officer and Staff Liaison, recognized and thanked Ms. Koenig for her diligent work with the market performance data tables.

M/S/C (Gage/Woodward) to review the Report on Santa Clara Valley Transportation Authority Investments for the month of January 2010.

14. Background Checks Resolution

Bill Lopez, Chief Administrative Officer, reported the recommendation is to adopt a resolution to allow VTA to obtain criminal background information about job applicants from federal and state records.

Mr. Lopez continued that the existing 1989 resolution is outdated and is not in accordance with current Equal Employment Opportunity (EEO) guidelines, which requires more individualized assessment of the conviction and relation to the job.

Board Member Gage queried if General Counsel reviewed the resolution to ensure it is within legal rights. Kevin Allmand, General Counsel, responded "yes."

Mr. Allmand stated EEO guidelines provide for individualized examination of disqualification and require showing the connection. Mr. Allmand continued that the resolution is a template form the State Department of Justice requires VTA to use.

M/S/C (Gage/Woodward) to approve submitting a recommendation to the Board of Directors to adopt a Resolution to approve Background Checks that will allow VTA to obtain criminal background information about job applicants from federal, as well as state records, providing greater flexibility to evaluate an applicant's suitability for employment in accordance with Equal Employment Opportunity laws and guidelines.

15. Strategic Finance Assessment – Capital Projects

Joe Smith, Chief Financial Officer, reported on VTA's high priority capital projects for which there is no specified funding identified or there is insufficient funding identified to construct and operate the projects.

A Request for Proposal (RFP) was issued in September 2009 to select a firm to conduct a strategic assessment of alternative delivery methods or financing approaches with Public Private Partnership (PPP) opportunities to deliver projects that are high priority with inadequate funding for completion and project characteristics that would offer alternative delivery methods.

Halcrow was selected as the firm to conduct the strategic assessment on nine projects identified for the evaluation. Halcrow will complete an initial PPP screening of the nine selected projects and provide educational support and evaluate finance and procurement strategy options for projects passed through the initial screening process.

Mr. Smith stated the qualified projects will be shortlist between two to three projects, noting the next step is to release a Request for Interest to the Investment Community. Staff will return to the Committee with additional information on how to finance the qualified projects.

Michael T. Burns, General Manager, stated the PPP projects will be evaluated project by project, noting the potential for project savings.

Upon query from Chairperson Kniss, John Ristow, Chief CMA Officer, responded that the Los Angeles County Metropolitan Transportation Authority (MTA) has completed four projects using the PPP opportunity.

Mr. Ristow stated the PPP opportunities are new to California but not for other parts of the country.

Upon query from Vice Chairperson Woodward, Michael T. Burns, General Manager, responded the US 101 Widening Project is part of the High Occupancy Toll (HOT) Lane/Expressway Network and the new Route 152 Alignment most likely will be a toll road.

Mr. Burns stated that the PPP opportunities are a way to look at alternative financing methods to construct and operate high priority transportation projects.

Board Member Gage expressed his support of the PPP opportunities, noting it is a good way to get high priority transportation projects completed.

On order of Chairperson Kniss and there being no objection, the Committee received a report on a Strategic Finance Assessment of Capital Projects.

16. Funding Agreements with City of San Jose to Provide \$4 Million in 2000 Measure A Funds for the Airport People Mover

John Ristow, Chief CMA Officer, reported on the funding agreements between VTA and the City of San Jose for the Airport People Mover Project, which is one of the projects within the 2000 Measure A Program. Fiscal Year 2010 VTA's 2000 Measure A Capital Budget includes the \$4 million allocated towards the Measure A funds for project design.

The 2000 Measure A ballot language includes discussion of an Airport People Mover Project between the San Jose International Airport, VTA's Light Rail System, BART, and Caltrain. The City of San Jose is investigating various automated transit technologies that can be evaluated for implementation.

Michael T. Burns, General Manager, stated the 2000 Measure A Program Expenditure Plan indicates both the Measure A Program and the City of San Jose are each responsible for 50 percent funding of the project. Mr. Burns stated the City of San Jose will provide a presentation at the April 1, 2010 Board of Directors Regular Meeting.

Mr. Burns noted the funds allocated to execute the necessary funding agreements with the City of San Jose are payable from the adopted 2000 Measure A Transit Improvement Program Fund Capital Budget.

Chairperson Kniss queried if the funding was for the City of San Jose to conduct the project evaluation and planning. Mr. Ristow responded “yes.”

Upon query from Vice Chairperson Woodward, Mr. Ristow responded that the City of San Jose will conduct an endeavor to define the technologies needed to develop a design model and implementation plan for the Airport People Mover Project.

Board Member Gage stressed the importance for the funding agreements to state the funds allocated to the City of San Jose for the project evaluation and planning are payable from the 2000 Measure A Transit Improvement Program 50 percent funding of the project.

Chairperson Kniss stressed the importance to reiterate the percentage responsibility of each party to ensure everyone is aware of the funding agreements with the City of San Jose as it relates to the Airport People Mover Project.

M/S/C (Gage/Woodward) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute the necessary funding agreements with the City of San Jose to provide up to \$4 Million in Measure A funds for the Airport People Mover project.

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 and Staff Liaison, reported VTA will receive \$12.2 million from the American Recovery and Reinvestment Act (ARRA) funds as part of the reallocation of the BART Oakland Airport Connector project federal stimulus funding to transit agencies in the region. VTA intends to commit the ARRA funding to Preventive Maintenance, which will require Board consideration at the April 1, 2010 Board of Directors Regular Meeting.

Mr. Smith reported the second quarter sales tax receipts were 4 percent less than second quarter FY 2009, noting staff forecasted 17 percent less; therefore, VTA is currently 6.9 percent down year to date.

Mr. Smith reported VTA participated in the Government Finance Officers Association (GFOA) Distinguished Budget Review and was awarded the Distinguished Budget Presentation Award. Mr. Smith expressed appreciation and congratulated Carol Lawson, Fiscal Resources Manager, for her diligent work.

John Ristow, Chief CMA Officer, commented on SB 83 – Traffic Congestion: Motor Vehicle Registration Fee, which authorizes VTA as the Congestion Management Agency to place an annual fee of up to \$10.00 on motor vehicles registered within the County of Santa Clara for transportation programs and projects.

Mr. Ristow continued that the fee requires a ballot measure with a simple majority voter approval; and VTA's Board of Directors must adopt an expenditure plan detailing the programs and projects that benefit the motor vehicle owners paying the fee.

Mr. Ristow stated the recommendation is to authorize up to \$30,000 to contract with a polling firm to determine the feasibility of placing a vehicle registration fee on the ballot for residents of Santa Clara County.

The first step in the process would be to direct staff to develop an expenditure plan to detail the programs and projects that would be developed through the potential vehicle registration fee. Staff will return to the Board of Directors in June 2010 with a draft expenditure plan and polling results to determine whether or not to place the vehicle registration fee on the November 2010 ballot.

Michael T. Burns, General Manager, noted the majority of the Motor Vehicle Registration Fee funds will most likely be allocated to local streets and county road projects.

20. Chairperson's Report

There was no Chairperson's Report.

21. Determine Consent Agenda for the April 1, 2010 Board of Directors Meeting

CONSENT: Agenda Item #6. Review and accept the Fiscal Year 2010 Quarterly Statement of Revenues and Expenses for the period ending December 31, 2009;

Agenda Item #10. Approve the reappointment of Dilip Shah (2010-2011) and the appointments of Jeffrey S. Ovetz (2010-2011) and Vicci Smith (2010-2011) to the Committee for Transit Accessibility (CTA) for specified two-year terms, representing persons with disabilities; and further approve the reappointments of the Council on Aging Silicon Valley (2010-2011), City of San Jose Senior Citizens Commission (2010-2011), and the appointment of DeAnza Students Unlimited (2010-2011) to the CTA for specified two-year terms;

Agenda Item # 11. Take the following actions on appointments to the Citizens Advisory Committee: (1) Conditionally appoint Aaron Morrow to the position representing Pedestrians pending Board adoption of amendments to the Citizens Advisory Committee bylaws establishing a representative position from the Committee for Transit Accessibility; and submit this appointment to the Board of Directors for ratification; and (2) Ratify the appointment of Bena Chang to represent the Silicon Valley Leadership Group;

Agenda Item #14. Adopt a Resolution to approve Background Checks that will allow VTA to obtain criminal background information about job applicants from federal, as well as state records, providing greater flexibility to evaluate an applicant's suitability for employment in accordance with Equal Employment Opportunity laws and guidelines; and

Agenda Item #15. Receive a report on a Strategic Finance Assessment of Capital Projects; and

REGULAR: Agenda Item #16. Authorize the General Manager to execute the necessary funding agreements with the City of San Jose to provide up to \$4 Million in Measure A funds for the Airport People Mover project.

22. **Announcements**

Kevin Allmand, General Counsel, reminded the Committee Members of the deadline to submit their Form 700 Statement of Economic Interests to VTA's Office of the Board Secretary.

Mr. Allmand announced an informational orientation meeting relating to Fiduciary Duties as a VTA Board of Director scheduled on Thursday, April 1, 2010 at 4:30 p.m. held at the County Government Center in Conference Room 157.

23. **ADJOURNMENT**

On order of Chairperson Kniss and there being no objection, the Committee meeting was adjourned at 12:52 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Office of the Board Secretary