

ADMINISTRATION & FINANCE COMMITTEE

Thursday, September 16, 2010
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

CONSENT AGENDA

- 4.** Approve the Regular Meeting Minutes of August 19, 2010.
- 5.** INFORMATION ITEM - Review Monthly Legislative History Matrix.
- 6.** INFORMATION ITEM - Review the Report on Annual Operations Insurance Purchase.
- 7.** INFORMATION ITEM - Receive the Annual Swap Report for Period Ending June 30, 2010.
- 8.** INFORMATION ITEM - Receive a Report on Santa Clara Valley Transportation Authority Investments for the Month of July 2010
- 9.** ACTION ITEM - Ratify the appointment of Melanie Hanssen, Town of Los Gatos, to the Bicycle & Pedestrian Advisory Committee (BPAC) for term ending June 30, 2012.

REGULAR AGENDA

10. ACTION ITEM - Authorize the General Manager to enter into contracts and task order agreements with identified technology firms for consulting and support services. Each contract shall be for a maximum three-year period, with an option for two additional years with an aggregate value not to exceed \$4,750,000 for all contracts.
11. ACTION ITEM - Authorize the General Manager to execute contracts with Ricoh Business Solutions for document copy, scanning, and printing equipment; and for equipment support services. The initial term of the contract is for five years with an option to extend the contract on an annual basis for two additional years. The cost of the initial five year term is \$1,095,000, plus an optional \$271,000 per year for each of the optional one-year periods, for a total of \$1,637,000.
12. ACTION ITEM - Authorize the General Manager to renew benefit contracts with Kaiser, United Health Care (dba PacifiCare), Valley Health Plan, Delta Dental, Pacific Union Dental, Vision Service Plan, CIGNA, and Custom Benefits Administrators for VTA employees and retirees for calendar year 2011.

OTHER ITEMS

13. Items of Concern and Referral to Administration.
14. Review Committee Work Plan.
15. Committee Staff Report. (J. Smith)
16. Chairperson's Report. (Kniss)
17. Determine Consent Agenda for the October 7, 2010 Board of Directors Meeting.
18. ANNOUNCEMENTS
19. 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: bd.sec.polling@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/> or visit us on Facebook <http://www.facebook.org/scvta>.

Disclosure of Campaign Contributions to Board Members (Government Code Section 84308) In accordance with Government Code Section 84308, no VTA Board Member shall accept, solicit, or direct a contribution of more than \$250 from any party, or his or her agent, or from any participant, or his or her agent, while a proceeding involving a license, permit, or other entitlement for use is pending before the agency. Any Board Member who has received a contribution within the preceding 12 months in an amount of more than \$250 from a party or from any agent or participant shall disclose that fact on the record of the proceeding and shall not make, participate in making, or in any way attempt to use his or her official position to influence the decision. A party to a proceeding before VTA shall disclose on the record of the proceeding any contribution in an amount of more than \$250 made within the preceding 12 months by the party, or his or her agent, to any Board Member. No party, or his or her agent, shall make a contribution of more than \$250 to any Board Member during the proceeding and for three months following the date a final decision is rendered by the agency in the proceeding. The foregoing statements are limited in their entirety by the provisions of Section 84308 and parties are urged to consult with their own legal counsel regarding the requirements of the law.

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.**



ADMINISTRATION & FINANCE COMMITTEE

Thursday, August 19, 2010

MINUTES

On General Consensus and there being no objection, the Committee of the Whole appointed Board Member Gage as Chairperson Pro Tempore.

CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:05 p.m. by Chairperson Pro Tempore Gage 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	Absent
Chuck Reed	Board Member	Present
Perry Woodward	Vice Chairperson	Absent
Nora Campos	Alternate Board Member	NA
Pete McHugh	Alternate Board Member	Present
George Shirakawa	Alternate Board Member	NA

* 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

There were no Public Presentations.

3. ORDERS OF THE DAY

Chairperson Pro Tempore Gage noted staff's request to remove the following Agenda Item from the August 19, 2010 A&F Committee Agenda: **Agenda Item #12.** Information Technology Consulting and Support Services.

Chairperson Pro Tempore Gage referenced **Agenda Item #10.** Amended Conflict of Interest Code, Designated Positions and Disclosure Categories, noting minor edits were made to Attachment A. Appendix, Designated Positions and Disclosure Categories.

On order of Chairperson Pro Tempore Gage and there being no objection, the Committee of the Whole accepted the Orders of the Day.

Chairperson Pro Tempore Gage requested a recess until a quorum was established.

The Committee of the Whole Meeting recessed at 12:08 p.m.
The Committee of the Whole Meeting reconvened at 12:11 p.m.

Board Member Reed arrived at the meeting and took his seat at 12:11 p.m. and
a quorum was established.

CONSENT AGENDA

4. **Regular Meeting Minutes of May 20, 2010**
M/S/C (Reed/McHugh) to approve the Regular Meeting Minutes of May 20, 2010.
5. **Monthly Legislative History Matrix**
M/S/C (Reed/McHugh) to review the Monthly Legislative History Matrix.
6. **Monthly Investment Report – June 2010**
M/S/C (Reed/McHugh) to review the Report on Santa Clara Valley Transportation Authority Investments for the month of June 2010.
7. **Quarterly Purchasing Report – April 1 through June 30, 2010**
M/S/C (Reed/McHugh) to review the Quarterly Purchasing Report – April 1 through June 30, 2010.
8. **Fourth Quarter and Fiscal Year 2010 Year End Report of Public Liability/Property Damage Claims Activity**
M/S/C (Reed/McHugh) to review the Fourth Quarter and Fiscal Year 2010 Year End Report of Public Liability/Property Damage Claims Activity.
9. **Fourth Quarter and Fiscal Year 2010 Year End Report of Workers' Compensation Claims and Transitional Work Program**
M/S/C (Reed/McHugh) to review the Fourth Quarter and Fiscal Year 2010 Year End Report of Workers' Compensation Claims and Transitional Work Program.
10. **Amended Conflict of Interest Code, Designated Positions and Disclosure Categories**
M/S/C (Reed/McHugh) to approve submitting a recommendation to the Board of Directors to adopt the amended Conflict of Interest Code for the Santa Clara Valley Transportation Authority (VTA) and its Appendix of Designated Positions and Disclosure Categories and direct the Board Secretary to submit the revised Conflict of Interest Code and the list of designated positions to the Santa Clara County Board of Supervisors for approval.

REGULAR AGENDA

11. **Retirement Recognition Program Resolution**
Bill Lopez, Chief Administrative Officer, reported the action is to authorize the General Manager and VTA Chairperson of the Board of Directors to issue Commendations on behalf of VTA for the Employee Retirement Recognition Program. The intent of the resolution is to ensure consistency and structure to the current practice as well as change the award recognition from Board meetings to presentations by Division Chiefs at appropriate meetings.

M/S/C (McHugh/Reed) to approve submitting a recommendation to the Board of Directors to adopt a resolution authorizing the General Manager and Chairperson of the Board to issue Commendations on behalf of VTA for the Employee Retirement Recognition Program.

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

12. (Item Removed from the August 19, 2010 A&F Committee Meeting and moved to the September 16, 2010 A&F Committee Meeting.)

Authorize the General Manager to enter into contracts and task order agreements with the technology firms listed in exhibit A for consulting and support services. Each contract shall be for a maximum three-year period, with an option for two additional years with an aggregate value not to exceed \$4,750,000 for all agreements.

Board Member Reed indicated he would abstain from **Agenda Item #13**. Award of Contracts for VTA Cellular Phone Equipment and Services.

13. Award of Contracts for VTA Cellular Phone Equipment and Services

Gary Miskell, Chief Information Officer, reported VTA developed a Request for Proposal (RFP) with the goal of maximizing cost savings and improving the management program process. The RFP was advertised on April 8, 2010. While four firms submitted proposals only three participated in oral interviews. VTA's evaluation team selected Nextel of California, Inc. (Sprint) and AT&T Mobility for cellular voice and data services.

The Sprint agreement will cover most of VTA's wireless service requirements for voice, "smart phone," and wireless broadband; however, in the event that Sprint is unable to meet VTA's unique requirements, staff proposes to purchase cellular wireless services and equipment from AT&T Mobility.

Mr. Miskell continued that VTA will achieve \$37,500 per year in savings with the Sprint mobile device data rate plan. Approximately, 350 cell phones and mobile devices will need to be transitioned from AT&T to Sprint; however, there will be no additional activation, account setup, and/or transition charges owed to Sprint. Each newly activated "line" of service will accrue a \$150 credit to VTA, which is estimated to result in \$50,000 in credits to be applied to future service charges.

Public Presentation

Tammy Dhanota, Chief Steward of Services Employees International Union (SEIU) Local 521, distributed information related to cellular phone usage, and urged the Committee Members to renegotiate the contract agreement to achieve a better bid proposal.

Ms. Dhanota expressed concern that the contract agreement for cellular phone equipment and services was not a good use of public funds. Ms. Dhanota noted that VTA does not have a signoff policy to verify business and personal calls made using VTA's employee assigned cellular phone.

Ms. Dhanota urged the Committee Members to look for other options to save funding within the organization.

Mr. Miskell stated that staff has had discussions with the County and City of San Jose regarding their cellular phone equipment and services, noting VTA is in line with their cost for equipment and services. Sprint offered the most cost effective rates.

Mr. Burns stated the contract award was conducted using the competitive bid process and VTA's evaluation team selected the vendor with the highest ratings.

Board Member Reed left his seat at 12:27 p.m. and the quorum was lost; and a Committee of the Whole was declared.

Mr. Miskell continued that Technology staff reviews VTA's consolidated wireless bill monthly to identify misuse. Also, the Sprint contract agreement offers an on line electronic billing feature that could be used to better inform the phone users and managers of cellular phone usage.

Mr. Miskell noted that staff negotiated a special discount offer for employees who activate a new "line" with Sprint.

The Committee of the Whole recommended forwarding the item for consideration at the September 2, 2010 VTA Board of Directors Regular Meeting: Authorize the General Manager to execute contracts with Sprint (Nextel of California, Inc.) and AT&T Mobility for cellular voice and data services. The initial term for each contract will be three years with an option to extend the contract on an annual basis for two additional years. The cost of the initial three year term is \$809,750 for both firms, plus an optional \$296,000 per year for each of optional one-year periods, for a total of \$1,401,750.

Board Member Reed took his seat at 12:30 p.m. and a quorum was established.

OTHER ITEMS

14. Removal of Credit Support Provider for Interest Rate Swaps

Kim Koenig, Fiscal Resources Manager, reported that in 2005 and 2006, VTA issued several variable rate bonds that saved VTA in excess of \$9 million in interest expense associated with long-term debt obligations..

Ms. Koenig continued that Ambac provided credit support for the Swaps as part of the overall insurance package for the variable rate bonds, which eliminated VTA's need to post collateral. In June 2009, Ambac's long term credit rating fell below the required limit; therefore, in VTA is subject to the collateral posting requirements.

On March 24, 2010, the Commissioner of Insurance for the State of Wisconsin placed a segregated account of Ambac into court supervised rehabilitation, which effectively removes their value as VTA's credit support provider.

Staff has successfully negotiated with the swap counterparties to eliminate Ambac as VTA's credit support provider to eliminate the potential risk of termination due to Ambac's court supervised rehabilitation.

Ms. Koenig stated that the changes to the agreements related to the elimination of Ambac as VTA's credit support provider will not result in any changes to the terms of the Swaps. Ambac's rehabilitation proceedings are anticipated to be complete in September 2010.

On order of Chairperson Pro Tempore Gage and there being no objection, the Committee received the report on the removal of Credit Support Provider for Interest Rate Swaps.

15. Valley Transportation Authority (VTA) – Amalgamated Transit Union (ATU) Pension Plan Actuarial Valuation

Ali Hudda, Deputy Director of Accounting, reported the VTA/Amalgamated Transit Union (ATU) Pension Plan Actuarial Valuation is performed annually to determine the financial condition and contribution requirements of the Plan, to project

and analyze trends in plan cost, and to present the items required for disclosure under Statement No. 25 of the Governmental Accounting Standards Board (GASB).

Mr. Hudda introduced Graham Schmidt, EFI Actuaries Representative, who provided a brief overview of the presentation entitled, "VTA/ATU Pension Plan - 2010 Actuarial Valuation," highlighting: 1) Plan Cost; 2) Funded Status; 3) Peer Group Comparisons; 4) Economic Assumptions; and 5) GASB Preliminary Views.

Board Member Reed referenced the third bullet on slide 5 – Funded Status, noting the statement is unclear and requested the slide be updated for clarity.

Chairperson Pro Tempore Gage suggested that slide 5 – Funded Status be updated to address the concerns before it is presented at the September 2, 2010 Board Meeting. Mr. Burns responded in the affirmative, noting the presentation would be updated for the September 2, 2010 Board of Directors Regular Meeting.

EFI Actuaries has recommended that the Plan contribution rate decrease from 18.25 percent of covered payroll to 17.99 percent for FY 2011 due to an improved investment experience in 2009.

The Plan had Actuarial Assets of \$354.8 million and Actuarial Accrued Liability (AAL) of \$462.9 million, which resulted in a decrease in the Unfunded Actuarial Accrued Liability (UAAL) to \$108.1 million from \$117.6 million in the previous year with a funded ratio of 77 percent. The UAAL is amortized over a period of 20 years using the level dollar open method providing for a mechanism to fund the UAAL in a manner accepted by the GASB.

VTA's Board of Pensions reviewed key economic assumptions for the Plan and determined the current 8 percent assumed rate of return was appropriate.

On order of Chairperson Pro Tempore Gage and there being no objection, the Committee received the report on the VTA – ATU Pension Plan Actuarial Valuation.

16. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

17. Committee Work Plan

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

18. Committee Staff Report

Joe Smith, Chief Financial Officer, noted the first Low-Emission Diesel Electric Hybrid Bus is available for viewing in VTA's Visitor Parking Lot. Mr. Smith stated that Dan Smith, Chief Operating Officer, and Michael Hursh, Operations Deputy Director, are available to point out the vehicle features and answer questions.

19. Chairperson's Report

There was no Chairperson's Report.

20. **Determine Consent Agenda for the September 2, 2010 Board of Directors Meeting**

CONSENT: Agenda Item #10. Adopt the amended Conflict of Interest Code for the Santa Clara Valley Transportation Authority (VTA) and its Appendix of Designated Positions and Disclosure Categories and direct the Board Secretary to submit the revised Conflict of Interest Code and the list of designated positions to the Santa Clara County Board of Supervisors for approval;

Agenda Item #11. Adopt a resolution authorizing the General Manager and Chairperson of the Board to issue Commendations on behalf of VTA for the Employee Retirement Recognition Program;

Agenda Item #13. Authorize the General Manager to execute contracts with Sprint (Nextel of California, Inc.) and AT&T Mobility for cellular voice and data services. The initial term for each contract will be three years with an option to extend the contract on an annual basis for two additional years. The cost of the initial three year term is \$809,750 for both firms, plus an optional \$296,000 per year for each of optional one-year periods, for a total of \$1,401,750; and

Agenda Item #15. Receive a report on the VTA-ATU Pension Plan Actuarial Valuation as of January 1, 2010.

REGULAR: No Items were moved to the Regular Agenda.

Moved to the September 16, 2010 A&F Committee Meeting

Agenda Item #12. Authorize the General Manager to enter into contracts and task order agreements with the technology firms listed in exhibit A for consulting and support services. Each contract shall be for a maximum three-year period, with an option for two additional years with an aggregate value not to exceed \$4,750,000 for all agreements.

21. **Announcements**

Mr. Hursh reported that VTA utilized federal funding from the American Recovery and Reinvestment Act (ARRA) and the California Proposition 1B funds to purchase 90 Low-Emission Diesel Electric Hybrid Buses.

The hybrid buses are Americans with Disabilities Act (ADA) accessible, have an upgraded wheelchair ramp, new less intrusive three point wheelchair securement system, rear doorways are wider, and include other various safety components.

Mr. Hursh stated the hybrid buses are built by Gillig LLC in Hayward, California and meet the newest clean air standards issued by the federal Environmental Protection Agency (EPA). He invited the Committee Members to view the Hybrid bus on display in the Visitors parking Area.

22. **ADJOURNMENT**

On order of Chairperson Pro Tempore Gage and there being no objection, the Committee meeting was adjourned at 1:01 p.m.

Respectfully submitted,

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



Date: September 7, 2010
 Current Meeting: September 16, 2010
 Board Meeting: October 7, 2010

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 the key transportation-related bills that were considered by the California State Legislature during the 2009-2010 session. It indicates the status of these measures and any adopted VTA positions with regard to them.

DISCUSSION:

The 2009-2010 regular session came to a close at midnight on August 31, meaning the Legislature can no longer consider any majority-vote bills that were introduced during the two-year period. However, lawmakers can continue to work on items requiring a two-thirds vote, such as urgency measures and the state budget, until as late as November 30. For majority-vote bills that were approved by the Legislature and shipped to Gov. Arnold Schwarzenegger, he has 30 days to act on them. He can sign, veto or let them become law without his signature. Some of the key measures that survived the legislative process and have been sent to the Governor are as follows:

AB 194 (Torrico): One of three bills to reach Gov. Schwarzenegger that were introduced in response to the controversy surrounding the city of Bell in Southern California, AB 194 specifies that for purposes of determining a retirement benefit payment for a person who first becomes a member of a public retirement system on or after January 1, 2011, the maximum salary or pay rate upon which retirement benefits may be based cannot exceed 125 percent of the salary recommended by the California Citizens Compensation Committee for the Governor. VTA Position: None.

AB 289 (Galgiani): Subject to appropriation by the Legislature, AB 289 makes available to the

High-Speed Rail Authority \$2.25 billion in American Recovery and Reinvestment Act (ARRA) high-speed rail funding, and requires these dollars to be used for planning, engineering and constructing the first phase of the state's high-speed train system running between Anaheim/Los Angeles and the Bay Area. It also requires any funds received by California in FY 2011 from the federal Passenger Rail Investment and Improvement Act of 2008 to be used for planning and engineering work related any of the following corridors: (1) Merced to Sacramento; (2) Los Angeles to San Diego; and (3) the Altamont Corridor. VTA Position: None.

AB 619 (Blumenfield): Another high-speed rail bill that survived the legislative process, AB 619 requires any entity applying for a contract with the High-Speed Rail Authority to affirmatively certify in advance of submitting a formal bid whether it had any direct involvement in the deportation of any individuals to concentration or prisoner-of-war camps during World War II. VTA Position: None.

AB 827 (De La Torre): Also motivated by the city of Bell situation, AB 827 prohibits so-called "evergreen" clauses, such as automatic renewals and automatic pay increases exceeding the cost of living, in the contracts of individual employees who report directly to the governing body of a local agency. This bill also requires a performance review for these employees before a local agency governing body can provide an increase in compensation above a cost-of-living adjustment. VTA Position: None.

AB 987 (Ma): This measure amends the Transit Village Development Planning Act, which was enacted in 1994 to encourage mixed-use development at relatively higher densities around public transit stations, to allow a city or county to include a larger area in a transit village development district. VTA Position: Support.

AB 1670 (Beall): Sponsored by the city of San Jose, AB 1670 allows the California Transportation Commission (CTC) to relinquish the following state highway facilities to the city: (a) the portion of State Route 82 from U.S. 101 to I-880, which is commonly known as The Alameda/Monterey Highway; and (b) the portion of State Route 130 within the city limits, which is Alum Rock Avenue. VTA Position: Support.

AB 1784 (Fong): This bill allows VTA to manage the construction of improvement projects on local roadways under the jurisdiction of the 15 cities within Santa Clara County or the county, if requested by a city or the county to do so. Status: Signed into law. VTA Position: Sponsor.

AB 1830 (Jones): This measure requires the High-Speed Rail Authority to make every effort to purchase high-speed train rolling stock and related equipment manufactured in the state. VTA Position: None.

AB 2324 (J. Perez): Intended to strengthen the safety and security of public transit systems in California, AB 2324 prohibits the following: (a) a person from knowingly possessing specified weapons within a restricted area of a public transit facility; (b) an unauthorized person from knowingly entering a restricted area of a public transit facility; and (c) a person from intentionally avoiding submission to screening and inspection when entering or re-entering a restricted area of a public transit facility. In addition, this measure increases the penalties for

repeat fare evasion offenders and for certain acts of public transit passenger misconduct. VTA Position: Support.

SB 964 (Alquist): This bill requires the High-Speed Rail Authority to contract with the Employment Development Department to put together a strategy to facilitate the availability of a skilled, in-state workforce to participate in the construction of the state's high-speed train system. VTA Position: Support.

SB 965 (DeSaulnier): Subject to appropriation by the Legislature, SB 965 provides statutory authorization for the High-Speed Rail Authority to expend the federal ARRA funds awarded to California for the state's high-speed train project. It also requires the High-Speed Rail Authority to take those actions necessary to ensure that ARRA high-speed rail funds are obligated and expended in a manner that: (a) meets all applicable federal deadlines; (b) maximizes job creation in California at the earliest feasible time; (c) expedites the completion of vital high-speed rail infrastructure projects that improve rail-highway safety, mobility and performance; and (d) makes the most efficient use of available Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Proposition 1A) funds. VTA Position: None.

SB 1205 (Corbett): Sponsored by the Association of Bay Area Governments (ABAG), SB 1205 establishes the Bay Area Disaster Recovery Planning Council to create a long-term regional disaster recovery plan for the San Francisco Bay Area. VTA Position: None.

SB 1268 (Simitian): Introduced to address privacy issues, SB 1268 prohibits a transportation agency from selling or providing personally identifiable information of a subscriber obtained through his or her participation in an electronic toll collection system. VTA Position: None.

SB 1320 (Hancock): This bill allows VTA, the Alameda-Contra Costa Transit District (AC Transit) and several other transit agencies to impose and enforce civil administrative penalties for fare evasion and passenger misconduct violations in lieu of criminal penalties. VTA Position: Co-Sponsor.

SB 1371 (Correa): This legislation authorizes the lead agency for an intercity, commuter or urban rail transit capital improvement project funded through Proposition 1A to apply to the CTC for a letter of no prejudice (LONP) that would allow the agency to expend its own funds for any bond-funded component of the project, subject to later reimbursement from bond proceeds under certain conditions. VTA Position: Support.

Meanwhile, Gov. Schwarzenegger and legislative leaders appear to have reached an agreement on all but about \$4 billion in solutions to solve the state's \$19 billion General Fund gap. However, those few billion dollars boil down to deep cuts in welfare-to-work, in-home services for low-income disabled residents and Medi-Cal patients versus higher taxes on corporations, oil production and possibly middle-class taxpayers. Disagreements also remain over how much money to provide to public schools and issues related to state employee compensation.

For the most part, transportation was addressed in March, when Gov. Schwarzenegger and the Legislature reached an agreement on a complex swap that involved replacing the sales tax on

gasoline with a 17.3-cent-per-gallon increase in the gasoline excise tax. This swap is expected to achieve roughly \$1 billion in annual budget savings by relieving the General Fund of having to pay for debt service on transportation bonds. While the Governor's May Revision did include a number of transportation-related proposals, none generated any controversy and they were quickly embraced by the Legislature. The most significant of these proposals calls for borrowing \$650 million from the Highway Users Tax Account (HUTA) for the General Fund to be repaid by June 30, 2013. This \$650 million is excess, uncommitted money resulting from the swap. It is available on a one-time basis. When repaid, it would be used to fund rehabilitation projects on the state highway system under the State Highway Operation and Protection Program (SHOPP).

Prepared By: Kurt Evans

Memo No. 2351

LEGISLATIVE HISTORY
2009 – 2010 State Legislative Session
September 3, 2010

State Assembly Bills

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 194 (Torrico) Public Employees Retirement	For purposes of determining a retirement benefit payment paid to a person who first becomes a member of a public retirement system on or after January 1, 2011, provides that the maximum salary or pay rate upon which retirement benefits may be based cannot exceed 125 percent of the salary recommended by the California Citizens Compensation Committee to be paid to the Governor. Requires this amount to be adjusted annually based on changes in the All Urban California Consumer Price Index.	8/27/10	Governor's Office	
AB 231 (Huber) CEQA: Finding of Overriding Consideration	For purposes of complying with the California Environmental Quality Act (CEQA), authorizes a lead agency, until January 1, 2016, to incorporate by reference a finding of overriding consideration made in a prior environmental impact report (EIR) for a later project if certain conditions are met, including that the lead agency determines that the later project's significant impacts on the environment are no greater than those identified in the prior EIR from which the project is tiered.	8/20/10	Governor's Office	
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.	4/20/09	Senate Rules Committee	Support
AB 289 (Galgiani) High-Speed Rail: ARRA Funds	Upon appropriation by the Legislature, makes available \$2.25 billion in American Recovery and Reinvestment Act (ARRA) high-speed rail funding to the California High-Speed Rail Authority to be used for: (a) planning and engineering for the high-speed train system; and (b) capital costs, consistent with federal guidelines, rules and regulations, and consistent with Proposition 1A. Upon appropriation by the Legislature, requires any funds received by California in FY 2011 from the federal Passenger Rail Investment and Improvement Act of 2008 to be used for planning and engineering work for any of the following corridors: (1) Merced to Sacramento; (2) Los Angeles to San Diego; and (3) the Altamont Corridor. Exempts the executive director of the High-Speed Rail Authority from civil service. For purposes of managing and administering the ongoing work of the High-Speed Rail Authority in implementing the high-speed train project, allows the Governor, upon the recommendation of the authority's executive director and subject to an appropriation, to appoint up to six additional employees, who would: (a) be exempt from civil service; and (b) serve at the pleasure of the authority's executive director. States the intent of the Legislature to approve additional positions at the High-Speed Rail Authority for purposes of creating an Office for Project Controls and Risk Management within the authority	8/27/10	Governor's Office	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 497 (Block) HOV Lanes: Physicians	Allows Caltrans and local transportation authorities to permit a vehicle driven by a physician who is traveling in response to an emergency call to use high-occupancy vehicle (HOV) lanes regardless of the number of passengers in the vehicle, provided the vehicle displays an insignia approved by the California Highway Patrol (CHP) indicating that the vehicle is owned by a licensed physician. Specifies that the provisions of the bill would only apply if Caltrans determines that its application would not subject the state to a loss of federal aid for highways.	5/14/09	Senate Transportation and Housing Committee	
AB 569 (Emmerson) Meal Periods: Construction and Transportation Industries	Specifies that provisions in the Industrial Welfare Commission's wage order pertaining to meal periods do not apply to an employee in a construction occupation; a commercial driver; an employee in the security services industry; an employee of an electrical or gas corporation; or an employee of a local publicly owned electric utility if all of the following conditions are satisfied: (1) the employee is covered by a valid collective bargaining agreement; (2) the valid collective bargaining agreement expressly provides for the wages, hours of work, and working conditions of employees; and (c) the valid collective bargaining agreement expressly provides for meal periods, final and binding arbitration of disputes concerning the application of its meal period provisions, premium wage rates for all overtime hours worked, and a regular hourly rate of pay of not less than 30 percent more than the state minimum wage rate.	8/20/10	Governor's Office	
AB 619 (Blumenfield) High-Speed Rail: Contracts	Requires any entity applying for a contract with the High-Speed Rail Authority related to the high-speed train network to affirmatively certify in advance of submitting a formal bid whether it had any direct involvement in the deportation of any individuals to extermination camps, work camps, concentration camps, prisoner of war camps, or any similar camps during the period from January 1, 1942, through December 31, 1944.	7/15/10	Governor's Office	
AB 726 (Nielsen) Local Roadway Rehabilitation Projects	States that local roadway rehabilitation projects are eligible for funding under the State Transportation Improvement Program (STIP).	As Introduced	Senate Transportation and Housing Committee	
AB 732 (Jeffries) Design-Sequencing Contracts	Extends the authority for Caltrans to use the design-sequencing method of contracting for the design and construction of not more than nine transportation projects from January 1, 2010, to July 1, 2010.	6/16/09	Senate Appropriations Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
<p>AB 744 (Torricco) Bay Area Express Lane Network</p>	<p>Authorizes the Bay Area Toll Authority (BATA) to develop, acquire, administer, operate, and maintain a regional express lane network on state highways within the geographic jurisdiction of the Metropolitan Transportation Commission (MTC) in a collaborative manner with the congestion management agencies (CMAs) in the Bay Area, Caltrans and the California Highway Patrol (CHP). Creates the Bay Area Express Lane Network Project Oversight Committee to recommend policies related to the network to BATA, including an express lane development plan. Specifies that the plan would consist of the following two elements: (1) a phasing plan for the development of the express lane network, which would include a definition of the geographic boundaries of each of the express lane corridors in the network; and (2) an operational plan, which would include consistency standards for the network related to geometric design, signage, safe and simple operations, technology, pricing policies and goals, carpool occupancy requirements, hours of operation, maintenance, enforcement, marketing, tort liability, and performance standards. Requires the committee to establish corridor working groups for each express lane corridor. Requires each corridor working group to prepare a project initiation document to assess the feasibility and desirability of express lanes in the corridor, as well as to develop a corridor investment plan. Requires the corridor investment plan to consist of the following: (a) phased development of the segment of the regional express lane network within the corridor of the group; (b) carpool occupancy and fee policies; (c) local funding for the development of part or all of the segment of the network within the corridor of the group; (d) proposed reimbursement of local agencies for prior expenditures on elements of the network; (e) proposals as to which agencies would perform the work described in the corridor investment plan; (f) an examination of equity considerations; (g) a proposal for improving public transit services in the corridor; (h) an examination of safety and operations, including express lane ingress and egress; and (i) projects and programs to be funded with any net revenues generated by the corridor, giving the highest priority to projects and programs that would provide cost-effective transit. Authorizes BATA to issue revenue bonds to finance the development of the regional express lane network, and to pledge toll revenues from the Bay Area's state-owned toll bridges as a "backstop" for those bonds. Allows BATA to increase the tolls collected on those bridges if that action is necessary to meet the obligations of the revenue bonds. Allows BATA to expend toll bridge revenues on the regional express lane network provided that: (a) funding from other sources is not available; and (b) BATA projects that funding the network will not necessitate an increase in bridge toll rates or preclude BATA from upholding its contractual and statutory obligations. Requires all revenues generated by the network to be deposited in the Bay Area Express Lane Network Account, which BATA would create. Requires BATA to return 95 percent of any revenues net of operating, maintenance, financing, and administration costs to the corridors where the net revenues are generated for the purpose of funding projects and programs identified in the relevant corridor investment plan. Requires the Santa Clara Valley Transportation Authority (VTA), the Alameda County Congestion Management Agency and the Sunol Smart Carpool Lane Joint Powers Authority to enter into agreements with BATA by January 1, 2011, to provide for the transfer of their rights and obligations relative to express lane projects to BATA. Requires BATA to provide vehicle owners with the option of obtaining a FasTrak account using cash or a check, and without having to provide a name or address. Prohibits BATA from converting existing non-tolled general purpose lanes to express lanes.</p>	<p>7/15/09</p>	<p>Senate Appropriations Committee</p>	<p>Support</p>

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 827 (De La Torre) Local Public Employees	On or after January 1, 2011, prohibits any contract executed or renewed between a local agency and an excluded employee from including any of the following: (1) an automatic renewal of the contract; (2) an automatic increase in compensation that exceeds a cost-of-living adjustment; (3) an automatic increase in compensation that is linked to another contract; or (4) a maximum cash settlement that exceeds the amounts established in existing law. Requires a performance review to occur prior to increasing the salary of an excluded employee. Defines “excluded employee” as any person who is or will be employed by, and report directly to, the legislative body of a local agency, and is not subject to the Meyers-Milias-Brown Act or the Education Code’s employee relations provisions.	8/27/10	Governor’s Office	
AB 987 (Ma) Transit Village Development Districts	Recasts the area included in a transit village development district to include all land within not more than a half mile of the main entrance of a public transit station.	8/18/10	Governor’s Office	Support
AB 1030 (Blumenfield) Caltrans: Renewable Energy Projects	In consultation with Caltrans, authorizes the Institute of the Environment at the University of California-Los Angeles (UCLA) to undertake a project for mapping the renewable energy development potential of state-owned real property under the direction and control of Caltrans. Requires Caltrans to respond within 90 days to any proposal to develop a renewable energy project as to whether: (a) the property is available for sale, lease or encroachment permit; and (b) the project would be compatible with the current and projected use of that property.	7/13/09	Senate Appropriations Committee	
AB 1375 (Galgiani) California High-Speed Rail Authority: Personnel	Exempts the executive director of the California High-Speed Rail Authority from civil service. For purposes of managing and administering the ongoing work of the High-Speed Rail Authority in implementing the high-speed train project, allows the Governor, upon the recommendation of the authority’s executive director, to appoint up to six additional employees, who would: (a) be exempt from civil service; and (b) serve at the pleasure of the authority’s executive director.	6/22/10	Senate Transportation and Housing Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1405 (De Leon) Global Warming Solutions Act: Community Benefits Fund	Requires the California Air Resources Board (CARB) to deposit a minimum of 30 percent of the fee revenues generated under the California Global Warming Solutions Act of 2006, other than revenues collected for administrative purposes, in the Community Benefits Fund. Requires the revenues in the fund to be used solely in the most impacted and disadvantaged communities in the state to accelerate greenhouse gas emission reductions or mitigate direct health impacts of climate change in those communities. Requires the revenues in the fund to be used to provide competitive grants for projects that do any of the following: (a) reduce greenhouse gas emissions while achieving co-benefits, such as reductions in air pollution; (b) increase water and energy efficiency and conservation through retrofitting, replacing or weatherizing activities; (c) install clean distributed generation systems that utilize locally available renewable energy sources, such as solar, wind and geothermal energy; (d) initiate or enhance public mass transit, including fare subsidies to commuters; (e) incentive low-income, public mass transit-oriented housing development; (f) minimize the direct health impacts of climate change and prepare for emergencies from extreme weather events by taking actions such as the operation of air-conditioned cooling centers that are open to the public; or (g) provide community based greening, forestry or water-related projects, such as stormwater capture, tree planting, and water conservation and efficiency measures that have been recognized to reduce greenhouse gas emissions and produce co-benefits. Requires CARB to adopt a methodology to identify the most impacted and disadvantaged communities by June 30, 2010.	8/20/10	Governor's Office	
AB 1500 (Lieu) HOV Lanes: Low-Emission Vehicles	Unless pre-empted by federal law, extends the authorization for low-emission vehicles to use high-occupancy vehicle (HOV) lanes regardless of the number of vehicle occupants from January 1, 2011, to January 1, 2015.	5/26/10	Signed into Law: Chapter #37	
AB 1670 (Beall) Relinquishment of State Routes 82 and 130	Authorizes the California Transportation Commission (CTC) to relinquish the following to the city of San Jose: (a) the portion of State Route 82 from U.S. 101 to I-880; and (b) the portion of State Route 130 within the city limits.	7/15/10	Governor's Office	Support
AB 1760 (Blumenfield) Design-Sequencing Contracts	Authorizes Caltrans to award design-sequencing contracts for the design and construction of not more than five transportation projects until January 1, 2014. Defines "design-sequencing" as a method of contracting that enables the sequencing of design activities to permit each construction phase to commence when design for that phase is complete, instead of requiring design for the entire project to be completed before commencing construction. Provides that under a design-sequencing contract, Caltrans would serve as the responsible agency for the performance of design work. In selecting projects for design-sequencing, requires Caltrans to attempt to: (a) balance geographical areas among projects; (b) pursue diversity in the types of projects undertaken; and (c) consider selecting projects that improve interregional and intercounty routes. Allows Caltrans to use employees or consultants for design-sequencing contracts, consistent with the provisions in the state Constitution.	7/15/10	Governor's Office	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1784 (Fong) VTA: Local Roadway Projects	Authorizes the Santa Clara Valley Transportation Authority (VTA) to manage the construction of improvement projects on local roadways under the jurisdiction of the 15 cities within Santa Clara County or the county, if requested by a city or the county to do so.	4/12/10	Signed into Law: Chapter #57	Sponsor
AB 1805 (Calderon) CEQA Litigation Protection Pilot Program of 2010	Establishes the California Environmental Quality Act (CEQA) Litigation Protection Pilot Program. Requires the Business, Transportation & Housing Agency to select 25 projects for each calendar year between 2010 and 2014 to participate in the program. For a project to qualify for the program, requires the lead agency to certify that the environmental impact report (EIR) for the project will be certified within 12 months. In selecting projects for the program, requires the Business, Transportation & Housing Agency to consider the following: (1) the number and quality of jobs that would be created by the project; (2) the amount of capital investment made by the project; and (3) a balance between projects sponsored by public and private entities. Provides that a lead agency's decision to certify an EIR or to adopt a mitigated negative declaration based on an initial study for a project selected to participate in the pilot program is not subject to judicial review.	As Introduced	Assembly Natural Resources Committee	
AB 1830 (Jones) High-Speed Rail: Rolling Stock and Equipment Purchases	Requires the California High-Speed Rail Authority to make every effort to purchase high-speed train rolling stock and related equipment manufactured in the state, consistent with federal and state laws.	8/20/10	Governor's Office	
AB 1871 (Jones) Personal Vehicle Sharing	Authorizes private passenger vehicle owners to make their cars available for use by a vehicle sharing program without impacting their private passenger automobile insurance policy.	8/20/10	Governor's Office	
AB 1955 (De La Torre) Local Government: Compensation	Based on a review of public records or reported salary information, requires the Controller's Office to determine whether a city is an "excess compensation city," as defined. Once a redevelopment agency has received written notice from the Controller's Office that its city is an excess compensation city, prohibits the redevelopment agency from: (a) adopting a redevelopment plan for a new project area; (b) amending an existing plan for existing project areas; (c) issuing new bonds, notes, interim certificates, debentures, or other obligations; and (d) encumbering any funds or expending any money from any source except as specified. Requires any individual contract of employment or amendment to a contract of employment with an individual who is employed by, and reports directly to, the legislative body of a local agency to be ratified in an open session of the legislative body after prescribed information regarding the contract or amendment is made available in a conspicuous location on the local agency's Internet Web site, if it maintains one, and in a location that is freely accessible to the public no later than five days prior to the meeting to ratify or amend the contract.	8/30/10	Senate Floor	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1958 (Caballero) State Departments: Budget Cuts	States the intent of the Legislature to enact a bill to require each state department to make recommendations on reducing its costs by 5 percent, and to use those cost savings to fund pre-approved infrastructure projects not funded by existing bond proceeds.	As Introduced	Assembly Desk	
AB 2064 (Huber) Public Employees: Compensation Disclosure	Requires a county, city, school district, special district, or joint powers agency to post on its official Internet Web site, if it maintains one, annual salary information pertaining to each elected or appointed official, superintendent, deputy superintendent, assistant superintendent, associate superintendent, general manager, city manager, county administrator, and other similar chief administrative officer or executive officer.	8/31/10	Senate Governmental Organization Committee	
AB 2097 (Miller) Vehicles: Confidential Home Addresses	Requires a person who requests the confidentiality of his or her home address to provide the Department of Motor Vehicles (DMV) with a current employment address for purposes of processing the service and collection of a traffic, parking or toll road violation.	5/28/10	Senate Appropriations Committee	
AB 2098 (Miller) RCTC: Design-Build Contracting	Authorizes the Riverside County Transportation Commission (RCTC), subject to California Transportation Commission (CTC) approval, to utilize design-build contracting for the State Route 91 Corridor Improvements Project on the state highway system. Makes Caltrans responsible for the performance of construction inspection services for the project.	8/20/10	Governor's Office	
AB 2113 (Evans) Local Taxation	Authorizes a county board of supervisors to place on the ballot either or both of the following for consideration by the voters in accordance with all constitutional and statutory requirements: (1) a local personal income tax; or (2) a local vehicle license fee.	As Introduced	Assembly Local Government Committee	
AB 2121 (Harkey) High-Speed Rail: Six- Year Program and Annual Report	Requires the California High-Speed Rail Authority to annually adopt a six-year high-speed train program for submission to the Legislature. Requires the program to include a listing of all capital improvement projects that are expected to need an appropriation in the annual Budget Act during the next six fiscal years. Requires the High-Speed Rail Authority to prepare and submit to the Legislature an annual report. Requires the report to include all of the following: (1) a description of the progress made for each project within each high-speed train segment; (2) the baseline budget for support and capital outlay construction costs for each segment; (3) the current or projected program budget for support or capital outlay construction costs for each segment; (4) expenditures to date for support and capital outlay construction costs for each segment; (5) a comparison of the current or projected schedule and the baseline schedule; (6) a summary of the milestones achieved for each segment during the annual period, and any issues identified and actions taken to address those issues; and (7) a detailed financial plan, including any necessary taxes, fees, bonds, or other indebtedness to pay for the construction of the high-speed train network.	5/28/10	Senate Rules Committee	
AB 2124 (Villines) Caltrans: Damage to Local Roadways	Specifies that Caltrans shall be responsible for damage inflicted on any roadway under the jurisdiction of a local agency resulting from activities performed by the department's own employees or its contractors during maintenance or construction work on a state highway.	As Introduced	Assembly Transportation Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2127 (Nestande) Non-Emergency Medical Transportation	Requires the Department of Health Care Services to establish a two-year pilot program in at least three counties to evaluate a non-emergency medical transportation model in which the state would contract with a broker to manage the provision of non-emergency medical transportation services to Medi-Cal beneficiaries. Requires the department to monitor the pilot program, evaluate the outcomes and savings, and provide the fiscal committees of the Legislature with a report on its findings and recommendations. If it determines that the pilot program is cost effective, authorizes the department to implement the program statewide at any time and to continue the operation of the program indefinitely.	As Introduced	Assembly Health Committee	
AB 2147 (V. Perez) Safe Routes to School	In awarding grants to local governmental agencies, including to a school district, under the Safe Routes to School Program, requires Caltrans, as part of the rating process, to consider: (a) the benefit of a particular project to a low-income school; and (b) the degree to which a project reflects the participation, input and priorities of community stakeholders.	8/20/10	Governor's Office	
AB 2311 (Mendoza) Global Warming Solutions Act: Transportation Fuels	Requires the executive officer of the California Air Resources Board (CARB) to conduct three reviews on the implementation of the low-carbon fuel standard regulations adopted by CARB to regulate greenhouse gas emissions from transportation fuels. Requires the CARB executive officer to establish a Low-Carbon Fuel Standard Advisory Panel for purposes of participating in the reviews.	4/19/10	Assembly Appropriations Committee	
AB 2313 (Buchanan) CEQA: Greenhouse Gas Emissions	Prior to the adoption of a regional transportation plan (RTP) for a region in which a residential or mixed-use residential project is located, provides that a lead agency, for purposes of complying with the California Environmental Quality Act (CEQA), may use a threshold of significance for greenhouse gas emissions adopted for the project by the air quality management district within which the project is located to determine whether the project may have a significant effect on the environment due to the emission of greenhouse gases.	6/21/10	Senate Environmental Quality Committee	
AB 2324 (J. Perez) Public Transit Facilities	Prohibits the following: (a) a person from knowingly possessing specified weapons within a sterile area of a public transit facility; (b) an unauthorized person from knowingly entering a restricted area of a public transit facility if the area has been posted with notices restricting access to authorized personnel only; and (c) a person from intentionally avoiding submission to screening and inspection when entering or re-entering a sterile area of a public transit facility. Defines "sterile area" to mean any portion of a public transit facility that is generally controlled in a manner consistent with a public transit agency's security plan. Increases the penalties for repeat fare evasion offenders and for certain acts of public transit passenger misconduct.	8/20/10	Governor's Office	Support

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2329 (Ruskin) Climate Action Team	<p>Creates the Climate Action Team consisting of the following representation: (a) secretary of the California Environmental Protection Agency (CalEPA); (b) secretary of the Natural Resources Agency; (c) chairperson of the California Air Resources Board (CARB); (d) chairperson of the Energy Resources Conservation and Development Commission; (e) president of the California Public Utilities Commission (CPUC); (f) secretary of the Business, Transportation and Housing Agency; (g) secretary of the Department of Food and Agriculture; (h) secretary of the Department of Consumer Affairs; (i) secretary of the Health and Human Services Agency; (j) director of the Office of Planning and Research; and (k) secretary of the Labor and Workforce Development Agency. Consistent with the Global Warming Solutions Act of 2006, requires the Climate Action Team to coordinate the state's overall climate change policy. To meet the goals of the Global Warming Solutions Act, requires the Climate Action Team to do all of the following: (1) identify and review activities, funding programs and revenues of state agencies that may need to be coordinated; (2) recommend policies, investment strategies and priorities; and (3) provide information to local governments that will assist them with their own climate change efforts. Requires the Natural Resources Agency, by June 1, 2012, to prepare and submit to the Climate Action Team the California Climate Vulnerability and Adaptation Plan, which would provide for the protection of the state's natural resources, public health, infrastructure, and economic vitality from the ongoing and expected impacts of climate change. Requires the Natural Resources Agency to update the plan every three years in order to incorporate new information regarding the impacts of climate change, as well as new strategies to address adaptation.</p>	8/2/10	Senate Appropriations Committee	
AB 2509 (Hayashi) Transit Village Plans: Educational Facilities	<p>Adds educational facilities and other land uses that provide direct linkages for people traveling to and from primary and secondary schools, community colleges and universities to the list of specified characteristics that a transit village plan may address.</p>	4/8/10	Senate Rules Committee	Support
AB 2516 (Hill) Accessible Housing Task Force	<p>Requires the Department of Housing and Community Development to establish the Accessible Housing Task Force to develop strategies to increase the amount of housing that is both accessible to the elderly and disabled, and located near public transit. Requires the task force to submit a report to the Governor and Legislature no later than June 30, 2012, that does all of the following: (1) recommends strategies to improve the identification and marketing of multifamily dwelling units that comply with the state's disabled accessibility building standards for multifamily dwelling units; (2) recommends policies that cities, counties and the state could adopt that would encourage the voluntary construction of new units or the retrofit of existing units within a half mile of public transit stations and bus hubs in a manner that provides for live-in occupancy of one or more individuals with severe mobility impairments; and (3) recommends voluntary design options, possible revisions to building code regulations, local incentive options, and any suggested statutory changes that are needed to improve the accessibility of new and existing dwelling units that are located within a half mile of public transit stations or bus hubs.</p>	4/27/10	Assembly Appropriations Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2518 (V. Perez) California Infrastructure and Economic Development Bank: Local Assistance Program	Requires the California Infrastructure and Economic Development Bank to establish a local assistance program to provide technical support to the state's small and rural communities in obtaining financing for local infrastructure projects.	As Introduced	Assembly Appropriations Committee	
AB 2520 (Solorio) Proposition 116 Projects	Authorizes the lead agency for a project funded through Proposition 116, the Clean Air and Transportation Improvement Act of 1990, to apply for a letter of no prejudice (LONP) that would allow the agency to expend its own funds for any bond-funded component of the project, subject to later reimbursement from bond proceeds under certain conditions.	As Introduced	Assembly Transportation Committee	
AB 2534 (Fuentes) Global Warming Solutions Act: Impacted Communities	Allows the California Air Resources Board (CARB) to use a portion of the revenues generated from a market-based compliance mechanism established pursuant to the Global Warming Solutions Act of 2006 for expenditure on communities experiencing increased exposure to air pollutants to the extent that CARB determines that this increased exposure is caused by the implementation of the market-based compliance mechanism regulation.	As Introduced	Assembly Natural Resources Committee	
AB 2579 (Evans) Master Plan for Infrastructure Financing and Development Commission	Creates the Master Plan for Infrastructure Financing and Development Commission. Specifies that the mission of the commission is to develop and recommend a plan to be presented to the Governor and Legislature that provides for financing, building and maintaining the infrastructure necessary to meet the needs of Californians from the present to the year 2050. States the intent of the Legislature that the commission provide long-term guidelines for California's infrastructure needs and a prioritized plan that meets those needs by doing all of the following: (1) project population, social and economic trends through 2050; (2) utilize the projects to assess the state's capital needs for transportation, education, housing, and water through 2050, including the need for private capital to augment or complement public financing; (3) assess the availability of private and public funds to support jointly sponsored projects throughout the period from the present to 2050; (4) assess the status and fiscal value of dedicating future revenues to specific infrastructure construction and maintenance, including transportation and schools; (5) recommend a financing plan for the state's capital needs through 2050, with a priority plan for each five-year interval, including evaluation and recommendations of various financing methods that are feasible and may be of benefit to the state and local governments; and (6) incorporate the findings of ongoing state infrastructure planning and reporting requirements. Requires the commission to submit its final report to the Governor and Legislature by December 1, 2012. Requires the commission to be dissolved 30 days after issuance of its final report.	4/19/10	Assembly Appropriations Committee	
AB 2620 (Eng) Caltrans: Indirect Overhead Costs	Precludes Caltrans from charging indirect overhead costs for reimbursable work performed by the department on behalf of local agencies for locally funded state highway projects.	6/22/10	Senate Appropriations Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2640 (Arambula) Income Taxes: Free and Subsidized Parking	Until January 1, 2016, subjects free or subsidized parking to income taxes by removing its exclusion from the calculation of gross income.	5/18/10	Assembly Appropriations Committee	
AB 2663 (Lowenthal) Highway Users Tax Account	Provides that if the Legislature transfers, borrows or suspends allocated revenues from the Highway Users Tax Account (HUTA), the respective transaction would be suspended during the months of July, August and September to alleviate the impact on cities that follow the federal fiscal year.	8/17/10	Governor's Office	
AB 2691 (Hall) Global Warming Solutions Act: Fees	Prohibits a state or local agency from imposing a greenhouse gas emissions fee on a source of greenhouse gas emissions that is subject to either of the following: (a) a market-based compliance mechanism; or (b) a fee regulation adopted by the California Air Resources Board (CARB).	4/6/10	Assembly Natural Resources Committee	
AB 2703 (J. Perez) Proposition 1A Rail Transit Projects	Authorizes the lead agency for an intercity, commuter or urban rail transit capital improvement project funded through the Safe, Reliable High-Speed Passenger Train Bond Act for the 21 st Century (Proposition 1A) to apply to the California Transportation Commission (CTC) for a letter of no prejudice (LONP) that would allow the agency to expend its own funds for any bond-funded component of the project, subject to later reimbursement from bond proceeds under certain conditions.	8/3/10	Senate Rules Committee	Support
AB 2704 (Gaines) Local Snow Removal Funding	Requires Highway Users Tax Account funding to cities and counties for local snow removal to be maintained, as in effect on January 1, 2010.	4/8/10	Signed into Law: Chapter #101	
AB 2754 (J. Perez) Planning and State Clearinghouse Unit	Establishes the Planning and State Clearinghouse Unit within the Office of Planning and Research to annually evaluate the functional plans of each state department and agency to assure that they are consistent with the state's planning goals.	7/15/10	Governor's Office	
ACA 3 (Blakeslee) State General Obligation Bonds	Calls for placing before the voters an amendment to the California Constitution to require an initiative measure authorizing the issuance of state general obligation bonds in a total amount exceeding \$1 billion to either provide additional tax or fee revenues, eliminate existing programs or both as necessary to fully fund the bonds in order to be placed on the ballot.	6/16/09	Assembly Floor	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
ACA 4 (Feuer) State and Local Government Reform	Calls for placing before the voters an amendment to the California Constitution that makes a series of changes to various state budget and legislative processes. Specifically, does all of the following: (1) implements a “pay-as-you-go” system for the Governor’s budget, and the majority of legislation and initiatives; (2) limits how one-time state revenues could be expended; (3) requires the Legislature to review state programs once every 10 years; (4) allows the Budget Act to be approved by a simple majority vote of the Legislature; (5) requires a two-thirds majority vote to approve fees when they are being used to fund a program, service or activity that was previously funded by revenues from a tax; (6) forfeits legislator pay, after June 25 th , if the Assembly and Senate have not passed the Budget Act; and (7) provides the Governor with mid-year authority to cut the budget if the Legislature does not act prior to the 45 th day of a fiscal emergency.	5/10/10	Assembly Budget Committee	
ACA 5 (Calderon) State General Obligation Bonds	Calls for placing before the voters an amendment to the California Constitution to require an initiative measure authorizing the issuance of state general obligation bonds to be approved by a 55 percent majority of the electorate.	7/14/09	Assembly Floor	
ACA 9 (Huffman) Local Governments: Special Taxes	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 its electorate by a 55 percent majority. Also allows a local agency to incur indebtedness in the form of general obligation bonds to fund any of the following: (a) the construction, reconstruction, rehabilitation, or replacement of public infrastructure improvements, and facilities or buildings used primarily to provide sheriff, police or fire protection services to the public; (b) affordable housing; and (c) the acquisition or lease of real estate for public infrastructure improvements, public safety facilities or buildings, and affordable housing, if the bond issuance is approved by its electorate by a 55 percent majority. Creates an exception to the 1 percent limit for property tax assessments if the revenues are being used to pay bonded indebtedness, approved by a 55 percent majority vote, to fund any of the following: (a) the construction, reconstruction, rehabilitation, or replacement of public infrastructure improvements, and facilities or buildings used primarily to provide sheriff, police or fire protection services to the public; (b) affordable housing; and (c) the acquisition or lease of real estate for public infrastructure improvements, public safety facilities or buildings, and affordable housing.	6/26/09	Assembly Floor	Support

State Assembly Bills	Subject	Last Amended	Status	VTA Position
ACA 13 (Hernandez) Initiatives	<p>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 immediately transmit an initiative measure to the Legislature. Allows the Legislature to amend an initiative measure that proposes to change the Constitution and adopt it as a legislative constitutional amendment by concurrent resolution. If the proponents of the initiative measure accept the legislative constitutional amendment in lieu of the initiative measure, the n the legislative constitutional amendment would be submitted to the voters instead of the initiative measure. Allows an initiative measure transmitted to the Legislature that only proposes a statute to be introduced in the Legislature as a bill. Provides that if such a bill is enacted and the proponents of the initiative measure accept any amendments of the Legislature, then the Secretary of State's Office shall not submit the initiative measure to the voters. If the Legislature returns an initiative measure to the Secretary of State's Office within 30 legislative session days after it has been transmitted to the Legislature and the measure is certified to have been signed by the requisite number of voters, requires the Secretary of State's Office to place the measure on the ballot. If the Legislature does not return an initiative measure to the Secretary of State's Office within 30 legislative session days after it has been transmitted to the Legislature, requires the Secretary of State's Office to place the measure on the ballot if it is certified to have been signed by the requisite number of voters.</p>	6/1/10	Assembly Floor	
ACA 15 (Arambula) Local Governments: Transportation Special Taxes	<p>Calls for placing before the voters an amendment to the California Constitution to allow a local agency to impose, extend or increase a special tax for the purpose of providing funding for local transportation projects if the tax is approved by its electorate by a 55 percent majority.</p>	As Introduced	Assembly Floor	Support
ACA 16 (Nestande) State General Obligation Bonds	<p>Calls for placing before the voters an amendment to the California Constitution to allow the Legislature to approve general obligation bond measures only for the purpose of funding long-term infrastructure. Defines "long-term infrastructure" to mean any of the following: (a) the acquisition of land, including easements, rights-of-way and other interests in land; (b) the construction or acquisition of improvements to land, including structures and equipment integral to the operation of those structures; and (c) the construction or acquisition of roadways and water conveyances.</p>	As Introduced	Assembly Appropriations Committee	

State Senate Bills

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 8 (Huff) Performance-Based Budgeting	Requires the Department of Finance to develop performance budgeting pilot projects under which the budgets of at least four state departments would be analyzed by specific criteria.	3/23/09	Senate Budget and Fiscal Review Committee	
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. Specifies that the bill is not to be construed to supplant any funds that the state apportions to counties and San Francisco, including those apportioned under the Vehicle License Fee Law.	7/8/09	Assembly Floor	
SB 409 (Ducheny) Strategic Rail Connectivity Plan	Requires the five members of the California High-Speed Rail Authority appointed by the Governor to be confirmed by the Senate. Requires the authority to annually adopt and submit a five-year High-Speed Rail Passenger Train Program to the Governor and Legislature. Requires the program to include a listing of all capital improvement projects that are expected to need an appropriation in the annual Budget Act for the following five years. Requires Caltrans to prepare a five-year Strategic Rail Connectivity Plan for the state, the focus of which would be to identify opportunities for passenger rail system improvements and linkages. Requires this plan to: (a) include desirable linkages and feeder opportunities between high-speed rail, and conventional intercity rail, commuter rail and rail transit; (b) identify the coordination in planning and capital investments necessary to maximize the opportunities for each of those services in providing a cohesive, connected and easy-to-use system for Californians; (c) identify future right-of-way needs for passenger rail lines in connection with state and local highway system improvements; and (d) include other matters that offer opportunities for statewide coordination, such as the efficient movement of goods.	8/2/10	Assembly Appropriations Committee	
SB 455 (Lowenthal) California High-Speed Rail Authority: Gubernatorial Appointments	Requires the five gubernatorial appointments to the California High-Speed Rail Authority to be confirmed by the Senate.	8/19/10	Governor's Office	
SB 474 (Ducheny) Innovative Contracting and Financing Pilot Programs	Prior to entering into any agreement pursuant to a state pilot program involving public-private partnerships or design-build, requires the lead agency for the project to pass a resolution that identifies the anticipated benefits from using those methods in comparison to using traditional contracting or financing methods.	8/2/10	Governor's Office	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 476 (Correa) CEQA: Non-Compliance Allegations	Clarifies provisions of the California Environmental Quality Act (CEQA) that prescribe when and how a person may bring an action or a proceeding against a project before a public entity.	4/30/09	Assembly Natural Resources Committee	
SB 501 (Correa) Local Government: Compensation Disclosure	Requires elected or appointed officers of a county, city, school district, special district, or joint powers agency who is required by state law to file a statement of economic interests to also annually file a disclosure form that provides compensation information for the preceding year. Requires the following information to be disclosed: (1) annual salary or stipend; (2) local agency payments to the filer's deferred compensation or defined benefit plans; (3) automobile and equipment allowances; (4) supplemental incentive and bonus payments; and (5) local agency payments to the filer that are in excess of the standard benefits that the local agency offers for all other employees.	8/20/10	Senate Floor	
SB 535 (Yee) HOV Lanes: Low-Emission and Fuel-Efficient Vehicles	Unless pre-empted by federal law, extends the authorization for vehicles that meet California's super ultra-low exhaust emission standard and the federal inherently low-emission evaporative emission standard to use high-occupancy vehicle (HOV) lanes regardless of the number of vehicle occupants to January 1, 2015. Between January 1, 2012, and January 1, 2015, allows vehicles that meet California's enhanced advanced technology partial zero-emission vehicle standard to travel in HOV lanes without the required number of passengers, but limits the number of decals that the Department of Motor Vehicles (DMV) can issue for this privilege to 40,000. Ends the authorization for regular hybrid vehicles to use HOV lanes without the required number of passengers on July 1, 2011.	6/24/10	Signed into Law: Chapter #215	
SB 632 (Lowenthal) Ports: Infrastructure Needs	Beginning January 1, 2010, requires the ports of Long Beach, Los Angeles and Oakland to assess their infrastructure and air quality improvement needs, including projects that improve the efficiency of the movement of cargo, and that reduce the congestion impacts and pollution associated with the movement of cargo. Requires these assessments to include the total costs of the infrastructure and air quality improvements, possible funding options for these projects, and estimated timelines for their implementation. Requires each port to provide this assessment to the Legislature by July 1, 2010.	8/31/10	Assembly Floor	
SB 845 (Budget Committee) Countywide Strategic Action Plan	Authorizes local government entities to develop and implement a Countywide Strategic Action Plan to jointly use existing and additional resources to ensure progress toward common community goals. In counties where a Countywide Strategic Action Plan has been adopted, allows the board of supervisors to place before the voters a local sales tax increase of up to 1 percent. If approved by a simple majority vote, requires the revenues from the sales tax increase to be distributed pursuant to the adopted Countywide Strategic Action Plan.	3/18/10	Senate Budget and Fiscal Review Committee	
SB 879 (Cox) Design-Build Contracting: Counties	Extends the authority of counties to use design-build contracting for construction projects in excess of \$2.5 million until July 1, 2014.	8/16/10	Governor's Office	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 901 (Ashburn) Proposition 1B Grade Separation Projects	Authorizes the lead agency for a grade separation or railroad crossing project funded through the Proposition 1B Highway-Railroad Crossing Safety Account to apply for a letter of no prejudice (LONP) that would allow the agency to expend its own funds for any bond-funded component of the project, subject to later reimbursement from bond proceeds under certain conditions.	As Introduced	Senate Transportation and Housing Committee	Support
SB 927 (Huff) HOV Lanes	Makes several technical, non-substantive changes to state statutes pertaining to high-occupancy vehicle (HOV) lanes.	As Introduced	Senate Rules Committee	
SB 964 (Alquist) High-Speed Rail: Workforce Development Program	Requires the California High-Speed Rail Authority to contract with the California Employment Development Department to develop a labor market assessment of the workforce, and identify the education and skills needed to: (a) construct a high-speed train system in the state; and (b) operate and maintain a high-speed train system, as necessary to aid the High-Speed Rail Authority in planning the construction of the system. Requires the assessment to include a recommended strategy to ensure that training programs are in place to facilitate the availability of a skilled, in-state workforce to participate, to the maximum extent feasible, in the construction of California's high-speed train system. Appropriates \$500,000 from the amount of Proposition 1A high-speed rail bond funds set aside for environmental studies, planning and preliminary engineering to implement this bill.	6/30/10	Governor's Office	Support
SB 965 (DeSaulnier) High-Speed Rail: ARRA Funding	Subject to appropriation by the Legislature, requires the California High-Speed Rail Authority to expend federal funds made available to it under the American Recovery and Reinvestment Act (ARRA) for conducting environmental studies, planning analyses and preliminary engineering activities, as well as for implementing capital projects related to the state's high-speed train system. Requires the High-Speed Rail Authority to use Proposition 1A bond money to match any ARRA funding, if a match is required. Requires the High-Speed Rail Authority to take those actions necessary to ensure that any federal funds appropriated to it are obligated and expended in a manner that: (1) meets all applicable federal deadlines; (2) maximizes job creation in California at the earliest feasible time; (3) expedites the completion of vital high-speed rail infrastructure projects that improve rail-highway safety, mobility and performance; (4) makes the most efficient use of available state bond funds; and (5) is consistent with current state law. Requires the High-Speed Rail Authority to submit to the Legislative Analyst's Office and to the Legislature an adopted plan for the expenditure of ARRA funds. Requires the plan to include: (1) a description of the projects proposed for funding, including a discussion of each project's independent utility; (2) the location of each project; (3) the baseline budget for each project, including support costs and estimated capital costs; (4) the amount of federal and state funds, including Proposition 1A bond proceeds and private money, proposed to be committed to each project; (5) the proposed baseline schedule, with project milestones, and the completion date for each project; and (6) the number of jobs that each project is estimated to create or maintain in California. Specifies that the provisions of the bill do not apply to the Transbay Transit Center Project in San Francisco.	8/20/10	Governor's Office	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 976 (Hollingsworth) CEQA Exemption: Overpass and Ramp Expansion Projects	Exempts from the California Environmental Quality Act (CEQA) projects that would expand an existing overpass, on-ramp or off-ramp that is built on an easement or right-of-way under the control of Caltrans, a local transportation agency, a city, or a county.	3/22/10	Senate Environmental Quality Committee	
SB 1010 (Correa) CEQA Litigation Protection Pilot Program of 2010	Establishes the California Environmental Quality Act (CEQA) Litigation Protection Pilot Program. Requires the Business, Transportation & Housing Agency to select 25 projects for each calendar year between 2010 and 2014 to participate in the program. For a project to qualify for the program, requires the lead agency to certify that the environmental impact report (EIR) for the project will be certified within 12 months. In selecting projects for the program, requires the Business, Transportation & Housing Agency to consider the following: (1) the number and quality of jobs that would be created by the project; (2) the amount of capital investment made by the project; and (3) a balance between projects sponsored by public and private entities. Provides that a lead agency's decision to certify an EIR or to adopt a mitigated negative declaration based on an initial study for a project selected to participate in the pilot program is not subject to judicial review.	As Introduced	Senate Environmental Quality Committee	
SB 1020 (Wolk) Performance-Based Budgeting	Beginning in FY 2015, requires the budget submitted by the Governor to the Legislature to be developed pursuant to performance-based budgeting for each state agency and department. When preparing their individual budgets, requires state agencies and departments to use performance-based budgeting methods that make it clear to policymakers and the public the value and results of existing operations and proposed changes. Requires agency and departmental budgets to identify and update all of the following: (1) the mission and goals of the agency or department; (2) the activities and programs focused on achieving those goals; (3) performance metrics that reflect desired outcomes for existing and proposed activities, and a targeted performance level for the following year; (4) prior-year performance data and an explanation of deviation from previous-year targets; and (5) proposed changes in statute, including the creation of incentives or the elimination of disincentives that could improve outcomes or hold down costs. Requires the Legislature to establish a process for reviewing the performance of all state programs at least once every 10 years.	8/2/10	Assembly Budget Committee	
SB 1061 (Hancock) Bay Bridge: Bicycle-Pedestrian Pathway	Allows a bicycle-pedestrian-maintenance pathway on the San Francisco-Oakland Bay Bridge to be funded with state-owned toll bridge revenues under the jurisdiction of the Bay Area Toll Authority (BATA), provided that the project is included in the adopted Regional Transportation Plan (RTP). Prior to approving the project and authorizing construction, requires BATA to make a finding that the pathway does not fundamentally alter the profile of the bridge. Prohibits BATA from increasing tolls to fund the project.	5/25/10	Assembly Appropriations Committee	
SB 1120 (Dutton) California Global Warming Solutions Act: Cap and Trade	Prohibits the California Air Resources Board (CARB) from implementing a market-based compliance mechanism pursuant to the California Global Warming Solutions Act of 2006 that includes caps on greenhouse gas emissions and trading among participants unless it is part of a legally enforceable regional or federal program.	As Introduced	Senate Environmental Quality Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1205 (Corbett) Bay Area Disaster Recovery Planning Council	Establishes the Bay Area Disaster Recovery Planning Council to create a long-term regional disaster recovery plan for the San Francisco Bay Area. In developing the plan, requires the council to cooperate with various stakeholders in the region, including cities, counties, special districts, school districts, emergency managers, hospitals, members of the public, private businesses, and non-governmental organizations. Provides that the scope and purpose of the recovery plan is to enhance the region's resiliency following a disaster by: (a) increasing the speed of rebuilding lifeline infrastructure; (b) planning for temporary transportation and public transit programs during the repair of the region's transportation system; (c) enhancing government management capacity for large-scale capital projects and programs; (d) planning for the reconstruction of housing damaged by a disaster; (e) creating mechanisms to assist businesses with temporary relocation and financing; and (f) other issues associated with sustainable redevelopment following a major disaster. Specifies that the recovery plan is not a post-disaster operations plan. Declares the intent of the Legislature that the council complement existing efforts by cities; counties; special districts; and other local, regional and state entities. Requires the council to be funded through federal money, gifts, donations, grants, local bonds, and other types of financial assistance from public and private sources.	8/16/10	Governor's Office	
SB 1215 (Price) Caltrans: Architectural and Engineering Services	Until January 1, 2014, authorizes Caltrans to establish prequalified lists of architectural and engineering services firms. Requires Caltrans to comply with certain requirements relating to the advertisement and award of contracts in the event the department utilizes the prequalified list.	4/28/10	Assembly Transportation Committee	
SB 1245 (Simitian) Express Lanes: Free Passage	Prohibits charging a toll to a vehicle that meets the applicable occupancy level for use of a high-occupancy vehicle (HOV) lane. Specifies that this provision does not apply to toll bridges. Provides that an increase in the vehicle occupancy level for an HOV lane may only be implemented if Caltrans determines that the change will maximize person throughput with respect to the affected highway. Requires Caltrans to obtain the approval of the applicable transportation planning agency and to report to the Legislature before making the change.	4/22/10	Assembly Transportation Committee	
SB 1259 (DeSaulnier) Economic Development and Job Creation Agency	Establishes the Economic Development and Job Creation Agency within state government. Requires the agency to do all of the following: (1) develop a statewide strategy that identifies California's goals and objectives for job creation, and that specifies performance measures to assess the state's progress toward attaining those goals and objectives; (2) create a clearinghouse of accurate data on the state's economic development activities and their effectiveness; (3) simplify, strengthen and improve the operation and management of economic development programs that provide services to California's workers and employers; (4) eliminate duplicative duties, achieve cost efficiencies and promote accountability for the attainment of economic development goals and objectives; (5) allow the state to marshal all of its resources to systematically target new industries to site within California; (6) build on California's educational, workforce and geographic assets to seed innovation; (7) attract new and sustainable industries that will create high-wage, middle-class jobs; and (8) provide a better understanding of federal and state laws that protect workers.	5/24/10	Senate Appropriations Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1263 (Wyland) Global Warming Solutions Act: Inoperative	Makes the provisions of the California Global Warming Solutions Act of 2006 and any regulation adopted by the California Air Resources Board (CARB) pursuant to the act inoperative.	As Introduced	Senate Environmental Quality Committee	
SB 1264 (Leno) Commercial Airlines: Passenger Rights	Whenever passengers have boarded an aircraft whose departure from the airport is delayed by more than two hours, or whenever more than two hours have passed following the landing of an aircraft and passengers have not been able to disembark, requires the air carrier to provide passengers with all of the following: (1) electrical service that is sufficient to provide passengers with fresh air and light; (2) waste removal service for the holding tanks for onboard restrooms; and (3) adequate food and drinking water, and other refreshments. Requires an air carrier to provide clear and conspicuous notice regarding passenger or consumer complaint contact information by making available forms and placing signs at all airport service desks and other appropriate areas in the airport as necessary.	6/1/10	Senate Floor	
SB 1268 (Simitian) Electronic Toll Collection Systems	Prohibits a transportation agency from selling or providing personally identifiable information of a person obtained pursuant to the person's participation in an electronic toll collection system or use of a toll facility, subject to specified exceptions. Prescribes the circumstances under which a transportation agency may make personally identifiable information available to a law enforcement agency. Requires a transportation agency that employs an electronic toll collection system to establish a privacy policy regarding the collection and use of personally identifiable information. Requires the policy to include a description of the following: (a) the types of personally identifiable information that is collected by the agency; (b) the categories of third-party persons or entities with whom the agency may share personally identifiable information; (c) the process by which a transportation agency notifies subscribers of material changes to its privacy policy; (d) the effective date of the privacy policy; and (e) the process by which a subscriber may review and request changes to any of his or her personally identifiable information. Within practicable business and cost constraints, allows a transportation agency to store only personally identifiable information of a person, such as the account name, credit card number, billing address, vehicle information, and other basic account information, that is required to perform account functions, such as billing, account settlement or enforcement activities. Requires all other information to be discarded no more than four years and six months after the closure date of the billing cycle and the bill has been paid and all toll violations have been resolved. Within practical business and cost constraints, requires a transportation agency to make every effort to purge the personal account information of an account that is closed or terminated. Authorizes a person whose personally identifiable information has been sold or provided in violation of this bill to bring specified actions for recovery of damages, costs and attorney's fees. Allows a transportation agency that employs an electronic toll collection system to impose an administrative fee on persons who use that system in an amount that is sufficient to cover the costs of implementing the provisions of this bill.	8/20/10	Governor's Office	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1299 (Lowenthal) Vehicle Miles Traveled Fee	By January 1, 2012, requires the Department of Motor Vehicles (DMV) to develop and implement a pilot program designed to assess the following issues related to putting in place a vehicle miles traveled (VMT) fee in California: (1) different methods of calculating mileage; (2) processes for transmitting data to protect the integrity of the data and ensure the privacy of drivers; and (3) the types of equipment that may be required of the state and of drivers in order to implement a VMT fee. Requires the DMV to prepare and submit a report of its findings to the Legislature by June 30, 2012. Requires the report to include all of the following elements: (1) recommendations regarding how best to implement a VMT fee in a manner that minimizes confusion and inconvenience to California's drivers, while also ensuring their privacy; (2) given the technological and institutional demands associated with implementing a VMT fee, a discussion of different processes that may be used to transition from the fuel tax to a VMT fee over time; and (3) a discussion of issues that the Legislature may wish to consider when evaluating whether and how to implement a VMT fee.	As Introduced	Senate Appropriations Committee	
SB 1305 (Pavley) Global Warming Solutions Act: Compliance Revenues	Requires revenues generated from: (a) fees to fund expenditures beyond administrative costs related to the implementation of the California Global Warming Solutions Act of 2006; (b) the implementation of market-based compliance mechanisms; or (c) other compliance mechanisms to be appropriated by the Legislature for purposes determined by the Legislature.	As Introduced	Senate Environmental Quality Committee	
SB 1320 (Hancock) Fare Evasion and Passenger Misconduct: Civil Administrative Penalties	Allows VTA, the Alameda-Contra Costa Transit District (AC Transit), Foothill Transit, Long Beach Transit, and the Sacramento Regional Transit District to impose and enforce civil administrative penalties for fare evasion and passenger misconduct in lieu of criminal penalties.	8/9/10	Governor's Office	Co-Sponsor
SB 1348 (Steinberg) CTC Guidelines	Exempts the adoption of guidelines by the California Transportation Commission (CTC) from the rulemaking provisions of the Administrative Procedure Act. Except in the case of the State Transportation Improvement Program (STIP), specifies a process that the CTC must use when adopting guidelines. Requires the CTC to maintain a guideline adoption file containing: (a) a summary of each objection or recommendation made with regard to a proposed guideline; and (b) an explanation of how the proposed guideline was changed to accommodate each objection or recommendation, or the reasons for making no change. Requires the CTC to include in its annual report to the Legislature a summary of its activities related to the adoption of program or policy guidelines during the previous calendar year.	8/9/10	Governor's Office	
SB 1351 (Wright) Global Warming Solutions Act: CARB Regulations	Requires the California Air Resources Board (CARB) to make available to the public, at the time that it adopts a regulation pursuant to the California Global Warming Solutions Act of 2006, any implementation schedule that is needed to comply with that regulation.	8/2/10	Senate Environmental Quality Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1362 (Simitian) Automated Traffic Enforcement Systems	Requires the installation of signs at all locations where an automated, camera-based traffic enforcement system is operating. Prior to installing such a system after January 1, 2011, requires the governmental agency to make and adopt a finding of fact establishing that the system is needed at a specific location for reasons related to safety. Prohibits a governmental agency from considering revenue generation, beyond cost recovery, when determining whether to install or operate an automated traffic enforcement system.	8/2/10	Assembly Appropriations Committee	
SB 1371 (Correa) Proposition 1A Rail Transit Projects	Authorizes the lead agency for an intercity, commuter or urban rail transit capital improvement project funded through the Safe, Reliable High-Speed Passenger Train Bond Act for the 21 st Century (Proposition 1A) to apply to the California Transportation Commission (CTC) for a letter of no prejudice (LONP) that would allow the agency to expend its own funds for any bond-funded component of the project, subject to later reimbursement from bond proceeds under certain conditions.	8/16/10	Governor's Office	Support
SB 1418 (Wiggins) SAFE Program	Increases the maximum amount of the vehicle registration surcharge that a Service Authority for Freeways and Expressways (SAFE) may impose from \$1 to \$2. Requires SAFE surcharge revenues to be used to implement, maintain and operate a motorist aid system of call boxes. Allows any money received that exceeds the amount needed for full implementation and ongoing costs to maintain and operate motorist aid call boxes to be used for freeway service patrols, mobile roadside assistance systems, intelligent transportation systems, incident management programs and coordination, traveler information system programs, and traffic operation centers. Allows the Metropolitan Transportation Commission (MTC) to use SAFE funds to install call boxes in parking lots and roadway areas in state and federal parks in the Bay Area where telecommunication services are not available.	6/21/10	Assembly Transportation Committee	
SB 1426 (DeSaulnier) State Budget Process	Requires the budget submitted by the Governor to contain itemized statements; provisional language; performance measurement standards for state agencies and programs; recommended state expenditures; and a projection of anticipated state revenues, including revenues anticipated to be available on a one-time basis. Requires the budget to contain an estimate of the total resources available for state expenditures recommended for the budget year and the succeeding fiscal year. If expenditures exceed revenues, requires the Governor to recommend reductions in expenditures or the sources from which additional revenues should be provided, and to include an estimate of the long-term impact that these recommendations would have on the state's economy. Requires the Governor to submit a five-year capital infrastructure and strategic growth plan together with the budget. If the Governor's budget proposes: (a) to create a new state program or agency, or to expand the scope of an existing state program or agency, resulting in a net increase in state costs; or (b) to reduce a state tax resulting in a net decrease in state revenues, requires the proposal to be accompanied by a statement identifying state program reductions or sources of additional state revenues in an amount that is equal to or greater than the net increase in state costs or net decrease in state revenues. Declares the intent of the Legislature to establish an oversight process for evaluating and improving the performance of all state programs, whether managed by the state or local agencies.	8/9/10	Senate Budget and Fiscal Review Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1437 (Kehoe) Electricity: Plug-In Hybrids and Electric Vehicles	Requires the California Public Utilities Commission (CPUC), by July 1, 2012, to determine for each class of ratepayers the direct costs and benefits associated with the expected additional load from plug-in hybrid and electric vehicles.	6/7/10	Governor's Office	
SB 1445 (DeSaulnier) Regional Blueprint Plans	Requires the Planning Advisory and Assistance Council in the Office of Planning and Research to: (1) work with the Strategic Growth Council, regional agencies, cities, and counties to facilitate the implementation of regional blueprint plans; and (2) develop and propose recommendations to facilitate coordination between regional blueprint plans, state growth and infrastructure funding plans, and programs that facilitate the implementation of regional blueprint plans. Until January 1, 2016, imposes a vehicle registration surcharge of \$1. Requires the Department of Motor Vehicles (DMV), after deducting its administrative costs, to deposit 1 percent of the net revenues from the surcharge into the Planning Advisory and Assistance Council Fund, and to make those revenues available to the Planning Advisory and Assistance Council upon appropriation by the Legislature. Requires the DMV to allocate the remaining net revenues to metropolitan planning organizations (MPOs), councils of governments (COGs), and transportation planning agencies in areas outside of MPOs and COGs based on the amount of surcharge revenues collected from motor vehicles registered within each jurisdiction. Requires MPOs, COGs and transportation planning agencies to use their surcharge revenues to: (a) develop and implement a sustainable communities strategy, regional blueprint plan or rural transportation plan element that is consistent with guidelines developed by Caltrans for regional blueprints; and (b) to provide grants to cities, counties and congestion management agencies for planning and projects related to the implementation of a regional blueprint plan.	8/20/10	Assembly Appropriations Committee	
SB 1475 (Simitian) Electronic Wireless Communications Devices	Requires the driver's license examination administered by the Department of Motor Vehicles (DMV) to include a test of an applicant's understanding of the distractions and dangers of handheld cell phone use and text-messaging while operating a motor vehicle. Prohibits a person from riding a bicycle while using a wireless telephone unless that telephone is specifically designed and configured to allow hands-free listening and talking, and is used in that manner. Also prohibits a person from riding a bicycle while using an electronic wireless communications device to write, send or read a text-based message. Increases the penalties for violating the current prohibitions in state law against using wireless telephones and text-messaging while operating a motor vehicle. Requires a portion of the fines collected for these violations to be allocated to the Office of Traffic Safety for an education program on the dangers of cell phone use and text-messaging while driving.	8/2/10	Assembly Appropriations Committee	
SCA 2 (Wyland) Legislative Biennial Sessions	Calls for placing before the voters an amendment to the California Constitution to revise the biennial sessions of the Legislature. Specifically, requires legislative sessions held in odd-numbered years to be budget sessions. In a budget session, specifies that the Legislature shall meet only to conduct oversight and review of the revenues and expenditures of the state, and to consider only budget bills and budget implementation bills for the succeeding two fiscal years, and related revenue bills. Provides an exception for bills to enact emergency statutes. In each odd-numbered calendar year, requires the Governor to submit to the Legislature proposed budgets for the two subsequent fiscal years. Requires legislative sessions held in even-numbered years to be general sessions, during which any bill may be considered.	3/16/10	Senate Rules Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
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 5 (Hancock) State Budget: Voting Requirement	Calls for placing before the voters an amendment to the California Constitution to allow for General Fund appropriations in the state budget bill to be enacted by the Legislature with a majority vote.	As Introduced	Senate Floor	
SCA 9 (Ducheny) State Budget: Voting Requirement	Calls for placing before the voters an amendment to the California Constitution to allow for the Budget Act and budget trailer bills to be enacted by the Legislature with a 55 percent majority vote. Repeals the two-thirds majority vote requirement for raising state revenues.	As Introduced	Senate Budget and Fiscal Review 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 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.	8/17/09	Senate Floor	
SCA 14 (Ducheny) Ballot Initiative Costs	Calls for placing before the voters an amendment to the California Constitution regarding the costs associated with statewide initiative measures. Specifically, prohibits an initiative measure that would result in a net increase in state or local government costs other than costs attributable to the issuance, sale or repayment of bonds from being placed on the ballot unless the Legislative Analyst's Office and the Department of Finance jointly determine that the initiative measure provides for additional revenues in an amount that would meet or exceed the net increase in costs.	8/17/09	Senate Floor	
SCA 15 (Calderon) State Budget: Voting Requirement	Calls for placing before the voters an amendment to the California Constitution to waive the two-thirds majority vote requirement for enacting the Budget Act for the upcoming fiscal year if the Legislative Analyst's Office, on or after May 15, determines that General Fund revenues are five percent below the estimate for the current-year budget.	4/13/09	Senate Budget and Fiscal Review Committee	
SCA 16 (DeSaulnier) Indirect Initiatives	Calls for placing before the voters an amendment to the California Constitution regarding statewide initiative measures. Allows the electors to propose, and to adopt or reject, statutes and amendments to the Constitution pursuant to a process of initial review by the Legislature.	As Introduced	Senate Floor	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SCA 19 (DeSaulnier) State and Local Government Reform	<p>Calls for placing before the voters an amendment to the California Constitution that makes a series of changes to various state budget and legislative processes. Specifically, does all of the following: (1) implements a “pay-as-you-go” system for the Governor’s budget, and the majority of legislation and initiatives; (2) limits how one-time state revenues could be expended; (3) requires the Legislature to review state programs once every 10 years; (4) allows the Budget Act to be approved by a simple majority vote of the Legislature; (5) requires a two-thirds majority vote to approve fees when they are being used to fund a program, service or activity that was previously funded by revenues from a tax; (6) forfeits legislator pay, after June 25th, if the Assembly and Senate have not passed the Budget Act; (7) provides the Governor with mid-year authority to cut the budget if the Legislature does not act prior to the 45th day of a fiscal emergency; (8) eliminates the ability of the state to redirect local property tax revenues to schools; and (9) prohibits the state from reallocating any locally imposed non-ad valorem tax or an assessment levied by a county, city, special district, or any other local or regional government entity. Authorizes local government entities to develop and implement a Countywide Strategic Action Plan to jointly use existing and additional resources to ensure progress toward common community goals. In counties where a Countywide Strategic Action Plan has been adopted, allows the board of supervisors to place before the voters a local sales tax increase of up to 1 percent. If approved by a simple majority vote, requires the revenues from the sales tax increase to be distributed pursuant to the adopted Countywide Strategic Action Plan.</p>	4/8/10	Senate Budget and Fiscal Review Committee	

**CALIFORNIA STATE LEGISLATURE
2010 Regular Session Calendar**

DAY	JANUARY
1	Statutes signed into law in 2009 take effect.
4	Legislature reconvenes.
10	Budget must be submitted by the Governor to the Legislature on or before this date.
15	Last day for policy committees to hear and report fiscal bills introduced in their house of origin in 2009.
22	Last day for any committee to hear and report to the floor bills introduced in their house of origin in 2009. Last day to submit bill requests to the Legislative Counsel's Office.
31	Last day for bills introduced in 2009 to be passed out of their house of origin.

DAY	FEBRUARY
19	Last day for new bills to be introduced.

DAY	MARCH
25	Spring Recess begins upon adjournment.

DAY	APRIL
5	Legislature reconvenes from Spring Recess.
23	Last day for policy committees to hear and report fiscal bills introduced in their house of origin in 2010.

DAY	MAY
7	Last day for policy committees to hear and report to the floor non-fiscal bills introduced in their house of origin in 2010.
28	Last day for fiscal committees to hear and report to the floor bills introduced in their house of origin in 2010.

DAY	JUNE
4	Last day for bills introduced in 2010 to be passed out of their house of origin.
15	Budget must be passed by midnight.
24	Last day for legislative measures to qualify for placement on the November 2, 2010, general election ballot.

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

DAY	AUGUST
2	Legislature reconvenes from Summer Recess.
13	Last day for fiscal committees to hear and report to the floor bills introduced in the other house.
20	Last day to amend bills on the Assembly and Senate floors.
31	Last day for each house to pass bills. Final Recess begins at the end of this day's session.

DAY	SEPTEMBER
30	Last day for the Governor to sign or veto bills passed by the Legislature before September 1, and in his possession after September 1.

DAY	NOVEMBER
2	General Election.

DAY	DECEMBER
6	The 2011-2012 regular legislative session convenes.



Date: September 8, 2010
 Current Meeting: September 16, 2010
 Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Administrative Officer, Bill Lopez

SUBJECT: Report on Annual Operations Insurance Purchase

FOR INFORMATION ONLY

BACKGROUND:

On May 6, 2010, the Board of Directors authorized the purchase of the FY 2010/2011 Operations Insurance coverage program for an amount not to exceed \$2,168,651. The Board was advised that specific premium quotes from potential carriers were not available in May due to conditions in the insurance market in which underwriters are only willing to review policy applications and provide premium quotes in the weeks immediately prior to the renewal date. The Board provided purchasing authority based on an estimated cost range developed by VTA's insurance broker.

The program includes insurance policies covering transit operations for losses related to Excess Liability, General Liability, Auto Liability, and Public Officials' Errors and Omissions Liability coverage. Also included is Property insurance with coverage for Boiler and Machinery, Buses, Vans, Mobile Equipment, Light Rail Vehicles, and Flood damage.

The annual renewal date for VTA's insurance coverage is July 1. The insurance policies have been purchased and bound; this memo reports the details and final results of the FY 2010/2011 insurance policy purchase transactions.

DISCUSSION:

During the marketing process, VTA's broker, currently Alliant Insurance Services, solicited premium quotes from fifteen insurance carriers for the various policies required for the program. As experienced in recent years, many carriers declined to quote citing an inability to provide competitive rates or decisions to withdraw from the California market and public entity or transit risks.

Carriers were selected on the basis of premium cost and coverage criteria, underwriting background, a track record with governmental agencies, adequacy of reserves, and a minimum A.M. Best rating of Excellent.

The total premium cost for the FY 2010/2011 Operations Insurance Program is \$2,275,634. Included in this total is the estimated cost to insure 70 new hybrid buses that are scheduled to be added during this fiscal year. The actual cost for the hybrid buses will be prorated upon dates of acceptance by VTA Fleet Management. The final renewal premium cost is 4.9% (\$106,983) over the Board approved amount but within the General Manager's contract amendment authority. The increase in premium is attributed to the recent history of claims made against the Excess Liability policies.

The coverage limits and deductibles for all liability and property insurance remain at the same levels as last year. The bus and rail fleet inventories will be audited quarterly to allow for premium adjustments for reductions or additions in fleet size.

See Attachment A for a summary of the FY 2010/2011 insurance program. The Attachment also includes a comparison with the FY 2009/2010 program.

Prepared By: Nanci Eksterowicz
Memo No. 2354

OPERATIONS INSURANCE PROGRAM FY 10/11 RENEWAL

Current Coverage (2009/2010)			Current Coverage (2010/2011)		
Coverage	Carrier	Annual Premium	Coverage	Carrier	Annual Premium
Excess Liability <ul style="list-style-type: none"> ▪ \$2 Million Limit ▪ \$3 Million Self Insured Retention ▪ Public Officials' Liability 	Chartis	139,802	Excess Liability <ul style="list-style-type: none"> ▪ \$2 Million Limit ▪ \$3 Million Self Insured Retention ▪ Public Officials' Liability 	Chartis	333,750
	Lloyds of London XL London	1,209,169		Lloyds of London XL London	1,206,063
	Zurich / Steadfast ASPEN AWAC	1,348,971		Zurich / Steadfast ASPEN AWAC Ironshore	1,539,813
Excess Liability Total			Excess Liability Total		
Property, Boiler & Machinery (B&M) <ul style="list-style-type: none"> ▪ \$70 Mil Total Limits ▪ \$100,000 Deductible for Property ▪ \$10,000 Deductible B&M ▪ Total Insured Value \$158,399,100 	Great American Insurance Company of NY	95,989	Property, Boiler & Machinery (B&M) <ul style="list-style-type: none"> ▪ \$70 Mil Total Limits ▪ \$100,000 Deductible for Property ▪ \$10,000 Deductible B&M ▪ Total Insured Value \$158,399,100 	Great American Insurance Company of NY	80,800

OPERATIONS INSURANCE PROGRAM FY 10/11 RENEWAL

Current Coverage (2009/2010)		
Coverage	Carrier	Annual Premium
Flood \$500,000 Max. Limit <ul style="list-style-type: none"> ▪ \$ 5,000 Deductible ▪ Specified Locations: River Oaks and Cerone Division 	National Flood Insurance Program	43,417
Total Premiums (2009 – 2010):		2,041,188

Current Coverage (2010/2011)		
Coverage	Carrier	Annual Premium
Flood \$500,000 Max. Limit <ul style="list-style-type: none"> ▪ \$ 5,000 Deductible ▪ Specified Locations: River Oaks and Cerone Division 	National Flood Insurance Program	47,871
Total Premiums (2010 – 2011):		2,275,634



Date: September 1, 2010
Current Meeting: September 16, 2010
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: Annual Swap Report for Period Ending June 30, 2010

FOR INFORMATION ONLY

BACKGROUND:

In May 2005, the Board of Directors adopted VTA's Interest Rate Swap Policy, which requires an annual swap performance report be provided to the Administration & Finance Committee. The report in Attachment A reflects swap performance for the fiscal year ended June 30, 2010.

DISCUSSION:

As of June 30, 2010, VTA had seven variable-to-fixed interest rate swaps, three of which were executed in July 2005 and four in August 2006. The associated debt obligations for the swaps are the 2008 VTA Sales Tax Revenue Refunding Bonds and the 2008 Measure A Sales Tax Revenue Refunding Bonds.

The objective of the interest rate swaps is to reduce VTA's interest expense associated with long-term debt obligations; therefore, it is not anticipated that VTA would terminate any of the swaps except as a means to mitigate risk or to replace a swap with a more advantageous structure. The annual report includes information relative to the progress made towards achieving VTA's objective.

The basic mechanics for each of the VTA's swaps are the same. VTA makes payments to a financial institution (counterparty) based on a fixed interest rate and receives payments based on a variable rate. The principal amount of the underlying long-term obligations (the sales tax revenue bonds) is used to determine the amount of the interest payment that is paid by each party under the terms of the swap agreements. This principal amount is referred to as the "notional" amount of the swap. The result of the swap transaction is a lower "synthetically" fixed interest

rate (commonly referred to as "swap rate") compared to a traditional fixed interest rate that is available in the tax-exempt bond market at the time the transaction takes place (or at subsequent refinancing of the underlying bonds).

CONCLUSION:

The objective of VTA's interest rate swaps is to reduce interest expense associated with long-term debt obligations. Total savings in FY 2010 were \$1.3 million. Inception to date savings for the VTA 2008 and Measure A 2008 Bonds is \$9.7 million.

Prepared By: Kimberly Koenig
Memo No. 2364

Annual Swap Performance Report as of June 30, 2010

For the period ending June 30, 2010 VTA's objective of achieving savings associated with interest expense, by entering into variable-to-fixed interest rate swaps versus issuing traditional fixed interest rate municipal bonds, has been achieved. During FY 2010, VTA achieved interest expense savings of approximately \$1.3 million. Inception to date savings for the VTA 2008 and Measure A 2008 Bonds is \$9.7 million. The following table presents a summary of VTA's outstanding swaps as of June 30, 2010.

Related Debt	Counterparty	M/ S/ F ¹ Credit Rating	VTA Pays	Notional Amount	Counterparty Pays	End Date	Market Value @ 6/30/10 ²
2008A	Goldman Sachs, Mitsui Marine	Aa1,AAA,n/a	Fixed - 3.145%	\$66.6M	% of LIBOR	6/1/26	(\$6.6M)
2008B	Citibank	A1, A+, A+	Fixed - 3.145%	49.8M	% of LIBOR	6/1/26	(5.0M)
2008C	Morgan Stanley	A2, A, A	Fixed - 3.145%	49.8M	% of LIBOR	6/1/26	(5.0M)
2008A (Meas A)	Citibank	A1, A+, A+	Fixed - 3.765%	85.9M	% of LIBOR	4/1/36	(20.0M)
2008B (Meas A)	Bank of America	Aa3,A+,A+	Fixed - 3.765%	50.0M	% of LIBOR	4/1/36	(11.7M)
2008C (Meas A)	Goldman Sachs, Mitsui Marine	Aa1,AAA,n/a	Fixed - 3.765%	50.0M	% of LIBOR	4/1/36	(11.7M)
2008D (Meas A)	Morgan Stanley	A2, A, A	Fixed - 3.765%	50.0M	% of LIBOR	4/1/36	(11.7M)
Total Notional Amount Outstanding				\$402.0M*			(\$71.5M)*

*May not add due to rounding

The market value of each interest rate swap is based on the difference between the present value of the fixed rate payment that VTA pays each counterparty as compared to the present value of the variable rate payment the VTA receives from each counterparty. On the day of execution of the swaps, the difference in each value was \$0; however, over time the present value of the variable rate payments the VTA receives from each counterparty changes. This change results in either a positive or negative market value. For VTA's interest rate swaps, market value will decline if the swap rates have declined since the time of execution. Conversely, market value will increase if the swap rates have increased since the time of execution.

¹ Moody's, Standard and Poor's and Fitch, respectively

² The change in market value represents payments that would be due from VTA to the counterparty (if negative) or payments that would be due to VTA (if positive). If all of the swaps had been terminated on June 30, 2010, VTA would have been obligated to pay the counterparties \$71.49 million in termination payments, including accrued interest.

2008 Sales Tax Revenue Refunding Bonds and Related Swaps

Interest Payments

The interest payments that VTA receives from the three counterparties (Goldman Sachs, Citibank, and Morgan Stanley) in the swaps related to the 2008 Bonds are based on a percentage of one-month LIBOR³ plus a margin. While the interest payments to be received by VTA from the counterparties are anticipated to approximate the interest payments VTA will pay to the bondholders, they may vary from week to week and year to year, based on market conditions. For FY 2010 interest payments on the associated bonds and swaps were:

<u>Payments</u>	<u>Annual Rate</u>	<u>Annual Cost (\$, million)</u>
Interest payments to counterparties	3.14%	\$ 5.26
Interest payments from counterparties	(0.26%)	(0.44)
Interest payments to bondholders	<u>0.29%</u>	<u>0.48</u>
Total interest expense for VTA 2008 Series A,B, C	3.17%	\$ 5.30
Liquidity & Remarketing Fees	<u>0.53%</u>	<u>\$ 0.88</u>
Total Cost of Funds – FY 2010	<u>3.70%</u>	<u>\$ 6.18</u>

For comparative purposes, when adding in annual fees such as remarketing and liquidity fees, which are not paid with traditional fixed rate debt, VTA's adjusted "all-in" cost of funds for the VTA 2008 Sales Tax Revenue Refunding Bonds in FY 2010 was 3.70%. The traditional fixed interest rate for comparable transactions was approximately 4.47% at the time the 2008 Bonds were issued to refinance the 2005 Bonds. Savings realized in FY 2010 is approximately \$0.97 million, which brings inception to date savings⁴ to \$5.3 million.

Market Value & Termination Exposure as of June 30, 2010

If VTA had executed identical swaps on June 30, 2010, the interest payments to the counterparties would have been based on a swap rate of 2.12% rather than 3.14%. Accordingly, from the date in which the swaps were executed (and as shown in the table on page 1), the market value has decreased \$6.6 million for the swap with Goldman Sachs and \$5 million for each swap with Citibank and Morgan Stanley. The market values have decreased because interest rates have declined since execution of the swaps. The decline in market value for each of the swap counterparties represents VTA's termination exposure as of June 30, 2010 and is the amount of funds that VTA would have to pay to the counterparty if the swap were terminated for any reason. The combined termination exposure for all three of these swaps at June 30, 2010 was \$16.6 million. If the swaps were terminated, funding for termination payments is available in a designated reserve, which was funded from the Enterprise Debt Reduction Fund.

A further decrease in swap rates of 0.25% would result in a combined termination exposure of \$19 million; and if swap rates were to increase 0.25% the combined termination exposure would be \$14 million.

³ London Inter Bank Offering Rate (LIBOR) is a daily reference rate based on the interest rates at which banks offer to lend unsecured funds to other banks in the London wholesale (interbank) money market.

⁴ Includes savings achieved when the swaps were associated with the prior bonds (2005 Sales Tax Revenue Refunding Bonds).

Governmental Accounting Standards Board Statement No. 53 (GASB 53) Implementation

GASB 53 is a set of accounting rules that are intended to improve financial reporting by governmental agencies that engage in the use of derivatives, such as interest rate swaps. Under the new accounting rules, the market value of VTA's swaps is required to be reported on the financial statements for the period ending June 30, 2010.

GASB 53 provides for two different accounting treatments for change in the market value of the swaps. If the interest rate swaps are found to be an effective hedge against the interest rate risk associated with VTA's variable rate bonds, then changes in the market value of the swaps from one year to the next may be deferred until the swaps mature or are terminated. The accounting for this deferral is accomplished through entries made on VTA's Statement of Fund Net Assets (Balance Sheet). If, however, the interest rate swaps are found not to be effective hedges, then the change in market values must be reported as an investment income or loss, which would be recorded to VTA's Statement of Revenues, Expenses and Changes in Fund Net Assets (Income Statement). The determination of whether a transaction is effective is based on methods mandated by GASB 53.

Based on the testing methods mandated by GASB 53, the interest rate swaps associated with the VTA 2008 Sales Tax Revenue Refunding Bonds were determined to be effective hedges, thus the accounting treatment will be to record the market value of these swaps (a negative \$16.6 million) in VTA's Statement of Fund Net Assets. There is no impact to VTA's operating reserves.

Capacity to Enter Into New Swaps

Because the market values on the swaps at June 30, 2010 are negative (which means VTA would be responsible for any termination payments), there are no monetary restrictions from entering into new swaps with the existing swap counterparties. However, the long term credit ratings of Citibank and Morgan Stanley have been downgraded below the required ratings stated in VTA's Swap Policy; therefore, on that basis, VTA would be unable to enter into new swaps with these two providers without a qualified guarantor or collateral.

Swap Insurer Downgrades & Collateral Posting

Ambac Assurance Corporation (Ambac), the swap insurer for VTA's swaps was downgraded to BBB on June 24, 2009 by S&P. This means that Ambac failed to maintain minimum credit ratings required by VTA's swap counterparties. As a result, VTA became subject to collateral posting requirements for the swaps if the market value of the swaps exceeded certain thresholds tied to VTA's long term credit ratings. Based on the long term credit ratings of AAA/Aa2⁵ for the VTA bonds, this threshold is \$20 million. If the market value of any of the three swaps falls below a negative \$20 million, VTA is required to post collateral in an amount of the difference between the market value of the swap and the \$20 million threshold. Since none of the market values of these swaps exceed the negative \$20 million no collateral was required to be posted for these swaps as of June 30, 2010.

⁵ The Moody's long-term credit rating was increased to Aa2 in FY2010 due to their globalization efforts as it relates to rating municipal and corporate debt.

2008 Measure A Sales Tax Revenue Refunding Bonds, Series A-D and Related Swaps

Interest Payments

The interest payments that VTA receives from the four counterparties (Citibank, Bank of America, Goldman Sachs, and Morgan Stanley) in the swaps related to the 2008 Measure A Bonds are based on a percentage of three-month LIBOR. While the interest payments to be received by VTA from the counterparties are anticipated to approximate the interest payments VTA will pay to the bondholders, they may vary from week to week and year to year, based on market conditions. For FY 2010 interest payments on the associated bonds and swaps were:

<u>Payments</u>	<u>Annual Rate</u>	<u>Annual Cost (\$, million)</u>
Interest payments to counterparties	3.77%	\$ 8.88
Interest payments from counterparties	(0.23%)	(0.54)
Interest payments to bondholders	<u>0.22%</u>	<u>0.51</u>
Total interest expense for VTA 2008 Series A,B, C	3.76%	\$ 8.85
Liquidity & Remarketing Fees	<u>1.12%</u>	<u>\$ 2.66</u>
Total Cost of Funds – FY 2010	<u>4.88%</u>	<u>\$ 11.51</u>

For comparative purposes, when adding in annual fees such as liquidity and remarketing fees, which are not paid with traditional fixed rate debt, VTA's adjusted "all-in" cost of funds for the Measure A 2008 Sales Tax Revenue Refunding Bonds in FY 2010 was 4.88%. The traditional fixed interest rate for a comparable transaction was approximately 5.04% at the time the 2008 Measure A Bonds were issued to refinance the 2006 Bonds. Savings realized in FY 2010 is approximately \$0.37 million, which brings inception to date savings to \$4.4 million.

Market Value & Termination Exposure as of June 30, 2010

If VTA had executed identical swaps on June 30, 2010, the interest payments to the counterparties would have been based on a swap rate of 2.40% rather than 3.77%. Accordingly, from the date in which the swaps were executed (and as shown in the table on page 1), the market values have declined \$20.0 million for the swap with Citibank and \$11.7 million each for the swaps with Bank of America, Goldman Sachs, and Morgan Stanley. The decline in market value for each of the swap counterparties represents VTA's termination exposure and is the amount of funds that VTA would have to pay to the counterparty if the swap were terminated for any reason. The combined termination exposure for all four of these swaps at June 30, 2010 was \$55 million. If the swaps were terminated, funding for termination payments is available in a designated reserve, which was funded from the Measure A Debt Reduction Fund.

A further decrease in swap rates of 0.25% would result in a combined termination exposure of \$61 million; and if swap rates were to increase 0.25% the combined termination exposure would be \$45 million.

Governmental Accounting Standards Board Statement No. 53 (GASB 53) Implementation

Based on the testing methods mandated by GASB 53, the interest rate swaps associated with the 2008 Measure A Sales Tax Revenue Refunding Bonds were determined to be effective hedges,

thus the accounting treatment will be to record the market value of these swaps (a negative \$55 million) in VTA's Statement of Fund Net Assets. There is no impact to VTA's operating reserves.

Capacity to Enter Into New Swaps

Because the market values on the swaps at June 30, 2010 are negative (which means VTA would be responsible for any termination payments), there are no monetary restrictions from entering into new swaps with the existing swap counterparties. However, the long term credit ratings of Citibank, Morgan Stanley and Bank of America have been downgraded below the required ratings stated in VTA's Swap Policy; therefore, on that basis, VTA would be unable to enter into new swaps with these three providers without a qualified guarantor or collateral.

Swap Insurer Downgrades & Collateral Posting

The downgrade of Ambac on June 24, 2009 also affected the Measure A swaps. Because Ambac failed to maintain the minimum credit ratings required by VTA's swap counterparties, VTA is subject to collateral posting requirements for the swaps if the market value of the swaps exceeds certain thresholds tied to the long term credit ratings of Measure A Bonds. Based on the long term credit ratings of AA+/Aa2 for the Measure A bonds, this threshold is \$20 million. If the market value of any of the four swaps falls below a negative \$20 million, VTA is required to post collateral in an amount of the difference between the market value of the swap and the \$20 million threshold. Based on the year end market value of the swaps, there was no collateral requirement for these swaps as of June 30, 2010.

Agreements Approved or Executed After June 30, 2010

No additional swaps have been approved subsequent to June 30, 2010.

Subsequent Events

On March 24, 2010, the Commissioner of Insurance for the State of Wisconsin placed a segregated account of Ambac into court-supervised rehabilitation. According to court documents, the policies that provide credit support for VTA's Swaps have been included in the segregated account. This effectively removed any further value of credit support for the Swaps, and, at a future date, could potentially result in an early termination of the Swaps. The court has issued an order for temporary injunctive relief that would prevent such an action by the counterparties; however, this injunction will be removed once rehabilitation proceedings are completed. The rehabilitation proceedings are anticipated to be complete in September 2010.

In order to eliminate the potential risk of termination due to the Ambac rehabilitation proceedings, Staff has successfully negotiated with the swap counterparties amendments to the swap agreements that will eliminate Ambac from the role of credit support, and thereby any potential risk of termination due to Ambac's rehabilitation proceedings or any subsequent proceedings of a similar nature. Execution of documentation associated with the agreement to remove Ambac from the role of credit support should be completed in September 2010.



Date: September 7, 2010
Current Meeting: September 16, 2010
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 - July 2010

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 February 5, 2009.

DISCUSSION:

General Economic Conditions

Real gross domestic product (GDP) – the output of goods and services produced by labor and property located in the United States – increased at an annual rate of 1.6% in the second quarter of 2010, according to the “second” estimate released by the Bureau of Economic Analysis. In the first quarter of 2010, real GDP increased 3.7%.

The increase in real GDP in the second quarter primarily reflected positive contributions from nonresidential fixed investment, personal consumption expenditures, exports, federal government spending, private inventory investment, and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

The unemployment rate in Santa Clara County was 11.4% in July 2010, up from the 11.3% in June 2010, compared with an unadjusted unemployment rate of 12.8% for California and 9.7% for the nation during the same period. In July, the Labor Department reported that payroll employment decreased by 131,000, reflecting the departure of 143,000 temporary workers hired for census 2010.

General Market Conditions

The Dow Jones Industrials gained 7.1% while S&P 500 Index gained 7.0% for the month of July. The small-cap stocks fared better than large-cap stocks. In terms of style, large-cap value stocks fared about the same as growth stocks. The top performing industries were materials, producer durables, and energy. The worst performing sectors were healthcare, consumer staples, and consumer discretionary.

VTA Enterprise Funds

VTA Enterprise Funds are invested in one of four portfolios managed by Payden & Rygel, LAIF or an interest bearing checking account. Investment performances for Payden managed funds are included in the following table. The current yield for funds invested in LAIF is 0.5% and VTA's checking accounts is 0.1%.

The Payden composite portfolio outperformed the policy benchmark by 0.2% (0.6% versus 0.4%) total market return in the current month and matched the benchmark performance on calendar year-to-date (3.0% versus 3.0%). The current yield for the Payden long-term portfolio is 2.4%, mid-term portfolio is 1.6%, and short-term portfolio is 0.8%.

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

		Investment Performance as of July 2010							
Asset Class	Fund Manager	July	Y-T-D	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	I-T-D
Long-Term Fixed Income	Payden & Rygel	0.9%	5.1%	3.2%	6.1%	6.8%	5.5%	5.8%	5.3%
<i>Barclays Cap US Govt. Intermediate Index</i>		<i>0.7%</i>	<i>5.2%</i>	<i>3.3%</i>	<i>6.0%</i>	<i>6.9%</i>	<i>5.6%</i>	<i>5.7%</i>	<i>5.3%</i>
Mid-Term Fixed Income ¹	Payden & Rygel	0.5%	2.0%	1.1%	3.1%	-	-	-	3.2%
<i>Merrill Lynch 1 to 3 Year Treasury Index</i>		<i>0.3%</i>	<i>2.1%</i>	<i>1.2%</i>	<i>2.8%</i>	-	-	-	<i>2.2%</i>
Short-Term Fixed Income ²	Payden & Rygel	0.1%	0.4%	0.3%	0.9%	2.3%	3.3%	-	2.6%
<i>iMONEYNET Money Market Index</i>		<i>0.0%</i>	<i>0.1%</i>	<i>0.0%</i>	<i>0.1%</i>	<i>1.7%</i>	<i>2.9%</i>	-	<i>2.2%</i>
Composite Portfolio Returns		0.6%	3.0%	1.9%	3.9%	4.3%	4.3%	5.1%	4.6%
<i>Policy Benchmark Returns</i>		<i>0.4%</i>	<i>3.0%</i>	<i>1.9%</i>	<i>3.6%</i>	<i>4.0%</i>	<i>4.1%</i>	<i>4.9%</i>	<i>4.5%</i>

¹ Implemented February 11, 2009

² Implemented February 14, 2003

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	35-70%	43%	48%
Domestic Large Cap Index	25-60%	56%	50%
Cash	0-5%	1%	2%

The Retirees' OPEB composite portfolio underperformed the policy benchmark by 0.1% (4.5% versus 4.6%) total market return in the current month and 1.3% on calendar year-to-date (2.7% versus 4.0%). The current yield for the fixed income portfolio is 5.1%. Market performance by money manager is summarized in the following table.

		Investment Performance as of July 2010							
Asset Class	Fund Manager	July	Y-T-D	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	I-T-D
Fixed Income	Dodge & Cox	1.0%	5.6%	2.6%	9.9%	8.6%	6.8%	7.1%	7.2%
	<i>Barclays Cap US Aggregate Bond Index</i>	<i>1.1%</i>	<i>6.5%</i>	<i>3.5%</i>	<i>8.9%</i>	<i>7.6%</i>	<i>6.0%</i>	<i>6.5%</i>	<i>6.6%</i>
Large Cap Index	State Street	7.0%	-0.1%	-6.7%	13.8%	-6.7%	-0.1%	-0.7%	-0.6%
	<i>S&P 500 Index</i>	<i>7.0%</i>	<i>-0.1%</i>	<i>-6.7%</i>	<i>13.8%</i>	<i>-6.8%</i>	<i>-0.2%</i>	<i>-0.8%</i>	<i>-0.9%</i>
Composite Portfolio Returns		4.5%	2.7%	-2.6%	12.7%	0.6%	3.6%	4.2%	4.3%
<i>Policy Benchmark Returns</i>		<i>4.6%</i>	<i>4.0%</i>	<i>-1.0%</i>	<i>12.4%</i>	<i>0.9%</i>	<i>3.3%</i>	<i>3.3%</i>	<i>3.3%</i>

Dodge & Cox - The Fixed Income portfolio manager underperformed their benchmark by 0.1% in the current month and 0.9% calendar year-to-date. The portfolio's corporate sector overweight benefited relative returns as many of the individual corporate holdings that have underperformed in recent months (especially financials), had strong returns in July, including Bank of America, Barclays, and Citigroup. However, the portfolio's shorter relative duration compared to the benchmark's duration detracted from relative returns.

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. The annual returns for the Retiree's OPEB portfolio have been equivalent to or exceeded the 7.75% assumed rate of return 3 out of 9 years.

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

Year	Performance	Year	Performance
2004	7.6%	2007	6.1%
2005	3.9%	2008	-21.0%
2006	11.7%	2009	22.2%

SCVTA-ATU, Local 265 Pension Plan Assets

It is the policy of the SCVTA-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	28-38%	34%	33%
Domestic Large-Cap Value	12-22%	21%	17%
Domestic Large-Cap Index	8-18%	15%	13%
Domestic Small-Cap Value	2-12%	10%	7%
Int'l Equity Developed Markets	9-19%	16%	14%
Int'l Equity Emerging Markets ³	2-10%	0%	5%
US Core Real Estate	5-15%	3%	10%
Cash	0-5%	1%	1%

³ Contract with the Money Manager is being finalized.

The SCVTA-ATU Pension Plan Asset Allocation has been revised to reflect the approved addition of two asset classes: International Equity Emerging Markets and US Core Real Estate. By including these two new asset classes, the expected long-term annual return increases from 7.93% to 8.32%. Furthermore, the overall risk of the portfolio, as measured by its standard deviation, declines from 11.46% to 11.03%. Standard deviation provides a quantified estimate of the uncertainty of future returns, or how far the value of an investment moves above or below its average value. The wider the range, which means the greater the standard deviation, the riskier an investment is considered to be. The reason for the reduction in risk is the increase in diversification.

While work is continuing on establishing a contract for Robeco Investment Management (ROBECO) for the addition of International Equity Emerging Markets, the contract with UBS Realty Investors LLC (UBS) for investment management of the real estate allocation is complete and an initial deposit was made on July 1, 2010 in an amount of \$10 million. The remaining \$20 million to be allocated to this investment strategy will be transferred in January 2011 and July 2011 (\$10 million each).

Investment performance related to UBS will be reported on a quarterly basis, with the first report due to VTA in October 2010 for performance related to July-September 2010. The policy benchmark for the SCVTA-ATU Pension Plan portfolio will be retroactively adjusted each quarter to reflect the prior quarter results.

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

		Investment Performance as of July 2010							
Asset Class	Fund Manager	July	Y-T-D	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	I-T-D
Fixed Income	Dodge & Cox	1.0%	5.6%	2.6%	10.3%	8.8%	6.8%	7.3%	7.4%
<i>Barclays Cap US Aggregate Bond Index</i>		<i>1.1%</i>	<i>6.5%</i>	<i>3.5%</i>	<i>8.9%</i>	<i>7.6%</i>	<i>6.0%</i>	<i>6.5%</i>	<i>5.8%</i>
Large-Cap Value Stocks	Boston Pa/Robeco	6.6%	0.6%	-6.7%	14.1%	-4.7%	2.5%	6.1%	6.9%
<i>Russell 1000 Value Index</i>		<i>6.8%</i>	<i>1.3%</i>	<i>-7.5%</i>	<i>15.4%</i>	<i>-9.0%</i>	<i>-1.0%</i>	<i>1.3%</i>	<i>3.3%</i>
Large-Cap Index	State Street	7.0%	-0.1%	-6.7%	13.9%	-6.7%	-0.1%	-0.7%	2.7%
<i>S&P 500 Index</i>		<i>7.0%</i>	<i>-0.1%</i>	<i>-6.7%</i>	<i>13.8%</i>	<i>-6.8%</i>	<i>-0.2%</i>	<i>-0.8%</i>	<i>2.5%</i>
Small-Cap Value Stocks	Wedge⁴	5.9%	4.4%	-6.5%	17.7%	-7.4%	-2.7%	8.5%	7.7%
<i>Russell 2000 Value Index</i>		<i>7.1%</i>	<i>5.4%</i>	<i>-10.5%</i>	<i>20.1%</i>	<i>-5.0%</i>	<i>-0.2%</i>	<i>7.9%</i>	<i>8.1%</i>
Int'l Equity Dev. Markets Growth	MFS⁵	9.1%	-0.3%	-1.0%	14.2%	-	-	-	- 6.2%
<i>MSCI AC World ex-US Growth Index</i>		<i>8.3%</i>	<i>-2.2%</i>	<i>-3.5%</i>	<i>10.8%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-11.1%</i>
US Core Real Estate	UBS⁶	-	-	-	-	-	-	-	-
<i>NCFEIF NFI-ODCE⁶</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Composite Portfolio Returns⁷		4.8%	3.1%	-2.1%	13.7%	2.2%	5.5%	7.1%	7.4%
<i>Policy Benchmark Returns</i>		<i>4.1%</i>	<i>2.7%</i>	<i>-3.2%</i>	<i>12.1%</i>	<i>-1.4%</i>	<i>3.0%</i>	<i>4.5%</i>	<i>4.6%</i>

⁴ Hired April 1, 2009. Prior manager is Brandywine with the same benchmark.

⁵ Hired December 14, 2007. Prior managers were Putnam and Fidelity with MSCI EAFE as their benchmark.

⁶ Hired July 1, 2010. UBS Realty Investors LLC with NCFEIF NFI-ODCE as their benchmark. Performance will be available quarterly with first report to be provided after the July-September 2010 quarter.

⁷ Investment performance by prior managers is included in composite returns and historical policy benchmark returns.

The SCVTA-ATU Pension Plan composite portfolio outperformed the policy benchmark by 0.7% (4.8% versus 4.1%) total market return in the current month and by 0.4% on calendar year-to-date (3.1% versus 2.7%). The current yield of Dodge & Cox/Fixed Income portfolio is 5.2%.

Dodge & Cox - The Fixed Income portfolio manager slightly underperformed their benchmark by 0.1% in the current month and 0.9% calendar year-to-date. The portfolio's corporate sector overweight benefited relative returns as many of the individual corporate holdings that have underperformed in recent months (especially financials), had strong returns in July, including Bank of America, Barclays, and Citigroup. However, the portfolio's shorter relative duration compared to the benchmark's duration detracted from relative returns.

ROBECO - The Domestic Large Cap Value Equity manager underperformed their policy benchmark by 0.2% total market return in the current month and by 0.7% calendar year-to-date. Despite some concerns about revenue growth, strong earnings results provided investors with some optimism last month. July was the best performing month for stocks so far this year. The portfolio kept pace in a sharply rising market and performed closely in-line with its benchmark.

The primary areas of relative strength were in the finance, consumer services, and technology sectors, all mainly due to strong stock selection. The primary areas of relative weakness were energy, healthcare, and basic industries sectors.

WEDGE - The Domestic Small Cap Value Equity manager underperformed their policy benchmark by 1.2% total market return in the current month and by 1.0% calendar year-to-date. In July, companies with more risks and lower dividend earnings performed well. Good stock selection in the basic materials and consumer staples sectors added value while stock selection in the healthcare and capital goods detracted from the relative performance.

MFS - The International Growth Equity manager outperformed their policy benchmark by 0.8% total market return in the current month and by 1.9% calendar year-to-date. Stock selection in basic materials contributed to the relative performance. Overweight position in the healthcare and stock selection in the consumer staples detracted from the relative performance.

ROBECO - The International Equity Emerging Markets manager contract is being finalized and will be funded in September 2010.

An 8.0% annual return assumption is used in the annual actuarial analysis for the SCVTA-ATU Pension Plan Investment Portfolio. The results of the actuarial analysis determine VTA's annual contribution rates. Any difference between actual investment returns and the 8.0% assumed annual return is amortized over a period of five years. The annual returns for the SCVTA-ATU pension plan portfolio have been equivalent to or exceeded the 8.0% assumed rate of return 5 out of 11 years.

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

Year	Performance	Year	Performance
2004	12.2%	2007	5.8%
2005	7.2%	2008	-19.8%
2006	14.6%	2009	25.7%

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 SCVTA-ATU Pension Plan Investment Policy.

<u>Asset Allocation</u>	<u>Range</u>	<u>Actual</u>	<u>Ongoing Target</u>
Domestic Fixed Income	30-50%	45%	38%
Domestic Large Cap Index	50-70%	53%	60%
Cash	0-5%	2%	2%

The ATU Spousal Medical Trust Fund composite portfolio underperformed the policy benchmark by 0.2% (4.4% versus 4.6%) total market return in the current month but matched the benchmark on calendar year-to-date (2.8% versus 2.8%). The current yield for the fixed income portfolio is 5.2%.

		Investment Performance as of July 2010							
Asset Class	Fund Manager	July	Y-T-D	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	I-T-D
Fixed Income	Dodge & Cox	1.1%	5.5%	2.3%	10.4%	8.1%	6.3%	-	5.8%
<i>Barclays Cap US Aggregate Bond Index</i>		<i>1.1%</i>	<i>6.5%</i>	<i>3.5%</i>	<i>8.9%</i>	<i>7.6%</i>	<i>6.0%</i>	-	<i>5.6%</i>
Large-Cap Index	State Street	7.0%	-0.1%	-6.7%	13.9%	-6.7%	-0.1%	-	2.1%
<i>S&P 500 Index</i>		<i>7.0%</i>	<i>-0.1%</i>	<i>-6.7%</i>	<i>13.8%</i>	<i>-6.8%</i>	<i>-0.2%</i>	-	<i>2.0%</i>
Composite Portfolio Returns		4.4%	2.8%	-2.6%	13.0%	0.8%	3.4%	-	4.4%
<i>Policy Benchmark Returns</i>		<i>4.6%</i>	<i>2.8%</i>	<i>-2.5%</i>	<i>12.2%</i>	<i>-0.7%</i>	<i>2.6%</i>	-	<i>3.7%</i>

Dodge & Cox - The Fixed Income portfolio manager match their policy benchmark's 1.1% total market return in the current month but underperformed by 1.0% calendar year-to-date. The portfolio's corporate sector overweight benefited relative returns as many of the individual corporate holdings that have underperformed in recent months (especially financials), had strong returns in July, including Bank of America, Barclays, and Citigroup. However, the portfolio's shorter relative duration compared to the benchmark's duration detracted from relative returns.

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 January 31, 2011.

Prepared By: Manny Bagnas, Investment Program Manager
Memo No. 2727

VTA INVESTMENT COMPOSITE PORTFOLIO PERFORMANCE

MONEY MANAGERS' TOTAL MARKET RETURN - TRADE DATE FOR THE MONTH OF JULY 2010

SUMMARY: July 31, 2010

<u>Description</u>	<u>Total Market Value</u>		<u>July 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	220,120,456	222,010,374	1,889,918.00	0.9%	5.1%	5.2%
1 - Fixed Income Mid-Term Investment Pool	243,287,459	244,398,919	1,111,460.00	0.5%	2.0%	2.1%
2 - Fixed Income Short-Term Investment Pool	72,985,037	73,084,448	99,411.00	0.1%	0.4%	0.1%
3 - Fixed Income Collateral Investment Pool (3)	6,924,229	7,005,368	81,139.0	1.2%	1.2%	0.7%
4 - VTA Bond Funds with Fiscal Agents (2)	16,934,998	19,725,177	-	-	-	-
5 - Funds with LAIF Investment Pool	35,400,000	11,200,000	-	-	-	-
6 - Funds with Union Bank-Congestion Management	15,265,829	16,132,379	-	-	-	-
7 - Funds with Union Bank-Measure B	11,463,002	11,594,366	-	-	-	-
8 - Funds with Union Bank DDA account	6,691,188	7,980,913	-	-	-	-
Total VTA Funds	629,072,198	613,131,944				
1 - Retirees' OPEB - Fixed Income	51,517,633	52,022,518	504,885.00	1.0%	5.6%	6.5%
2 - Retirees' OPEB - State Street - Index	68,172,894	72,871,156	4,698,262.00	7.0%	-0.1%	-0.1%
Total Retirees' OPEB Funds	119,690,527	124,893,674				
1 - VTA/ATU Pension Fund-Fixed Income	115,848,547	116,995,479	1,146,932.00	1.0%	5.6%	6.5%
2 - VTA/ATU Pension Fund-Stock Large Cap Value	64,228,331	68,471,030	4,242,699.00	6.6%	0.6%	1.3%
3 - VTA/ATU Pension Fund-State Street - Index	46,947,114	50,223,952	3,276,838.00	7.0%	-0.1%	-0.1%
4 - VTA/ATU Pension Fund-Stock Small Cap Value	29,842,558	31,652,248	1,809,690.00	5.9%	4.4%	5.4%
5 - VTA/ATU Pension Fund- Int'l - Equity Growth	48,048,774	52,399,267	4,350,493.00	9.1%	-0.3%	-2.2%
6 - VTA/ATU Pension Fund-US Core Real Estate (4)	10,000,000	10,000,000	0.00	0.0%	0.0%	0.0%
Total Pension Fund	314,915,324	329,741,976				
1 - ATU Spousal Med Fund - Dodge & Cox - Index	5,371,008	5,432,088	61,080.00	1.1%	5.5%	6.5%
2 - ATU Spousal Med Fund-State Street - Index	6,410,616	6,858,067	447,451.00	7.0%	-0.1%	-0.1%
Total ATU Spousal Funds	11,781,624	12,290,155				
Total Investments	1,075,459,673	1,080,057,749				

Legend:

- (1) Total includes contributions / withdrawals made during current month.
- (2) Bonds Reserves and/or Debt Service Funds
- (3) Funded June 21, 2010
- (4) Funded July 1, 2010

VTA INVESTMENT COMPOSITE PORTFOLIO PERFORMANCE.

PER GENERAL LEDGER BALANCE - SETTLEMENT DATE

FOR THE MONTH OF JULY 2010

SUMMARY: July 31, 2010

<u>Description</u>	(1) <u>Jun-10</u> <u>Book Value</u> <u>/Cost</u>	(1) <u>Jul-10</u> <u>Book Value</u> <u>/Cost</u>	<u>Fiscal 11</u> <u>Year-to-Date</u> <u>July 10 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	211,952,645	212,919,618	967,500	967,500
2 - Fixed Income - Mid-Term Investment Pool	240,255,998	240,665,128	356,672	356,672
3 - Fixed Income - Short-Term Investment Pool	72,810,688	72,870,194	78,501	78,501
4 - Fixed Income - Collateral	6,708,625	6,708,625	0	0
5 - VTA Bond Funds with Fiscal Agent (2)	16,934,998	19,725,177	12,775	12,775
6 - Funds with LAIF Investment Pool	35,400,000	11,200,000	11,499	11,499
7 - Funds with Union Bank-Congestion Management	15,265,829	16,132,379	1,262	1,262
8 - Funds with Union Bank-Measure B	11,463,002	11,594,366	962	962
9 - Funds with Union Bank Pooled DDA account	6,691,188	7,980,913	0	0
Total VTA Funds	617,482,973	599,796,400	1,429,171	1,429,171
RETIREEES' OPEB FUNDS				
1 - Retirees' OPEB -Fixed Income	47,759,528	48,015,701	231,323	231,323
2 - Retirees' OPEB -State Street - Index	84,356,619	85,208,619	0	0
Total Retirees' OPEB Funds	132,116,147	133,224,320	231,323	231,323
ATU PENSION FUNDS				
1 - VTA/ATU Pension Fund -Fixed Income	117,810,204	108,706,131	509,482	509,482
2 - VTA/ATU Pension Fund -Stock Large Cap Value	62,703,293	63,021,612	268,936	268,936
3 - VTA/ATU Pension Fund -State Street - Index	59,091,135	59,091,135	0	0
4 - VTA/ATU Pension Fund -Stock Small Cap Value - WEDGE	25,815,841	25,082,875	469,002	469,002
5 - VTA/ATU Pension Fund -Int'l - Equity Growth - MFS	56,787,856	56,787,856	0	0
6 - VTA/ATU Pension Fund -US Core Real Estate - UBS (3)	0	10,000,000	0	0
Total ATU Pension Funds	322,208,329	322,689,609	1,247,420	1,247,420
ATU SPOUSAL MEDICAL PLAN FUNDS				
1 - ATU Spousal Med Fund -Dodge & Cox - Index	4,327,234	4,327,234	0	0
2 - ATU Spousal Med Fund -State Street - Index	8,207,187	8,207,187	0	0
Total ATU Spousal Plan Funds	12,534,421	12,534,421	0	0
Total Investments	1,084,341,870	1,068,244,750	2,907,914	2,907,914

Legend:

- (1) Total includes contributions / withdrawals made during current month.
- (2) Bonds Reserves and/or Debt Service Funds
- (2) Start Funding 7/1/2010



Date: September 7, 2010
 Current Meeting: September 16, 2010
 Board Meeting: October 7, 2010

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Board Secretary, Sandra Weymouth

SUBJECT: BPAC Appointment

Policy-Related Action: No

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Ratify the appointment of Melanie Hanssen, Town of Los Gatos, to the Bicycle & Pedestrian Advisory Committee (BPAC) for term ending June 30, 2012.

BACKGROUND:

The BPAC advises the VTA Board of Directors on planning and funding for bicycle and pedestrian projects and issues. The BPAC also serves as the countywide bicycle and pedestrian advisory committee for the County of Santa Clara. The 16 voting members are appointed by each of VTA's Member Agencies (15 cities in the County and the County of Santa Clara), and there is also a non-voting ex-officio member and an alternate ex-officio member appointed by the Silicon Valley Bicycle Coalition (SVBC).

The BPAC bylaws specify the appointment term is two years and members may be appointed to successive terms. BPAC members must live or work in Santa Clara County during their term. Voting members must be a representative of the Member Agency's local bicycle advisory committee. If the Member Agency does not have a local bicycle advisory committee, their representative must be individuals interested in bicycle or pedestrian issues. BPAC members are precluded from representing a Member Agency that is their employer.

To fill vacancies, VTA staff notifies the appointing authority of the vacancy and current membership requirements. The appointing authority then appoints one member for the designated membership position. For vacancies occurring mid-term, the bylaws specify that they be filled for the remainder of the term by the appointing authority. In both cases, the VTA Board

must ratify the appointment.

DISCUSSION:

The Town of Los Gatos appointed Melanie Hanssen to replace their BPAC current representative, Erik Wilhelmsen. Ms. Hanssen is a member of the Town of Los Gatos' Transportation and Parking Commission. She was voted by the Commission to represent the Town of Los Gatos to the VTA BPAC. Since Ms. Hanssen's appointment occurred mid-term, she will complete the term that ends June 30, 2012.

Staff recommends that the Board ratify the appointment.

ALTERNATIVES:

The Board could choose not to ratify the appointment.

FISCAL IMPACT:

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

Prepared by: Elaine F. Baltao
Memo No. 2772



Date: September 8, 2010
 Current Meeting: September 16, 2010
 Board Meeting: October 7, 2010

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Administrative Officer, Bill Lopez

SUBJECT: Information Technology Consulting and Support Services

Policy-Related Action: No

Government Code Section 84308 Applies: Yes

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to enter into contracts and task order agreements with identified technology firms for consulting and support services. Each contract shall be for a maximum three-year period, with an option for two additional years with an aggregate value not to exceed \$4,750,000 for all contracts.

BACKGROUND:

VTA's Technology Department procures, installs, operates, and maintains electronic information and communications systems critical to meeting operational needs and business goals. While there are many electronic systems installed at VTA, five essential systems rank highest in priority. These systems are: (1) the Advanced Communication System (ACS), (2) the SAP enterprise resource planning system, (3) the Bidding, Dispatch, and Time keeping system (BDT), (4) the Trapeze FX run cutting system, and (5) the Primavera Expedition contract management system.

VTA most effectively manages and supports technology by establishing the correct balance between in-house skilled staff and contracted consulting services. In-house efficiencies are achieved by focusing employee resources and skill development on the regular support of VTA's core systems and infrastructure. Efficiencies are achieved in contracted services by focusing on technical services that would be far more costly to deliver with in-house staff, such as resolving unique technical problems, supporting major system upgrades, and new system installations. Consequently, VTA needs technology consulting services to supplement staff on an as-needed and expedited basis.

DISCUSSION:

The requested Board authorization would provide VTA with a pre-qualified list of vendors with expertise spanning a broad range of technology services. These contracts would enable VTA to expeditiously request competitive proposals for task orders among the firms on the list that have the qualifications for the work being considered. By having firms compete for the task orders, VTA would secure the best rates available; and by using firms on the pre-authorized list, VTA would avoid lengthy and costly individual RFP processes. Staff also recommends that a series of controls be implemented for the task order bidding process to ensure proper oversight of expenditures.

Task orders would only be issued in cases where the services required exceed the capacity of internal staff, such as providing specialized support for approved projects and providing technical resources in responding to emergencies.

Examples of consulting services that would be provided under these contracts include:

- To support or execute new Technology projects that have been included in VTA's Capital budget.
- To supplement staff during major system changes and upgrades.
- To augment staff for problem resolution, such as during computer virus attacks.
- To quickly procure qualified services in the event of a major disaster impacting VTA's information technology system pursuant VTA's Technology Disaster Recovery Plan.

VTA staff has planned and scheduled Technology capital and expense projects over the course of the next five years. Projects are budgeted in VTA's capital budget and form the foundation of VTA's Technology Strategic Plan. The task order contracts would allow VTA to quickly and cost effectively procure the skills required to execute the following projects at the estimated cost ranges listed:

Radio Narrowband	\$250,000 to \$600,000 depending on modifications required to meet FCC mandates
Real Time Information (RTI)	\$500,000 to \$1.2 Million depending on approach to Light rail installation
Clipper Site Preparation	\$50,000 to \$375,000 depending on Credit card security requirements
Ticket Vending Machine install.	\$150,000 to \$290,000 depending on Clipper hardware and installation complexity
Network Upgrade	\$50,000 to \$150,000 driven by PCI Audit and Auditor General findings
Blue Tower Emergency Phones	\$30,000 to \$50,000 depending on final scope of work and number of locations
CCTV on Buses (Closed Circuit Television)	\$175,000 to 380,000 depending on installation and support costs
Cell Phone & Payphone	\$30,000 to \$60,000
High Occupancy Toll Lanes	TBD depending on network solution selected by firm

Credit Card Compliance	\$45,000 to \$85,000
FY 2012 and FY 2013 new projects	\$250,000 to \$750,000
ACS, Telecom, Security support	\$125,000 to \$280,000

Oversight and Controls:

The intent is to provide a swift process for technology work engagements, with a higher degree of competition, but subject to appropriate oversight and controls. Therefore, staff recommends that task orders under \$100,000 would be either single-source or competed among multiple qualified firms from the Exhibit A list, depending on the circumstances. Any task order over \$100,000 would be competitively quoted by 3 or more of the appropriate firms from the list. Any single task order exceeding \$300,000, except in an emergency situation, would be brought to the VTA Board for approval prior to authorizing work. If a task order initially was projected not to exceed \$300,000, but due to unforeseen causes later exceeded \$300,000, it would be reviewed by the General Manager to determine whether to authorize the work or to bring it the Board of Directors for review and approval.

Request for Proposals Process:

A Request for Proposal (RFP) was issued on February 9, 2010 to solicit proposals from firms specializing in a broad range of technology areas including: SAP support services, fare collection technology, general programming services, distributed user technical support, information technology infrastructure support, web development, technology training services, intelligent transportation systems (ITS) application support services, and communication services. On March 22, 2010 VTA received proposals from 68 different firms which were all evaluated by staff from the Technology, Operations, and Contracts departments. The firms were evaluated based on qualifications and relevant experience in one or more of the specified technology categories and their staff certifications.

The RFP review board was comprised of a Technology Manager, a Communications Systems Manager, two Information Support Supervisors, a Project Management Office Supervisor and a Senior Contract Administrator. Interviews were held from July 7 to July 15, 2010 to acquire additional information about each firm's expertise and experience. Each firm was also requested to identify staff by name for VTA's engagement, and the methodology and plan for the engagement. This process resulted in the recommended 54 firms listed in Attachment A. Staff recommends approval of the listed firms, with an aggregate spending authorization of \$4,750,000, and authorization for the General Manager to enter into contractual agreements with these firms.

ALTERNATIVES:

The Board of Directors could choose to amend the list of pre-qualified contractors or could choose not to authorize the General Manager to execute contracts and task order agreements for technology consulting and support services. This latter option eliminates many opportunities for staffing efficiencies and creates additional risks to vital core systems during emergencies, and is not recommended by staff.

FISCAL IMPACT:

Funds for FY2011 operating and capital projects are included in the corresponding capital and operating budgets. Funds for projects in subsequent years will be requested in the FY2012, FY2013, and FY2014 capital and operating budgets.

Prepared by: Keith Roan
Memo No. 2394

Company	Contact Person	Contact Number	-- City --
2 Plus 2 Partners	Cathy Dew	510-652-7700	Emeryville
Acumen	Robert Murray	510-530-3029	Oakland
Advantel	Roger McGibbon	408-954-5115	San Jose
AEKO	Gboyega Aladegbami	510-763-2356	Oakland
Aim Training/Executrain	Michel Daboul	800-305-3855	Santa Clara
Applied Sciences Group	Paul Buckley	716-626-0629	Buffalo NY
Appsec Consulting	Andrew Lebus	650-740-1255	San Jose
Auriga	Parkash Daryani	408-946-5400	Milpitas
B & C Transit	Tanya Powell	510-483-3560	San Leandro
BEAR Data	Brittany Vernale	408-219-1080	Santa Clara
Booz Allen	Mark McLaughlin	415-281-4978	San Francisco
BP Works	Louis Vivek Devas	919-455-6096	Santa Clara
Cambridge Systematics	Chris Hedden	510-873-8700	Oakland
Capers Computer Service	Wayne Capers	888-304-1234	Rohnert Park
Ciber	Margaret Goetze	415-875-1888	San Francisco
CMC America	Karhi Madhavan	609-647-6860	Baton Rouge, LA
Compucom	Valerie Tinker	425-974-6368	Dallas Tx
Computer Specialists Inc	David Rubin	612-703-0462	Oakland
Construction Performance Builders	Terry Osuga	408-874-0370	San Jose
Consultant Specialists	Lisa Healy	925-200-7760	San Francisco
Convergent	Jason Fu	510-444-5700	Rockville, MD
Digital Resource Group	Jim Cowing	650-638-3350	San Mateo
DKS Assoc	Richard Shinn	510-267-6620	Oakland
EPI-USE	Rob Levy	678-872-0040	Sacramento
HNTB	Brian Burkhead	408-451-7300	San Jose
IBI Group	Steve Schibuola	619-234-4110	San Diego
Intelligroup	Marselo Casas	407-616-6043	Princeton, NJ
Interis	Tom Petrosino	949-270-9400	San Ramon
Intueor	Michael Kilpatrick	510-872-6000	Santa Ana
Kimley Horn	Randal Durrenberger	408-279-3826	San Jose
LM Telecommunications	Bill Lamoreaux	435-586-0174	Cedar UT
LTK Eng.	Ed Pollen	215-542-0700	Ambler, PA
Macias	Sharon Kropf	916-642-7116	Sacramento
Macro Corp	Derek Brown	215-997-5100	Chalfont, PA
Manpower	Patrick Healy	408-249-9983	San Jose
Mobile Radio Eng Db	Cathy Conley	707-786-5924	Benicia
Modis	Scott Davidson	408-441-7144	San Jose
Netwoven	Bill Wood	650-222-2955	Pleasanton
Optimal Solutions	Steve Bryck	972-915-0123	Irving TX
Payment Security Compliance	Tony Bates	408-228-0961	San Jose
Realm Communications	Scott Rislov	408-945-6626	Milpitas
Recruit 121	Joe Neeves	858-456-8218	San Diego
Robert Half Tech	Rita Mujral	408-271-9063	San Jose
Robert Murphy	Robert Murphy	925-254-1172	Orinda
Rosendin Electric	Ross Holly	408-286-2800	San Jose
SAGE Group Consulting	Salil Sharma	732-767-0010	MiddleTown, NJ

Samsung	John Wojewidka	408-544-4744	San Jose
Staytop Systems	Len Bell	408-348-8527	Milpitas
STS International	Ben Stockton	925-479-7800	Dublin, CA
Stuart	Jeffrey Stuart Jeffrey	650-966-8199	Los Altos
Taos	Mary Hale	408-588-1200	San Jose
The Portal Group	Jordan Fisher	714-393-7238	Long Beach
VIP	Dan DeBord	916-985-9625	Folsom
Wintec	Nari Ramarapu	408-230-0279	Santa Clara

Exhibit A

TECHNOLOGY CONSULTING AND SUPPORT SERVICES

Firm Name	Number of proposals received								
	1. SAP Support Services	2. General Programming	3. Distributed User Tech Support	4. Information Tech Infrastructure Support	5. Web Development	6. Tech Training Services	7. Intelligent Transit Systems ITS Support	8. Technology Communication Serv.	9. Fare Collection Services
2Plus2Partners Inc.		X			X				
Acumen Building Enterprise		X				X		X	
Advantel Networks				X				X	
AEKO Consulting Inc.	X	X		X	X	X	X	X	X
App Sec Consulting	X			X					
Applied Sciences Group		X			X				
Auriga Corporation	X	X	X	X	X		X	X	X
B & C Transit Inc.		X						X	X
BEAR Data			X	X				X	
Booz Allen Hamilton	X	X		X	X	X	X	X	X
BP Works Inc.	X	X	X	X	X			X	X
Cambridge Systematics							X		
Capers Computer Service			X	X					
Ciber Inc.	X	X	X						
CMC Americas	X	X	X	X	X	X	X	X	X
Compucom Systems	X	X	X	X	X	X	X	X	
Computer Options dba Convergent				X					
Computer Specialist Inc.	X			X					
Construction Performance Builders									X
Consultant Specialist Inc.		X	X	X	X				
Digital Resources Group									X
DKS Associates		X		X	X		X	X	

Exhibit A

Number of Proposals Received	Firm Name	1. SAP Support Services	2. General Programming	3. Distributed User Tech Support	4. Information Tech Infrastructure Support	5. Web Development	6. Tech Training Services	7. Intelligent Transit Systems ITS Support	8. Technology Communication Serv.	9. Fare Collection Services
	EPI USE America, Inc.	X				X				
	Executrain		X	X		X	X			
	HNTB Corporation						X			
	IBI Group						X	X	X	
	Intelligroup Inc.	X	X	X	X	X		X		
	Interis Inc.						X			
	Intueor Consulting Inc.	X	X			X	X		X	
	Kimley Horn & Associates						X			
	Lamoreaux McLendon dba LM Telecomm.	X	X	X	X	X		X	X	
	LTK Engineering Services								X	
	Macias Consulting Group	X	X	X	X	X	X			
	Macro Corporation							X		
	Manpower Professional	X	X	X	X	X	X	X		
	Mobile Radio Eng. Dba Day Wireless							X		
	Modis Inc.	X	X	X	X	X				
	Netwoven Inc.	X	X	X		X				
	Optimal Solutions Integration	X								
	Payment Software Company	X					X			
	Realm Comm. Group							X		
	Recruit 121	X				X				
	Robert Half Technology	X	X	X	X	X				
	Robert Murphy	X			X			X	X	
	Rosendin Electric							X		
	Sage Group Consulting	X								

Exhibit A

List of Proposals Received	Firm Name	1. SAP Support Services	2. General Programming	3. Distributed User Tech Support	4. Information Tech Infrastructure Support	5. Web Development	6. Tech Training Services	7. Intelligent Transit Systems ITS Support	8. Technology Communication Serv.	9. Fare Collection Services
	Samsung America	X	X	X	X	X		X		
	Staytop Systems Inc.	X	X	X	X	X	X	X		
	STS International Inc.	X		X	X	X				
	Stuart Jeffrey							X		
	Taos Mountain Inc.	X	X	X	X	X		X		
	The Portal Group	X	X		X	X				
	VIP	X	X	X	X	X	X	X		
	Wintec Consulting Group	X	X	X	X	X	X	X	X	

To perform the primary scope of work in any category may require secondary or supporting tasks from a different category. The RFP and matrix do not limit a service provider from performing secondary tasks in necessary for accomplishing the primary scope of work. Example: The Radio Narrow banding project is primarily a RF project. Only RF providers within the Technology Communication Services group would be selected to do this work. The service provider awarded the narrow banding work would perform Radio Frequency related tasks. The provider would also be allowed or expected to perform secondary tasks such as Program Management services, Software Programming services, Server support services, Application Development, Application Configuration, and application support. It will be the judgment of VTA Technology to issue work to the appropriate service provider within the confines of and consistent with VTA's procurement policies.



Date: September 8, 2010
 Current Meeting: September 16, 2010
 Board Meeting: October 7, 2010

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Administrative Officer, Bill Lopez

SUBJECT: Multifunction Copier Lease

Policy-Related Action: No

Government Code Section 84308 Applies: Yes

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to execute contracts with Ricoh Business Solutions for document copy, scanning, and printing equipment; and for equipment support services. The initial term of the contract is for five years with an option to extend the contract on an annual basis for two additional years. The cost of the initial five year term is \$1,095,000, plus an optional \$271,000 per year for each of the optional one-year periods, for a total of \$1,637,000.

BACKGROUND:

VTA currently has an agreement with Toshiba Inc. for leased stand-alone copiers, supplies and service. The agreement includes approximately 68 stand-alone black and white copiers located throughout VTA that range in speed from 15 - 60 pages per minute. Copier management is currently decentralized; service calls are currently initiated through individual departments.

VTA's strategy is to now centralize equipment and support service and to expand networked units, functionality and logistics to optimize accessibility while minimizing the total number of units (and associated costs). The consolidation of stand alone copiers and stand-alone printers, faxes, and scanners will reduce device count, provide valuable usage information, and ensure maximum efficiencies and cost effectiveness. The goal is to minimize the Copier/Multi-function Printer (MFP) brands and models deployed in VTA in order to operate more efficiently with standardized supplies, and to minimize time to train VTA staff.

DISCUSSION:

The proposed contract with Ricoh Business Systems will allow VTA to move from a copier-only device strategy to a Multi-Function Device (MFD) strategy, including; copier, printing, scanning and faxing in a single networked solution. The goal of this program is to reduce the number of printers, scanners and fax machines by 20% to 35%. The county of Santa Clara and the City of San Jose were able to achieve similar reductions in their consolidation efforts, using Ricoh Business Solutions as their contractor. This Multi-Function Device approach would provide single blanket maintenance plan and contract for associated support and supplies. It would also reduce the total number of devices, support cost and network connections, and be easier for users, with additional equipment capabilities. The new equipment will enable progress towards an increased use of electronic documents, all while monitoring usage and managing cost.

VTA developed a Request for Proposals (RFP) structured to promote this new strategy, with the objectives of maximizing cost savings through lease plans based on the VTA's aggregate usage, simplifying the lease plan structure to better align with the VTA's usage requirements, and improving the processes to facilitate the ongoing management of the program.

The RFP was advertised in local media and on the VTA's website on May 12, 2010. The RFP was downloaded by 59 interested parties. Representatives from fourteen (14) firms attended the pre-proposal conference held on May 24, 2010. There were a total of nine firms responding to the RFP. The same nine firms' submitted proposals by the June 23, 2010 deadline, and eight (8) participated in oral interviews during the week of July 26, 2010. The nine (9) firms that submitted proposals are:

- Canon Business Solutions
- Konica Minolta Business Solutions
- Océ North America
- One Source Printer Service and Supply
- Pacific Office Automation
- Ricoh Business Solutions
- Sharp Business Systems
- Toshiba Business Solutions
- Xerox Corporation

VTA evaluation team consisting of an Engineering and Construction Manager, an Operations Manager, a Senior Management Analyst, a Senior Information System Analyst, an Information Systems Supervisor, and a Contract Administrator conducted an evaluation of the proposals. The proposals were evaluated based on the following criteria outlined in the RFP:

1. Qualifications of the Firm
2. Technical Capability and Approach
3. Cost and Price
4. Local Firm Preference

The Evaluation Team interviewed eight of the nine proposers, who were evaluated based on the additional following criteria:

1. Project Management
2. Product Knowledge
3. Project Deliverables
4. Overall Presentation

Evaluation Summary:

The proposers were ranked based on the accumulated evaluator ratings. The Evaluation Team gave the highest ranking to the proposal submitted by Ricoh Business Solutions, concluding that they offered the best value to VTA, most flexibility for the VTA's business environment and provided very favorable and cost effective lease rates. The City of San Jose and Santa Clara county both use Ricoh Business systems and provided outstanding references as their MFD hardware and service provider. The Ricoh agreement would cover most of the VTA's copier, scanning, faxing, and printing needs.

Transition Plan:

Upon Board approval and contract execution, staff will immediately begin work with Ricoh Business Solutions to develop a detailed transition and implementation plan to minimize any disruption. Staff estimates that approximately 68 Multi function devices from the current service providers will need to be transitioned from Toshiba to Ricoh. Ricoh will work with Toshiba to plan and execute their removal and disposal. Ricoh has included in the transition free training of staff to fully utilize the new equipment.

Staff recommends Board approval of Ricoh Business Solutions as our Multi-Function Device provider, with an aggregated spending authorization of \$1,640,000, and authorization for the General Manager to enter into a contract with this firm.

ALTERNATIVES:

The Board of Directors could choose to continue to amend and extend the contract of the current copier and equipment provider, Toshiba, while we develop a new RFP and rebid the equipment. However, this option would eliminate or postpone many opportunities for efficiencies, cost savings, and reliability.

FISCAL IMPACT:

This action will authorize a 5 year lease for approximately 68 +/- 10% networked copying and printing multi-function devices for a total estimated cost of \$14,250 per month, which includes maintenance and all consumable supplies for all units. Appropriation for the first year of the contract expenditure is included in the FY11 Adopted VTA Transit Enterprise Fund Operating Budget. Appropriation for the remainder of the contract period will be included in subsequent

Biennial Operating Budgets. A net savings on printer support, Fax machine operation, and scanners is estimated at \$1,500 to 3,000 per month once the total program is implemented.

Prepared by: Gary Miskell, Chief Information Officer
Memo No. 1867

ATTACHMENT
Multifunction Copier Lease

	Contractor Firm	Contractor Role	Name	Location
1	Ricoh Business Solutions	Branch General Sales Manager	Kathleen Carr	Brisbane, CA
2	Ricoh Business Solutions	Solutions Analyst	Michelle Meyerhoff	Brisbane, CA
3	Ricoh Business Solutions	Solutions Analyst	Lauren Rivera	Brisbane, CA
4	Ricoh Business Solutions	Technical Service Engineer	Praneet Prasad	San Jose, CA
5	Ricoh Business Solutions	Senior Solutions Engineer	Genard Garcia	Brisbane, CA
6	Ricoh Business Solutions	Service Manager	Michael Turnwall	San Jose, CA
7	Ricoh Business Solutions	Systems Trainer	Nasser Dahilig	San Jose, CA



Date: September 7, 2010
 Current Meeting: September 16, 2010
 Board Meeting: October 7, 2010

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Administrative Officer, Bill Lopez

SUBJECT: Renewal of Employee Health Benefit Contracts

Policy-Related Action: No

Government Code Section 84308 Applies: Yes

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to renew benefit contracts with Kaiser, United Health Care (dba PacifiCare), Valley Health Plan, Delta Dental, Pacific Union Dental, Vision Service Plan, CIGNA, and Custom Benefits Administrators for VTA employees and retirees for calendar year 2011.

BACKGROUND:

The Patient Protection and Affordable Care Act of 2010 was signed into law on March 23, 2010. This legislation will be implemented in phases and significantly impact the provision of medical coverage by employers in the coming years. The law applies only to medical coverage, not to stand alone vision/dental plans. VTA is currently considered "grandfathered" and therefore several provisions do not yet apply. The primary provisions that do apply at this time are the extension of medical coverage to dependent children to age 26, the removal of pre-existing exclusions for dependents under age 19, the elimination of the lifetime limits on Preferred Provider Organizations (PPO's), and the Early Retiree Reinsurance Program. The Early Retiree Reinsurance Program provides sponsors of retiree medical plans with reimbursement for a portion of the medical expenses for early retirees (those who retire prior to age 65). VTA's application for participation in this program has been approved by the federal government, and staff is working with VTA's health plans to ensure the maximum reimbursement.

The provisions of the Mental Health Parity Act also went into effect this year and are included in the plan designs in the proposed contracts. This law requires that mental disorders be treated in the same manner, and with the same co-payments, as physical disorders. These "parity" provisions have increased VTA's premium by approximately 1%, while the extension of

dependent coverage to age 26 has increased VTA's premium by about another 1%.

VTA currently contracts with Kaiser, United Health Care (dba PacifiCare), Valley Health Plan, Delta Dental, Pacific Union Dental and Vision Service Plan (VSP) for health benefits. VTA also contracts with Custom Benefits Administrators for flexible spending account plan administration and CIGNA for life, accidental death/dismemberment, and long-term disability insurance. These contracts will expire December 31, 2010, and the renewal will be effective January 1, 2011. Renewal of these contracts is necessary to continue the benefit plans for employees and retirees.

DISCUSSION:

The Arlen Group, VTA's employee benefits broker, has marketed VTA as a potential client to benefits providers and analyzed and negotiated the resulting bids. The overall increase for all medical plans will be approximately 7.8%. Medical rates were projected to increase by 10% overall for 2011. The medical rates are estimated since the carriers have not yet finalized their Medicare rates. The CIGNA contract is in the second year of a three year rate guarantee.

The premium increases (historical and current) are as follows:

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
MEDICAL					
Kaiser HMO	6%	7.7%	6.9%	10.3%	6.4%
UHC Overall	13%	13.6%	14%	1.5%	11.3%
• UHC HMO	14%	13.4%	14.7%	9.4%	11.7%
• UHC PPO	12%	13.6%	10.3%	-12.9%	11.3%
• UHC OOA	12%	14.3%	10.4%	-27.5%	8.8%
Valley Health Plan	15%	7%	7.1%	4.9%	3%
Medical Overall	8%	9.6%	9%	7.3%	7.8%
DENTAL					
Pacific Union Dental	0%	0%	5%	0%	0%
Delta Dental	-2%	5%	3%	0%	0%
VISION					
Vision Service Plan	1%	0%	0%	0%	0%
FLEX PLANS					
Cust. Bfts. Adm.	0%	0%	0%	-1.0%	-.8%
LIFE/AD&D					
CIGNA	0%	19.5%	0%	6.1%	0%
Overall Wtd. Average	7%	9.2%	8.3%	7%	7.1%
Est. Total Cost	\$34,900,000	\$38,167,000	\$40,904,299	\$44,069,955	\$46,909,479

The proposed rates are competitive and the increases consistent with regional and national trends. For the coming year, the national average rate increase for Kaiser's entire book of business is 9%, which is higher than the 6.4% increase Kaiser has bid for the VTA renewal. United Health Care PPO/HMO reports that their national average increase is 15.6%, which is also higher than their proposed increases for VTA's renewal: 11.7% increase for their HMO bid and 11.3% for their PPO bid.

Based on the above, it is recommended that Board authorize the General Manager to enter into renewal contracts with the named providers.

ALTERNATIVES:

The alternative is to re-bid VTA's medical benefits with other providers. However, the outcome is not likely to change because the high percentage of employees enrolled in the Kaiser plan violates the participation rules for most carriers and therefore they will not bid on VTA's account. Additionally, the expense would be significant, and the process could result in missing the calendar year deadline. Any changes to medical providers would require collective bargaining with employee unions.

FISCAL IMPACT:

The estimated annual total cost of these benefits is \$46,909,479. The employer portion of the cost for these benefits is \$43,155,503. The employee/retiree portion is \$2,522,258. The ATU Spousal Medical Trust Fund portion is \$1,231,717

This represents an estimated total cost increase of approximately \$3,098,230. In comparison with current rates and holding enrollment constant, this includes an employer cost increase of \$2,827,859, an employee/retiree cost increase of \$168,927, and an ATU Spousal Medical Trust Fund increase of \$101,444 over calendar year 2010 costs.

Because these are calendar year contracts, one half of these costs will be incurred during this fiscal year. The approved budget included 10% annual increases for medical plans. As a result, the approved budget is sufficient to cover these costs.

Prepared by: Shellie Albright
Memo No. 2350

ATTACHMENT A
LIST OF VENDORS 2011
AND CONTACT INFORMATION

Kaiser Permanente Medical Group	United Health Care
50 Great Oaks Blvd.	2300 Clayton Road #1000
San Jose, CA 95119	Concord, CA 94520
408-361-2005	925-246-1351
Cheryl Fuselier	Barbara Smith
Valley Health Plan	
2325 Enborg Lane #290	
San Jose, CA 95128	
408-885-4763	
Susan Bruss	
Custom Benefits Administrators	
P.O. Box 2170	
Rocklin, CA 95677	
916-303-7095	
Robert Hayes	
Delta Dental	Pacific Union Dental
P.O. Box 7736	(United Health Care)
San Francisco, CA 94120	3110 Lake Center Drive, Bldg 14
415-972-79671	Santa Ana, CA 92704
Raymond Lee	714-513-6431
	Carla Quintanilla
Vision Service Plan	
1 Embarcadero Center #1540	
San Francisco, CA 94111	
415-957-0977	
Nancy Fu	
CIGNA	
One Front Street #700	
San Francisco, CA 94111	
415-374-2544	
Latrice Porter	