

ADMINISTRATION & FINANCE COMMITTEE

Thursday, May 19, 2011

MINUTES

CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:04 p.m. by Vice Chairperson Kalra in Room B-104, VTA River Oaks Campus, 3331 North First Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status
Ash Kalra	Vice Chairperson	Present
Liz Kniss	Chairperson	Absent
Chuck Reed	Board Member	Present
Perry Woodward	Board Member	Present
Nancy Pyle	Alternate Board Member	Absent
Pete McHugh	Alternate Board Member	Absent
George Shirakawa	Alternate Board Member	Absent

* Alternates do not serve unless participating as a Member.

A quorum was not present and a Committee of the Whole was declared.

The Agenda was taken out of order.

5. ORDERS OF THE DAY

Vice Chairperson Kalra requested that the agenda be taken out of order and the following items would be moved to the end of the Agenda: **Agenda Item #2.** Recess to Closed Session and **Agenda Item #3.** Closed Session Report.

Vice Chairperson Kalra requested the following item be heard last on the Regular Agenda: **Agenda Item #15.** Fiscal Years 2012 and 2013 Recommended Biennial Budget for the period July 1, 2011 through June 30, 2013.

On order of Vice Chairperson Kalra and there being no objection, the Committee of the Whole accepted the Orders of the Day.

REGULAR AGENDA

16. Bill Position: AB 427 (J. Perez)

Kurt Evans, Government Affairs Manager, reported on AB 427 (J. Perez), which proposes a series of changes to improve the administration of the Transit System Safety, Security, and Disaster Response Account under Proposition 1B. The revenue generated from the sales of these bonds is intended to supplement existing state transportation programs and provide funding for several new programs. AB 427 would make several refinements to the Transit System Safety, Security, and Disaster Response Account to

provide flexibility to public transit, intercity rail and commuter rail agencies that have ready to go projects; ensure the timely expenditure of the accounts 60 percent funds; and prevent the account's 60 percent funds from going unused.

17. Bill Position: SB 310 (Hancock)

Mr. Evans reported on SB 310 (Hancock), which provides more options to cities and counties for encouraging developers to undertake transit-oriented development projects.

Mr. Evans reported that SB 310 strengthens the limited incentives of SB 375 (Steinberg) by encouraging developers to undertake transit priority projects and creates the Transit Priority Project Program. The legislation offers developers a guaranteed density bonus and access to a streamlined local permit process for transit priority projects to go along with the California Environmental Quality Act (CEQA) exemptions that were provided in SB 375. Also, it allows a city or county to create an Infrastructure Financing District (IFD) and obtain access to tax increment financing and bonding authority without holding an election.

18. Bill Position: SB 867 (Padilla)

Mr. Evans reported on SB 867 (Padilla), which allows the California Transportation Financing Authority to issue non-refundable tax credit bonds for transportation capital improvement projects. SB 867 is modeled after the Build America Bonds Program at the federal level. The program would provide a new financing tool for local agencies to consider utilizing in order to raise the capital for construction contracts, to accelerate project delivery, and transportation improvement services.

19. Technology Maintenance & Support Contracts

Gary Miskell, Information Technology Officer, reported that VTA competitively purchases computer software and hardware that requires annual maintenance and support; however, if VTA doesn't purchase it then VTA is contractually obligated to cease using the software until the maintenance and support is obtained and current.

Mr. Miskell stated that VTA has 13 essential software and hardware systems that would be covered under the requested board authorization. The authorization would allow VTA to more effectively negotiate and enter into support and maintenance contracts and issue task orders with vendors with the expertise needed to support and maintain the critical systems.

15. Approval of Recommended Biennial Budget for Fiscal Years 2012 and 2013

Joe Smith, Chief Financial Officer, reported on the presentation entitled, "VTA's Biennial Budget Fiscal Years 2012 and 2013," highlighting: 1) Ad-Hoc Financial Recovery Committee Key Financial Principles; 2) FY 12 and FY 13 Budget Objectives; 3) VTA Transit Major Operating Assumptions; 4) FY 12 and FY 13 Budget Follow-up from Budget Workshop; 5) FY 12 and FY 13 Budget Updates from Draft Budget; 6) VTA Revised Sources and Uses; 7) FY 12 and FY 13 Budget Revised Appropriation Summary; 8) FY 12 and FY 13 Budget Summary; and 9) Budget and Service Plan Outreach and Meeting Schedule.

Mr. Smith commented on the FY 2012 and FY 2013 Budget Summary, noting the intent is to preserve and enhance service; maintains Operating Reserves at 15 percent; advances Capital Programs and maintains state of good repair; reduces Capital funding used for

Operations; continues support of Regional Partnerships, such as the Caltrain funding initiatives; FY 10 expenditures used as base in effort to control cost growth; and promotes sustainable growth.

Mr. Smith reported that the FY 2012 and FY 2013 Budget and Service Plan was presented in May 2011 at several community meetings throughout the County, at the May 9, 2011 Joint Advisory Committee Workshop Meeting, May 2011 Advisory and Standing Committee Meetings, and will be forwarded for consideration to the June 2, 2011 Board of Directors Regular Meeting.

Board Member Reed arrived at the meeting and took his seat at 12:35 p.m. and a quorum was established.

Vice Chairperson Kalra asked if the proposed sales tax stabilization fund can cover fluctuations in sales tax revenue and volatility of fuel prices, to avoid the use of the 15 percent reserves.

Member Reed asked how the budget will deal with sales tax fluctuations. To address fuel price volatility, he suggested staff to look into hedging one year of fuel prices.

M/S/C (Woodward/Reed) to approve submitting a recommendation to the Board of Directors to adopt a resolution approving the Fiscal Years 2012 and 2013 Recommended Biennial Budget for the period July 1, 2011 through June 30, 2013.

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

CONSENT AGENDA (continued)

6. Regular Meeting Minutes of February 17, 2011

M/S/C (Woodward/Reed) to approve the Regular Meeting Minutes of February 17, 2011.

7. Monthly Legislative History Matrix

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

8. Monthly Investment Report – March 2011

M/S/C (Woodward/Reed) to receive the Report on Santa Clara Valley Transportation Authority Investments for the month of March 2011.

9. Fiscal Year 2011 Quarterly Statement of Revenues and Expenses for the Period Ending March 31, 2011

M/S/C (Woodward/Reed) to approve submitting a recommendation to the Board of Directors to review and accept the Fiscal Year 2011 Quarterly Statement of Revenues and Expenses for the period ending March 31, 2011.

10. Quarterly Purchasing Report January 1 through March 31, 2011

M/S/C (Woodward/Reed) to review the Quarterly Purchasing Report for January 1 through March 31, 2011.

11. **Third Quarter and Fiscal Year 2011 Public Liability/Property Damage Claims Activity Report**

M/S/C (Woodward/Reed) to review the Third Quarter FY 2011 Public Liability/Property Damage Claims Activity Report.

12. **Third Quarter and Fiscal Year 2011 Report of Workers' Compensation Claims and Transitional Work Program**

M/S/C (Woodward/Reed) to review the Third Quarter FY 2011 Report of Workers' Compensation Claims and Transitional Work Program.

13. **Quarterly Attendance Report**

M/S/C (Woodward/Reed) to review the 2011 Quarterly Attendance Report for the VTA Board of Directors, Ad-Hoc Committees, Board Standing Committees, and Board Advisory Committees.

14. **Master Agreement – State Funded Transit Projects**

M/S/C (Woodward/Reed) to approve submitting a recommendation to the Board of Directors to adopt an authorizing resolution assuring compliance with the requirements for the receipt of state funds used in the implementation of transit projects, and authorizing the General Manager to execute the “Master Agreement State Funded Transit Projects” with the California Department of Transportation.

REGULAR AGENDA (continued)

16. **Bill Position: AB 427 (J. Perez)**

M/S/C (Woodward/Reed) to approve submitting a recommendation to the Board of Directors to adopt a support position for AB 427 (J. Perez), which proposes a series of changes to improve the administration of the Transit System Safety, Security, and Disaster Response Account under Proposition 1B.

17. **Bill Position: SB 310 (Hancock)**

M/S/C (Woodward/Reed) to approve submitting a recommendation to the Board of Directors to adopt a support position for SB 310 (Hancock), which provides more options to cities and counties for encouraging developers to undertake transit-oriented development projects.

18. **Bill Position: SB 867 (Padilla)**

M/S/C (Woodward/Reed) to approve submitting a recommendation to the Board of Directors to adopt a support position for SB 867 (Padilla), which allows the California Transportation Financing Authority to issue non-refundable tax credit bonds for transportation capital improvement projects.

19. **Technology Maintenance & Support Contracts**

M/S/F (Woodward/Kalra) on a vote of 2 ayes to 1 abstention to approve submitting a recommendation to the Board of Directors to authorize the General Manager to approve technology maintenance and support agreements with ten specified technology firms for software and hardware 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 \$5,500,000 for all agreements in the first 3 years and 3,850,000 for all agreements in year 4 and 5. Board Member Reed abstained.

NOTE: M/S/F MEANS MOTION SECONDED AND FAILED.

On order of Vice Chairperson Kalra and there being no objection, the Committee forwarded the item without a recommendation to the Board of Directors for consideration at the June 2, 2011 VTA Board of Directors Regular Meeting: Authorize the General Manager to approve technology maintenance and support agreements with ten specified technology firms for software and hardware 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 \$5,500,000 for all agreements in the first 3 years and 3,850,000 for all agreements in year 4 and 5.

OTHER ITEMS

20. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

21. Committee Work Plan

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

22. Committee Staff Report

There was no Committee Staff Report.

23. Chairperson's Report

There was no Chairperson's Report.

24. Determine Consent Agenda for the June 2, 2011 Board of Directors Meeting

CONSENT: Agenda Item #9. Review and accept the Fiscal Year 2011 Quarterly Statement of Revenues and Expenses for the period ending March 31, 2011;

Agenda Item #14. Adopt an authorizing resolution assuring compliance with the requirements for the receipt of state funds used in the implementation of transit projects, and authorizing the General Manager to execute the "Master Agreement State Funded Transit Projects" with the California Department of Transportation;

Agenda Item #16. Adopt a support position for AB 427 (J. Perez), which proposes a series of changes to improve the administration of the Transit System Safety, Security, and Disaster Response Account under Proposition 1B;

Agenda Item #17. Adopt a support position for SB 310 (Hancock), which provides more options to cities and counties for encouraging developers to undertake transit-oriented development projects;

Agenda Item #18. Adopt a support position for SB 867 (Padilla), which allows the California Transportation Financing Authority to issue non-refundable tax credit bonds for transportation capital improvement projects; and

Agenda Item #19. Authorize the General Manager to approve technology maintenance and support agreements with ten specified technology firms for software and hardware 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 \$5,500,000 for all agreements in the first 3 years and 3,850,000 for all agreements in year 4 and 5.

REGULAR: Agenda Item #15. Adopt a resolution approving the Fiscal Years 2012 and 2013 Recommended Biennial Budget for the period July 1, 2011 through June 30, 2013.

25. Announcements

There were no Announcements.

2. RECESSED TO CLOSED SESSION at 12:46 p.m.

Conference with Labor Negotiators

[Government Code Section 54957.6]

VTA Designated Representatives:

Joseph Smith, Chief Financial Officer

Bill Lopez, Chief Administrative Officer

Robert L. Escobar, Human Resources Manager

Employee Organizations:

American Federation of State, County and Municipal Employees (AFSCME), Local 101

Service Employees International Union (SEIU), Local 521

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

RECONVENED TO OPEN SESSION at 1:06 p.m.

3. CLOSED SESSION REPORT

Conference with Labor Negotiators

[Government Code Section 54957.6]

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Joseph Smith, Chief Financial Officer

Bill Lopez, Chief Administrative Officer

Robert L. Escobar, Human Resources Manager

Employee Organizations:

American Federation of State, County and Municipal Employees (AFSCME), Local 101

Service Employees International Union (SEIU), Local 521

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

There was no reportable action taken during Closed Session.

26. ADJOURNMENT

On order of Vice Chairperson Kalra and there being no objection, the Committee meeting was adjourned at 1:07 p.m.

Respectfully submitted,

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