



TRANSIT PLANNING & OPERATIONS COMMITTEE

Wednesday, September 20, 2006

MINUTES

1. CALL TO ORDER

The Regular Meeting of the Transit Planning and Operations (TP&O) Committee was called to order at 3:35 p.m. by Chairperson Sandoval in Conference Room B-104, Valley Transportation Authority, 3331 North First Street, San Jose, California.

ROLL CALL

Members Present

Dean Chu, Vice Chairperson
David Cortese
Dolores Sandoval, Chairperson

Members Absent

Greg Perry

Alternates Present

None

Alternates Absent

Norman Kline
Jamie Matthews
Ken Yeager

*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 Sandoval noted that staff requested that Agenda Item #19. Committee Staff Report, be moved to the beginning of the Agenda.

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

The Agenda was taken out of order.

OTHER ITEMS

19. Committee Staff Report

Dan Smith, Chief Operations Officer, introduced the new Executive Assistant to the General Manager, Ann Carey, and noted that Ms. Carey would provide an update on VTA's Organizational and Financial Assessment.

Ms. Carey provided background information on her employment history. She indicated that VTA has launched a company-wide review of the organization. VTA has selected the Hay Group to conduct the analysis, and the Hay Group are experts in organizational design. The goal of the assessment is to examine how the organization conducts business, assess the performance of the organization, and recommend changes for improving the organization's ability to deliver cost-effective service in all areas of business.

Ms. Carey reported that the analysis will proceed in the following four stages: 1) an overview of the entire structure; 2) review of specific divisions; 3) an assessment of the financial performance of the organization; and 4) review certain program areas in more depth based on the findings from the initial analysis. Ms. Carey indicated that the assessment is intended to be very broad and will identify VTA's strengths and weaknesses and make recommendations for a holistic approach to improvements. Ms. Carey indicated that the project work is underway, and quite a few documents have been delivered to the consultants for their review. Also, the consultants will conduct onsite interviews with both staff and stakeholders, including the VTA Board of Directors Advisory, and Standing Committee Chairpersons. Ms. Carey noted that the VTA Board Secretary would be scheduling interviews the week of October 5, 2006, and there may be follow-up meetings with Committee Members, as necessary. Ms. Carey noted that she will be reporting the results of the work conducted to the Board Committees on a regular basis.

Mr. Smith reported that VTA is hosting the American Public Transportation Association (APTA) Annual Conference, which will be held in San Jose from Sunday, October 8 to Wednesday, October 11, 2006. VTA will participate in presentations/sessions, conduct several technical tours, and provide shuttles in the evenings to and from Santana Row in Los Gatos on Monday and Tuesday. VTA will also be operating the Historic Trolley service on Sunday in the afternoon and evening, and midday from Monday to Wednesday.

Mr. Smith reported that the City of San Jose will be hosting its inaugural Rock and Roll Half-Marathon in downtown San Jose. Bus and light rail service in the downtown area will be detoured and service will be back to normal by midday.

Mr. Smith reported that light rail service will be shut down on the Vasona Line between Bascom and Winchester Stations for the next four weekends during construction of a wall recently approved by the Board of Directors. VTA will operate a bus bridge for its light rail customers and will inform the community of the service changes.

Mr. Smith reported that VTA is, again, providing special bus service to 49ers home football games. The roundtrip fare from San Jose is \$21 and a season bus pass is available for \$134. After the season ends, VTA will evaluate the service and make recommendations on providing service in the future. Mr. Smith noted that VTA is hoping to operate free shuttle service to and from the San Jose Sharks games, however, at this time, VTA and the owners of the Sharks are still in negotiations.

On order of Chairperson Sandoval, there being no objection, the Committee of the Whole received the Committee Staff Report.

CONSENT AGENDA:

4. Minutes of August 16, 2006

On order of Chairperson Sandoval, there being no objection, the Committee of the Whole deferred the Minutes of August 16, 2006, pending arrival of a quorum.

REGULAR

5. Community Bus Implementation Plan

Chairperson Sandoval reported that during the past several months, there have been a number of discussions relating to how to implement the Community Bus Program. Discussions have occurred both at the Policy Advisory Committee (PAC) and TP&O Committee, noting that it was recently discussed at the September 14, 2006, PAC meeting. Chairperson Sandoval noted that staff has made some implementation changes and recommendations in response to the discussion.

Jim Lawson, Government Affairs Manager, reported that as a result of concerns raised by PAC in areas of local involvement, the theme of the bus, charging of fares and routing, the item was referred back to PAC. Mr. Lawson indicated that VTA staff has heard PAC's concerns and will be involving local communities. VTA is establishing community meetings in the cities of Morgan Hill and Gilroy and will also have conversations with the City of San Jose with regard to the DASH shuttle.

Mr. Lawson noted that PAC was supportive of the idea that there be an overall VTA theme for the vehicles, and where appropriate, if local thematic elements can be added appropriately.

Mr. Lawson referred to the issue of fares and noted that PAC understood the need to collect fares and was in support.

Mr. Lawson referred to the routing and noted that rather than taking the approach of replacing a particular route with a smaller vehicle, VTA would meet with the community and try to establish the best routing for Community Bus in the area. While funding for the vehicles is available in the Capital budget, the operating expense would be funded from any potential savings for operator cost and routing. Within the limited perimeters available, VTA will do its best to meet the communities' needs in those areas.

Mr. Lawson noted that the original five vehicles used for the Los Gatos Community Bus Lines are back in operation.

On order of Chairperson Sandoval, there being no objection, the Committee of the Whole reviewed the Community Bus Implementation Plan.

6. Community Bus Procurement

Michael Hursh, Deputy Director of Bus and Rail Maintenance, reported that VTA is seeking authorization to purchase up to 25 small-capacity vehicles, also known as Community Buses.

Mr. Hursh reported that in March 2005, the Board of Directors authorized the purchase of up to 25 small-capacity vehicles. Five of those vehicles were purchased and are currently serving on Lines 48 and 49, i.e. the Los Gatos Community Bus service. The additional 20 vehicles were recently ordered and are expected to be delivered in early 2007. If approved, this calendar item would authorize VTA to purchase an additional 25 small-capacity vehicles and support equipment, such as fareboxes, radios, and closed-circuit television equipment, bringing the total fleet available for Community Bus deployment to 50 vehicles. The total cost for the 25 vehicles and support equipment is \$5,300,000. As with previous purchases, VTA is proposing to purchase off the State contract, which is cost-effective and ultimately brings vehicles to VTA sooner in a Request for Proposals (RFP) and contract process.

Mr. Hursh indicated that the vehicles are nearly identical to the first order of small-capacity vehicles, high-floor gasoline-powered vehicles, 28 feet in length, with a capacity of 25 seated passengers. The vehicles meet the American With Disabilities Act (ADA) and California Air Resources Board (CARB) requirements.

Vice Chairperson Chu queried if the new buses are high-floor or low-floor. Mr. Hursh noted they are high-floor; the buses are essentially identical to the Los Gatos buses. He indicated that there is really no commercially available bus that meets the transit application and these buses are the most widely implemented across the United States.

On order of Chairperson Sandoval, there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to augment the FY 2007 Capital Budget by \$5,300,000, and authorize the General Manager to purchase up to 25 additional small-capacity buses and support equipment in the amount of \$5,300,000 using a contract awarded by the State of California pursuant to Public Contract Code Section 20301, which requires all capital expenditures over \$25,000 to be let to the lowest responsible bidder, and Public Contract Code Section 10299(a), which authorizes local agencies to contract with suppliers awarded contracts by the State without further competitive bidding.

7. 2007 Mini Short Range Transit Plan

Kevin Connolly, Transportation Planning Manager, reported that the Metropolitan Transportation Commission (MTC) has adopted new requirements for Short Range Transit Plans (SRTP) submitted by transit operators in the Bay Area. In the past, the submittal of the SRTP has been an every other year exercise. He noted that a “Full SRTP” will be required once every four years, and in all other years, transit operators must submit a “Mini SRTP.” The Mini SRTP only includes two chapters, the Operations Plan and the Capital Improvement Plan. Mr. Connolly indicated that the Mini SRTP does not require Board of Directors approval unless there is a significant change from the past SRTP. He noted that the inclusion of the implementation of Community Bus was a significant change to the Mini SRTP, and the other area of significant change was the 2000 Measure A Revenue and Expenditure Plan.

On order of Chairperson Sandoval, there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to approve the 2007 Mini Short Range Transit Plan.

Member Cortese took his seat at 3:54 p.m. and a quorum was declared.

8. Outreach Process for the Comprehensive Operations Analysis

Mr. Connolly provided a PowerPoint Presentation entitled, “Comprehensive Operations Analysis - Stakeholder Outreach Overview.” He referred to the Stakeholder Outreach Concept and noted that VTA will involve stakeholders in the Comprehensive Operations Analysis (COA). He referred to the service implementation schedule and indicated that VTA would implement new service generated by the COA in July 2007. To implement July 2007 service, VTA would have to have a final action by the Board of Directors in

April 2007. This would allow VTA adequate time to conduct sign-ups for operators of new routes, implement the service, and to do the necessary outreach between April and July 2007. VTA will also incorporate Phase 1 of the Community Bus implementation and there will be community involvement throughout the process.

Mr. Connolly noted that VTA will be seeking Board of Directors action in December 2006 or earlier on the draft Core Principles for the Transit Sustainability Policy (TSP) and COA. TP&O is the primary policy body that will be providing oversight for the whole COA effort and the Citizens Advisory Committee (CAC) and PAC will provide input. VTA will be scheduling a Board of Directors Workshop for the COA in February 2007.

Mr. Connolly referred to the COA process and noted the data collection completed, data collection scheduled for fall completion, and future tasks.

Mr. Connolly reported that there will be two rounds of Outreach. Outreach Round 1 will be from August to December 2006, and Outreach Round 2 will be from January to April 2007. Outreach Round 1 includes the Passenger Survey, Existing Conditions, Market Segmentation, Community Bus, and TSP & Core Principles. Outreach Round 2 includes Community Bus, Service Restructuring Alternatives, Draft Service Operations Plans, and Final Service Operations Plans.

Mr. Connolly noted that VTA will come to the Board of Directors with a check-in/progress report in either October or November 2006, and an in depth discussion on the COA will take place at the February 2007 Board of Directors Workshop meeting. This will allow VTA time to incorporate the Board's input and to provide a draft report in March 2007.

On order of Chairperson Sandoval, there being no objection, the Outreach Process for the Comprehensive Operations Analysis was discussed.

9. Draft Core Principles for the Transit Sustainability Policy and Comprehensive Operations Analysis

Chris Augenstein, Transportation Planning Manager, reported that the Core Principles have been developed for both the TSP and COA. The intention for developing one set of principles for both the TSP and COA is to establish a common foundation that VTA can now and in the future use as guidance in creating a transit system that is well used, cost and operationally efficient, supported by local jurisdictions, and meets market needs. The Core Principles were developed in collaboration with consultants and working groups.

Mr. Augenstein reported that the TSP is building upon several existing VTA efforts, such as the recommendations from VTA's Ad Hoc Financial Stability Committee and Valley Transportation Plan (VTP) 2030. Both underscore the need to have a more sustainable transit system.

Mr. Augenstein reported that the Draft Core Principles for the TSP and COA have been presented at CAC and PAC, and their reaction as very favorable, noting that staff received minor comments.

Mr. Augenstein directed attention to the PowerPoint presentation entitled, “VTA TSP/COA Draft Core Principles” and noted the following “Goals”: 1) Improve System Ridership, Productivity, and Efficiency; 2) Improve Farebox Recovery; 3) Improve Transit’s Role as a Viable Alternative Mode; and 4) Use Transit Investments and Resources More Effectively.

Mr. Augenstein referred to the Core Principles and noted that the principles are designed to achieve the goals. The Core Principles are as follows: 1) Develop a Financially Sustainable Transit System; 2) Match Capital Investment With Quantifiable Service Needs and Local Participation and Commitments; 3) Improve Customer Focus; 4) Target Markets Where Transit Can Compete; and 5) Improve System Integration and Efficiency. He provided a detailed report on the following: 1) Financial Stability; 2) Capital Investment; 3) Customer Focus; 4) Competitive Transit; and 5) System Integration.

Mr. Augenstein referred to Capital Investment and noted the bullet point added in response to comments from both CAC and PAC: “Influence and advance transit and pedestrian supportive development patterns along major transit corridors.”

Mr. Augenstein referred to Customer Focus and noted the bullet point added in response to comments from both CAC and PAC: “Develop creative marketing and information programs utilizing high-technology and all forms of media.”

Member Cortese referred to Slide 5 – Customer Focus, and expressed concern about the percentage of VTA ridership that is currently transit dependent. He noted that VTA needs to define “who is the customer.”

Vice Chairperson Chu indicated that VTA needs to determine who is the target customer and service those needs, noting that is the only way VTA is going to improve its farebox recovery ratio. For the market that is not being served, what will it take to serve them and does VTA have the resources to actually attract them.

Chairperson Sandoval indicated that a discussion should be held on “what kind of a transit service do we want”. Do we want it to be a service that provides transit to those who are truly dependent on transit, or do we want something broader.

Chairperson Sandoval referred to Slide 5 – Customer Focus, fifth bullet point, “Develop creative marketing and information programs utilizing high-technology and all forms of media,” and requested that staff split out the marketing efforts (information-based vs. marketing based).

Chairperson Sandoval requested that the item be forwarded to the Board of Directors for approval.

Mr. Lawson indicated that the feedback received from the Committees will be incorporated into the document and forwarded to the Board of Directors. He noted that

staff received a very strong statement from PAC informing VTA that it needs to be concerned about the transit dependent community.

On order of Chairperson Sandoval, there being no objection, the Committee reviewed the Draft Core Principles for the Transit Sustainability Policy and Comprehensive Operations Analysis and requested that the item be forwarded to the Board of Directors for approval.

10. Selection of Developers for Joint Development at the Capitol Light Rail Transit Site

David Miller, Commercial Development Manager, reported that on March 4, 2004, the Board of Directors adopted a Financial Strategy recommended by the Ad-Hoc Financial Stability Committee, including Recommendation #18 as follows: “Continue to aggressively pursue joint development opportunities that will provide VTA a diverse revenue stream.” On December 9, 2004, the Board of Directors approved the Joint Development Program, Joint Development Policy, and Developer Selection Process. On September 29, 2005, the Board of Directors approved a list of qualified developers and requested that the four sites be limited to the West San Carlos Site and Capitol Light Rail Transit (LRT) Site.

Mr. Miller provided a PowerPoint Presentation entitled, “Capitol LRT Joint Development Site.” He reported that the Capitol Light Rail Transit Site is an underutilized VTA Park-and-Ride Lot and is 8.9 acres of transit corridor residential by the San Jose General Plan Policy, which allows for an average of 45 dwelling units per acre. There is also a County of Santa Clara (County) piece, which is 2 acres at the south of the site. He noted that the County asked VTA if the 2 acres could be added to the development site. The site is located at the Capitol Light Rail Station on the Alum Rock – Santa Teresa Line.

Mr. Miller noted that VTA received three development proposals for the site, two from one developer, Avalon Bay Corporation and ROEM Corporation. The other development proposal received was from a combination of BRIDGE Housing Corporation and Blake Hunt Ventures.

Mr. Miller directed attention to Capitol LRT Joint Development Site map, which showed the excess property and County of Santa Clara property.

Mr. Miller reported that VTA is recommending BRIDGE Housing Corporation and Blake Hunt Ventures as the Selected Developer, and their proposal included a combination of a 68.4 percent Ground Lease and 31.6 percent Land Sale. Mr. Miller provided a report on the proposed land usage.

Chairperson Sandoval queried if the 8.9 acres is strictly VTA property or does it include the wedge of County property. Mr. Miller noted that the 8.9 acres includes both VTA and County properties. Chairperson Sandoval commented that at some point VTA would need to pay the County for that property. Mr. Miller indicated that VTA would probably prorate out the County’s acreage in the purchase price.

Mr. Miller directed attention to the BRIDGE Housing & Blake Hunt Ventures proposed site plan and provided an overview. He referred to the parcel of land proposed for a public park, noting that the land is half owned by the City of San Jose and half owned by VTA. BRIDGE Housing & Blake Hunt Ventures included the proposed park as part of the graphic to show how the project could be integrated with the neighborhood.

Mr. Miller reported that two proposals came in from Avalon Bay Corporation and ROEM Corporation. He noted that proposed option #1 is 83.7 percent Ground Lease and 16.3 percent Land Sale and proposed option #2 is 100 percent Ground Lease. Mr. Miller provided a report on the proposed land usage for Option #1 and #2.

Mr. Miller directed attention to Figure 2 – Capitol: Sensitivity Analysis Guaranteed Revenues, Varied Discount Rates with/without Asset’s Value in 50 years, and noted that the BRIDGE Housing and Blake Hunt Ventures proposal provided the highest amount of cash flow. Avalon Bay Corporation and ROEM Corporation-option #1 was second and Avalon Bay Corporation and ROEM Corporation-option #2 was third.

Mr. Miller directed attention to the Development Proposal Evaluation Matrix and indicated that when the Board of Directors approved the scoring criteria, the Board of Directors also approved a threshold that the project had to meet before it could be considered for an award. The threshold had to be 25 points from the total score of Priority Criteria, #1 – Increase Transit Ridership, #2 – Urban Design Quality, and #6 – Long & Short Term Revenue to VTA. BRIDGE Housing Corporation and Blake Hunt Ventures total score of all criteria was 41 points, Avalon Bay Corporation and ROEM Corporation-option #1 was 39 points, and Avalon Bay Corporation and ROEM Corporation-option #2 was 33 points. Mr. Miller noted that staff is recommending BRIDGE Housing Corporation and Blake Hunt Ventures as the Selected Developer and Avalon Bay Corporation and ROEM Corporation-option #1 as the Alternate Selected Developer.

Vice Chairperson Chu directed attention to the Development Proposal Evaluation Matrix, “Total Score of Priority Criteria” (#1, #2, & #3) and noted that #3 should be listed as #6.

Vice Chairperson Chu directed attention to the Development Proposal Evaluation Matrix and expressed concern that criterion #3 – Land Use/Goals/Neighborhood Concern was not listed as part of the Priority Criteria.

Member Cortese commented that the retail development seems a little understated.

Chairperson Sandoval queried if the 8.9 acres of land includes the proposed public park piece. Mr. Miller indicated “no.” Chairperson Sandoval indicated that the question of “What is happening with the VTA portion of the park parcel?” needs to be address. She noted that there is no documentation on that part of VTA land and that it needs to be included into the next set of documents.

Mr. Lawson indicated that the City of San Jose may build a park on the land or they may want money instead. He indicated that the best process would be to make a decision on this piece of property, and then if the City of San Jose comes back later and indicates that they need to discuss that piece of property, then that becomes another discussion.

Chairperson Sandoval indicated that it needs to be clearly stated in the documentation that goes forward, and the documentation that goes forward should not include the picture of the park.

Jerry Grace, Interested Citizen, queried about the retail stores and how close BART comes to the project. Chairperson Sandoval indicated that in part of the development on the Capitol Expressway side there will be some retail stores on the bottom and housing on top. Mr. Miller indicated that the project is not in the proximity of any BART service.

On order of Chairperson Sandoval, there being no objection, the Selection of Developers for Joint Development at the Capitol Light Rail Transit Site was reviewed.

OTHER ITEMS (continued)

11. VTA Emergency Operations Plan Overview

Nanci Eksterowicz, Risk Manager, reported that VTA has a formal Emergency Operations Plan (EOP) that sets forth procedures and response recovery policies that pertain to all VTA employees and departments, and the contractors for accessible services are also included. She noted that VTA employees are particularly effective at dealing with emergencies, because they deal with emergencies on a frequent basis. VTA's plan is called the Emergency Operations and Business Recovery Plan, and it was specifically written for VTA. She indicated that the Plan started about seven years ago, noting that VTA had previously used the Santa Clara County Plan.

Ms. Eksterowicz directed attention to the presentation entitled, "VTA's Emergency Operations and Business Recovery Plan" and provided an overview. She provided a report on the Scope of the Emergency Operations Plan, noting that it covers VTA's entire organization and addresses the major vulnerability categories: 1) Natural, 2) Technological, and 3) Social. VTA's authority to have such a Plan is promulgated by

the General Manager and activated at the time of a disaster by the General Manager, General Counsel, or any three Chief Officers. The Plan requires regular exercises, and VTA conducts local exercises internally and with its contractors. VTA also participates in regional exercises annually through MTC that incorporate all of the various transit properties in the area and even the ferry system. This year, for the first time, transit has been invited to participate in Golden Guardian, which is an exercise that happens in November. The exercise is a Northern California exercise, but we are working through MTC with the Army and Homeland Security to put the exercise together.

Ms. Eksterowicz provided a report on the following: 1) Levels of Emergency: a) Level I – Minor to Moderate, b) Level II – Moderate to Severe, and c) Level III – Catastrophic emergency; 2) Response Priorities; and 3) Emergency Organization, highlighting the following levels: a) Policy Level, Emergency Operations Center (EOC), Facility Level, Field Level, and Department Emergency Plans. Ms. Eksterowicz indicated that the Emergency Operations Director (EOD), which is one of the three VTA Deputies from the Operations Division, runs the EOC. She noted the EOD's responsibilities.

Ms. Eksterowicz also provided a report on the following: 1) Mutual Aid; 2) Business Restoration Timeline; 3) Business Recovery Team (BRT) Operations; 4) Restorations Priorities; 5) Restoration Strategies; and 6) Ultimate Plan Goal, which is resumption of normal operations.

Member Cortese noted that the Association of Bay Area Governments (ABAG) is sponsoring a Regional Symposium on October 12, 2006, on Emergency Preparedness and that this might be an opportunity for VTA to look at analysis of emergency preparedness.

Member Cortese informed VTA of the Urban Areas Security Initiative (UASI) grant program, noting that the deadline for grant application submittals is November 30, 2006.

Aaron Morrow, Committee for Transit Accessibility (CTA) Chairperson, expressed concern that paratransit is not addressed in VTA's Emergency Operations Plan. He indicated that there needs to be a clear line of communication between the disabled community and other vulnerable populations that are identified in the Plan. Outreach needs to have a seat at the table, so they can help facilitate how to get people with disabilities to a safe evacuation center. He noted the need for CTA and CAC to provide input on how to make the County of Santa Clara safe, so it can get back to a level of equitable service after an emergency.

Chairperson Sandoval requested that staff provide a report back to CTA regarding VTA's plan.

Mr. Morrow clarified that he thinks CTA knows what the plan is, but it is not being well executed. He noted that Outreach would be very useful in helping with emergency evacuations.

Ms. Eksterowicz indicated that Outreach's Emergency Operations Center staff observed the last exercise conducted at VTA's Emergency Operations Center (EOC) and that in the upcoming exercise, Outreach is included in the plan.

Mr. Morrow requested that staff contact him offline, because he had additional questions.

Mr. Grace asked if VTA contacted New Orleans and/or New York about the challenges they faced after the disasters. Ms. Eksterowicz indicated that her Risk Management Society was actually in contact with the Risk Manager from New Orleans to find out

what

were some of the challenges that he faced, and there has been a lot of information passed on in the transit industry outlining the kind of issues that came up, what were the problems, and if they found some satisfactory solutions.

On order of Chairperson Sandoval, there being no objection, the VTA Emergency Operations Plan Overview was received.

12. Quarterly Marketing Report and Presentation

Bernice Alaniz, Marketing and Public Affairs Deputy Director, directed attention to the PowerPoint Presentation entitled, "Quarterly Marketing Report, Spring/Summer 2006", and provided a report on the VTA's Marketing Goal and Strategies. She referred to the "Meet The Riders" Campaign and noted that it was a comprehensive advertising campaign. Advertisements focused on ease and convenience of riding VTA services and service to special events and entertainment destinations. VTA conducted seven "Meet The Riders" promotional events throughout Santa Clara County, gave away 161 prizes, and had an average of 560 website visits.

Ms. Alaniz referred to the Youth Summer Blast Pass Promotion and noted that this was to counterbalance the historically deep decline of youth ridership during the summer months. VTA partnered with malls and attractions and worked with school districts and youth centers to promote the Youth Summer Blast Pass. In 2005, VTA sold 1,456 passes and in 2006, VTA sold 1,650, an increase of 13 percent.

Ms. Alaniz referred to the VTA 8-Hour Light Rail Excursion Fare and noted that it is a pilot program running June 2006 through December 2006. VTA promoted the fare through cable television, print, transit advertisements, and posters. She noted that during the evaluation of the pilot program, VTA will determine the impact the excursion fare has on regular day pass sales.

Ms. Alaniz indicated that VTA is re-launching the Gas Price Promotion and is utilizing the VTA real estate. VTA is highlighting the cost savings of using public transportation. She directed attention to the example of a Do the Math! Car Card and billboard that are being placed on VTA's light rail vehicles and buses.

Ms. Alaniz noted that the VTA Marketing Department along with the Information Technology Department is working on a website redesign for VTA. Staff has been working on the redesign for several months and the initial stage was looking at VTA's internal audiences along with its external audiences of how VTA can convey the information. She indicated that meetings have been held with various Divisions/Departments regarding the layering and navigation of the website and noted the website redesign schedule.

On order of Chairperson Sandoval, there being no objection, the Quarterly Marketing Report and Presentation was received.

13. Monthly Ridership and Fare Revenue Performance

Joonie Tolosa, Sr. Management Analyst, directed attention to the document entitled, "VTA Transit Operations, August 2006 Ridership and Fare Revenue Performance," and provided a report on VTA's ridership, highlighting: 1) System wide ridership is up 10.7 percent compared to last year; 2) System wide average weekday ridership fiscal year-to-date is up 12 percent; 3) Bus ridership is up 1.6 percent compared to last year; and 4) Light rail ridership is up 47.4 percent compared to last year.

Mr. Tolosa referred to Fare Revenues and Average Fare Per Boarding for the month of August 2006, and provided a report, highlighting: 1) Fare revenues are up 1.9 percent compared to last year; and 2) Average fare per boarding is down 7.9 percent.

On order of Chairperson Sandoval, there being no objection, the Monthly Ridership and Fare Revenue Performance was reviewed.

14. FY 2006 Preliminary Annual Transit Operations Performance Report (July 1, 2005 – June 30, 2006)

Mr. Tolosa reported this is the first year over year ridership increase at VTA compared to any other fiscal year. He directed attention to the Fiscal Year (FY) 2006 Preliminary Annual Transit Operations Performance Report, July 1, 2005 – June 30, 2006, and provided a report on Ridership, highlighting: 1) total system ridership increased by 5.8 percent; 2) bus ridership increased 2.1 percent; and 3) light rail ridership increased 22.1 percent. The factors that led to the increases were the slow and steady increases in the local economy, VTA marketing programs, introduction of new transit lines, such as Bus Rapid Line 522 and Vasona Light Rail Line, Spare the Air Days, and major downtown San Jose events.

Mr. Tolosa provided a report on Operating Expense and Revenue (unaudited), highlighting: 1) preliminary total transit operating expense increased 6.8 percent to \$245.1 million compared to last year; 2) preliminary expenses for supplies and services,

which constitute 21 percent of the overall costs, increased 16.9 percent; 3) wages increased 3.6 percent; and 4) benefits increased 5.6 percent. Overall, the cost of labor increased 4.6 percent, which was primarily due to increase in contractual obligations. VTA's estimated fare revenue collected was \$34.3 million, which is an increase of 7.1 percent.

Mr. Tolosa referred to Key Performance Indicators and noted that the miles between chargeable accidents and daily service reliability performance continued to exceed established goals. Bus and light rail miles between major mechanical schedule losses decreased 12.3 percent due to increases in mechanical breakdowns of about 17.4 percent compared to last year. VTA's light rail on-time performance declined 4.9 percent

compared to last year primarily due to the single-track operation between the Convention Center and Virginia Light Rail Station required to support the Highway 87 High Occupancy Vehicle (HOV) lanes project. Bus on-time performance was 90.3 percent, which was down from last year's 94.0 percent.

Mr. Tolosa referred to Paratransit and noted that ridership increased 7.5 percent. FY 2006 was the first complete year that VTA provided free transportation for eligibility interviews and appeals. The net cost per Paratransit passenger trip was \$25.53.

Mr. Tolosa referred to Contracted and Inter-Agency Services and noted that the Altamont Commuter Express (ACE) shuttle ridership increased 6.6 percent and light rail shuttle ridership increased 76.2 percent.

Upon query of Mr. Grace, Mr. Tolosa noted that VTA provided MTC ridership information with regards to Spare the Air Days.

On order of Chairperson Sandoval, there being no objection, the FY 2006 Preliminary Annual Transit Operations Performance Report (July 1, 2005 – June 30, 2006) was reviewed.

15. Monthly Legislative History Matrix

Kurt Evans, Government Affairs Manager, reported that Congress has reconvened after a month long summer recess and would be in session until the end of September, beginning of October 2006, and then they will recess again, so the Members can go back to their jurisdictions and campaign for re-election. There is a very short window to work on major pieces of legislation, so clearly they will not finish all of their work before leaving town. Therefore, the Leadership is already talking about reconvening a "lame duck" session of Congress shortly after the elections to try to wrap up whatever work is still outstanding.

Mr. Evans noted that currently the focus is on Homeland Security issues. Last week the Senate passed a major Port Security Bill, and buried in the bill is an authorization of \$4.6 billion for mass transit and rail security grants. The House has been debating border security issues. The House and Senate are currently at a major impasse in terms of comprehensive immigration reforms. Mr. Evans reported that none of the FY 2007 appropriations bills are done and there may be some efforts to try to get defense and Homeland Security done before Congress adjourns for the elections. Everything else will be pushed back until after the elections, including transportation. He noted that we have been in a "wait-and-see" mode with transportation appropriations since July 2006, and will probably continue to be in that mode until after the elections.

Mr. Evans reported that the State Legislature has completed its work and so now the spotlight is focused on, "What is the Governor going to do with the pile of bills that

lawmakers dumped on his desk?” There are a number of bills that are being watched, and the Governor has until the end of September 2006 to act. Mr. Evans directed attention to the Monthly Legislative History Matrix and noted that it contained bills that did not make it through the process and bills that are on the Governor’s desk.

Member Cortese inquired about which programs would be funded through the transportation infrastructure bonds and how much money Santa Clara County could expect to receive. Mr. Evans noted that he would provide a report back.

Upon query of Vice Chairperson Chu, Mr. Evans noted that the Governor would probably veto Assembly Bill (AB) 2444 – Bay Area Vehicle Registration Surcharge, and would probably sign AB 2520 – Omnibus Transportation Bill and AB 1699 – Commuter and Intercity Train Operations.

Mr. Grace expressed anticipation in seeing what the Governor has planned for California.

On order of Chairperson Sandoval, there being no objection, the Monthly Legislative History Matrix was reviewed.

16. Report regarding the September 13, 2006 Committee for Transit Accessibility (CTA) Meeting

Mr. Morrow reported that at the September 13, 2006, CTA meeting, at the request of CTA, staff provided a presentation on the Federal Transit Administration (FTA) 2003-2004 reporting requirements on operation and overhead cost allocations. He indicated that VTA informed CTA that in 2003-2004 there was a change to the FTA requirements. CTA expressed concern that the change did not have adequate public input and was disappointed that the public was not getting adequate time to express their concerns on how cost allocations are reported. Mr. Morrow referred to overhead charging against the Paratransit project and indicated that CTA would like to review

overhead charges to the Paratransit program broken down by department. He believes that since VTA is conducting the COA and Organizational and Financial Assessment, the majority of the issues may be flushed out in the future when the Board of Directors receives feedback from the consultants. He noted that he is a big proponent of clean and fair government.

On order of Chairperson Sandoval, there being no objection, the Report regarding the September 13, 2006 CTA Meeting was received.

17. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

18. Committee Work Plan

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

20. Chairperson's Report

Chairperson Sandoval thanked Ms. Alaniz and staff for doing an outstanding job on the APTA Conference. She noted that the City of San Jose and VTA are the host sponsors of the Conference.

CONSENT AGENDA (continued)

4. Minutes of August 16, 2006

M/S/C (Chu/Cortese) to approve the Minutes of August 16, 2006.

OTHER ITEMS (continued)

21. Determine the Consent Agenda for the October 5, 2006 Board Meeting

CONSENT: Item #5. Review the Community Bus Implementation Plan and **Item #7.** Approve the 2007 Mini Short Range Transit Plan.

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

REGULAR: Item #6. Augment the FY 2007 Capital Budget by \$5,300,000, and authorize the General Manager to purchase up to 25 additional small-capacity buses and support equipment in the amount of \$5,300,000 using a contract awarded by the State of California pursuant to Public Contract Code Section 20301, which requires all capital expenditures over \$25,000 to be let to the lowest responsible bidder, and Public Contract Code Section 10299(a), which authorizes local agencies to contract with suppliers awarded contracts by the State without further competitive bidding and **Item #9.** Review the Draft Core Principles for the Transit Sustainability Policy and Comprehensive Operations Analysis.

22. Announcements

There were no Announcements.

23. **ADJOURNMENT**

On order of Chairperson Sandoval, there being no objection, the meeting was adjourned at 6:19 p.m.

Respectfully submitted,

Tracene Y. Crenshaw, Board Assistant
VTA Board of Directors