

Transit Planning & Operations Committee

Thursday, February 19, 2009
4:30 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 Minutes of January 15, 2009.

REGULAR AGENDA

- 5.** Receive a report regarding the February 11, 2009 Committee for Transit Accessibility Meeting. (Verbal Report) (Morrow)
- 6.** ACTION ITEM - Authorize the General Manager to execute a Cooperative Funding Agreement with the Alameda County Flood Control District for engineering design services related to the Agua Caliente Creek Culvert. The proposed agreement will be for \$300,000, of which VTA's share is not to exceed \$150,000.

OTHER ITEMS

7. INFORMATION ITEM - Review and discuss the revised Joint Development Program policy framework.
8. INFORMATION ITEM - Receive the 2000 Measure A Semi-Annual Report.
9. INFORMATION ITEM - Receive the Transit Operations Performance Report: 2009 Second Quarter (July 1, 2008-December 31, 2008).
10. INFORMATION ITEM - Receive Quarterly Marketing Report, Quarter 2, FY09.
11. Receive a report on the January 2009 Monthly Ridership and Fare Revenue Performance. (Verbal Report)
12. Items of Concern and Referral to Administration.
13. Review Committee Work Plan. (D. Smith)
14. Committee Staff Report. (D. Smith)
15. Chairperson's Report. (Sellers)
16. Determine Consent Agenda for the March 5, 2009 Board of Directors Meeting.
17. **ANNOUNCEMENTS**
18. **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: board.secretary@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/>.

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.**



Transit Planning & Operations Committee

Thursday, January 15, 2009

MINUTES

CALL TO ORDER

The Regular Meeting of the Transit Planning and Operations (TP&O) Committee was called to order at 4:32 p.m. by Chairperson Sellers in Conference Room B-104, Valley Transportation Authority (VTA), 3331 North First Street, San Jose, California.

1. ROLL CALL

| Attendee Name | Title | Status | Arrived |
|-----------------|------------------|---------|-----------|
| Dominic Caserta | Board Member | Present | |
| Ash Kalra | Board Member | Present | 4:50 p.m. |
| Dolly Sandoval | Board Member | Present | |
| Greg Sellers | Chairperson | Present | |
| Chris Moylan | Alternate Member | Absent | |
| Nora Campos | Alternate Member | Absent | |
| Chuck Page | Alternate Member | Absent | |
| Bob Livengood | Alternate Member | Absent | |

***Alternates do not serve unless participating as a Member.**

A quorum was present.

2. PUBLIC PRESENTATIONS:

There were no Public Presentations.

3. ORDERS OF THE DAY

M/S/C (Caserta/Sandoval) to accept the Orders of the Day.

CONSENT AGENDA

4. Minutes of December 18, 2008

M/S/C (Sandoval/Caserta) to approve the Minutes of December 18, 2008.

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

REGULAR AGENDA

5. Elect Standing Committee Vice Chairperson

M/S/C (Sandoval/Sellers) to elect Member Dominic Caserta as Vice Chairperson for calendar year 2009.

6. Report from the Committee for Transit Accessibility (CTA) Meeting

Jim Unites, Committee for Transit Accessibility (CTA) Staff Liaison, provided a brief report of this month's CTA meeting. He reported CTA conducted election of officers for 2009: Aaron Morrow was re-elected Chairperson, David Julian was re-elected first Vice Chairperson and Sandy Gouveia was elected second Vice Chairperson.

The committee reviewed the Annual Transit Service Plan.

On Order of Chairperson Sellers and there being no objection, the report from the Committee for Transit Accessibility Meeting was received.

7. Contract for Armed and Unarmed Security and Protective Services

Michael Hursh, Deputy Director for Maintenance and Security, stated Securitas Security Services USA, Inc. is VTA's current security contractor. The current contract with Securitas will expire on February 28, 2009. VTA issued a Request for Proposals (RFP) for security and protective services on September 12, 2008. Ten formal written proposals were received. The proposals were reviewed by a six-member Review Board. Based on the evaluation of the written proposals, four firms were invited for oral interview. After concluding the oral interview, the Review Board recommended the selection of AlliedBarton Security Services. AlliedBarton Security Services in addition to being extremely well qualified also submitted the lowest price proposal. A detailed itemization of AlliedBarton's qualifications is contained in the Board memo.

The term of the contract is three years, in the amount of \$11,065,000, and contains two one-year extensions in the amount of \$7,876,000. The total amount of contract is \$18,941,000.

Mr. Hursh stressed, that due to the recent BART shooting, security is a very serious matter that VTA had to review carefully with the Sheriff's Unit, Securitas and AlliedBarton.

Member Sandoval requested the differences between AlliedBarton and Securitas besides the price difference. Mr. Hursh responded the main difference was AlliedBarton's experience in transit.

Member Sandoval also asked (because of the BART shooting) if the security officers have been receiving any negative feedbacks from our clientele. Captain Robert Schiller

of Protective Services responded there were a few negative comments made to Deputy Sheriffs.

Member Sandoval asked if security will be run by VTA or through the BART system. If it is through BART, what impact can we have on their policies and procedures?

Mr. Michael T. Burns, General Manager, responded that details of the contract will be worked out according to VTA's agreement with BART. He will assure it is consistent with their organizational standards.

M/S/C(Sandoval/Caserta) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with AlliedBarton Security Services to provide armed and unarmed security and protective services for all VTA facilities, selected transit centers, light rail station platforms, and bus and light rail vehicles. The term of the contract is three years with two one-year options in the amount of \$11,065,000 for the first three years of the contract, which includes a one-time cost of \$85,000 for orientation and transitional expenses, 3% of direct labor cost for overtime and holidays per year, and \$30,000 per year for expenses due to unanticipated events requiring additional security services. Further, authorize the General Manager, at his discretion, to exercise the two one-year options for an amount of \$7,876,000 for the optional fourth and fifth years of the contract, which also includes 3% of direct labor for overtime and holidays per year, and \$30,000 per year for unanticipated events. If the option years are executed, the total amount of this contract is \$18,941,000.

8. Highway-Based BRT Alternatives Analysis Contract Award

Kevin Connolly, Transportation Planning Manager, stated the contract is for consulting services to complete the Express Bus Study. The official name is the Highway-Based Bus Rapid Transit Alternatives Analysis and the shorthand name is the Express Bus Business Plan. The term of the contract is for two years for a total value not to exceed \$750,000.

Three proposals were received on September 2008 from the following: 1) Jacobs Engineering Group Inc.; 2) Transportation Management & Design, Inc.; and 3) Nelson/Nygaard Consulting Associates, Inc.

All three firms were very competitive in terms of price. Jacobs Engineering was the highest bidder, but since that time, VTA had negotiated with them in terms of scope and had brought the cost down to \$700,000. VTA is seeking \$750,000 which includes contingency.

Member Caserta asked if there is a particular reason why we went with Jacobs Engineering versus the other two firms. Mr. Connolly responded they are the most qualified and in discussions, negotiated to reduce the cost.

Chairperson Sellers asked if we are looking at fare structures (the fare structures are different on the express buses). Mr. Connolly responded our express bus service is priced differently. VTA will be looking at fare structures which are a concern by some existing express riders as well as VTA's potential market.

Mr. Burns commented the study will also address how VTA can help and work with private employers that are providing express bus and shuttle services.

M/S/C (Caserta/Sandoval) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with Jacobs Engineering Group, Inc., for consulting services to complete an Express Bus Study (Highway-Based Bus Rapid Transit Alternatives Analysis). The contract shall be for a two-year period for a total contract value not to exceed \$750,000.

9. Measure B Rail Projects – Joint Use and Maintenance Agreements with California Department of Transportation

Mark Robinson, Chief Engineering and Construction Officer, stated in 1996, the Measure B Rail Projects included the Tasman East, Capitol and Vasona Light Rail extensions. The California Department of Transportation (Caltrans) shared with VTA their rights-of-way where they don't anticipate any future improvements. This allowed VTA to build certain infrastructure for the rail projects within their right-of-way. We have reached agreement with Caltrans that will establish the long-term maintenance responsibilities and use of shared properties and facilities. There's no cost exchange. The facilities located in the state right-of-way.

M/S/C (Sandoval/Caserta) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute Joint Use and Maintenance Agreements with the California Department of Transportation establishing maintenance responsibilities and use of properties and facilities related to the 1996 Measure B Rail Projects.

10. Caltrain South County Improvements - Contract Award for Construction of UPRR Grading and Crossing Improvements

Mark Robinson, Chief Engineering and Construction Officer, stated the contract is for construction of Union Pacific Railroad (UPRR) grading and crossing improvements. Construction is scheduled to begin in March 2009. The UPRR tracking and signaling work will begin after the completion of the grading and drainage construction. All activities are scheduled to be completed in August 2011.

There are six contractors who submitted bids. Pavex Construction submitted a low bid amount of \$13,167,925. Staff recommends award of this contract to Pavex Construction, the lowest responsible bidder.

Member Ash Kalra arrived at 4:50 p.m.

Member Sandoval asked why bidders' estimates are lower than the Engineer's estimate. Mr. Robinson responded the Engineer's estimates are not catching up with the current environment. There are also limited construction projects available in the market because of the economy.

Member Sandoval also asked when the estimates for this project were completed. Mr. Robinson responded the project was advertised in early 2008. There were a number of changes from UPRR during the advertisement period that modified the design that is why VTA pushed out the bid opening date.

Chairperson Sellers noted there are challenges in the last minute changes with UPRR. He queried on VTA's working relationship with UPRR. Mr. Robinson responded VTA has a positive working relationship with UPRR field operations. There are challenges when working with the design group.

Chairperson Sellers also asked how the High Speed Rail Project (HSRP) plans will affect the double track improvements. Mr. Robinson responded the HSRP plans were not in conflict with the improvements.

M/S/C(Caserta/Sandoval) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with Pavex Construction, the lowest responsible bidder, in the amount of \$13,167,925 for the construction of grading and track crossing improvements along the Union Pacific Railroad corridor between San Jose and Gilroy.

OTHER ITEMS

11. 1996 Measure B Transportation Improvement Program Progress Report-December 2008

Mark Robinson, Chief Engineering and Construction Officer, provided a report on the 1996 Measure B Transportation Improvement Program for December 2008. He stated we have completed the projects and what are remaining are closeout items, litigation issues with contractors and right-of-way transfers with third party interest. He referred to page 1-5 of the report which lists the close out challenges as follows:

- § Hamilton Overcrossing MSE (Mechanically Stabilized Earth) Wall Stabilization
- § Right-of-Way Transfers/Exchanges on Vasona Project - the San Jose City Council had authorized their staff to execute the exchanges we have remaining on the Vasona project. We will be able to close this in March 2009.
- § Route 85/101 (N) Interchange Right-of-Way Retrial - new trial is expected to begin in late summer 2009.
- § Route 87 HOV (N) Contractor Lawsuit - reached settlement yesterday, January 14th.
- § Route 87 HOV (S) Contractor Claim - resolution of the contractor's claim and final closeout remain.
- § Maintain Combined Biological Mitigation Site

On Order of Chairperson Sellers and there being no objection, the 1996 Measure B Transportation Improvement Program Progress Report for December 2008 was received.

12. **December 2008 Monthly Ridership and Fare Revenue Performance Report**

Joonie Tolosa, Manager, Operations Analysis and Reporting, provided a report on the December 2008 Ridership and Fare Revenue Performance which highlighted the following: System ridership: increased by 8% compared to same period in 2007, FYTD average weekday ridership increased by 8.7%; Bus ridership: FYTD average weekday ridership increased by 8.9% (highest for December since 2002); Light Rail ridership: FYTD average weekday ridership increased by 8.1%; and Fare revenue: increased by 1.9% for December, FYTD increased by 3.6%.

Mr. Tolosa noted there were 2 more weekdays in December 2008 than in December 2007.

On Order of Chairperson Sellers and there being no objection, the December 2008 Monthly Ridership and Fare Revenue Performance Report was received.

13. **Items of Concern and Referral to Administration**

There were no Items of Concern and Referral to Administration.

14. **Committee Work Plan**

On Order of Chairperson Sellers and there being no objection, the Committee Work Plan was reviewed.

15. **Committee Staff Report**

Dan Smith, Chief Operating Officer provided a report on the Green Program noting the complete installation of weather based irrigation controllers on Almaden, Oakridge, Santa Teresa, Cottle and Snell Light Rail Stations. They are currently working to install new controllers at Blossom Hill and Ohlone-Chynoweth; the installation of new sprinkler heads at all Park & Ride locations is on schedule; anticipate that installations will save 12 million gallons of water each year; and the reduced water usage will save approximately \$37,000 per year.

At VTA's request, Captain Robert Schiller is arranging self defense training for fare inspectors. Mr. Smith reported on the results of the two fare inspections details they had conducted. 1) Between Japan town Ayer Light Rail Station and Civic Center Light Rail Station - the results included: a) the inspectors had issued 24 citations for fare evasion; b) they found one run away juvenile who was turned over to authorities; 3) ten people run without paying fare; and 4) one evicted from the train. 2) Between Fruitdale Station Light Rail Station and Diridon Light Rail Station - the results included: a) the inspectors found 36 passengers without fare: b) they had issued 32 citations and 6 warnings: c) three passengers were evicted from trains; d) one arrest made for outstanding warrant; e) they confiscated some 2009 false ECO passes.

The Annual Transit Service Plan information is on the VTA website; brochures are being distributed on buses which describe the plan and schedule of community meeting. Mr. Unites completed briefing with all advisory committees on the plan. The Policy Advisory Committee (PAC) requested a listing of proposals by cities and will be sent to PAC members via email.

16. Chairperson's Report

Chairperson Sellers thanked Member Sandoval for appointing him Chairperson of the Transit Planning and Operations Committee. He stated he had met with VTA staff to discuss various issues and it was very helpful and very informative. He recommended Member Kalra meet with VTA staff as well and make sure all his questions are answered.

17. Consent Agenda for the February 5, 2009 Board of Directors Meeting

Consent:

Item #8, Authorize the General Manager to execute a contract with Jacobs Engineering Group, Inc., for consulting services to complete an Express Bus Study (Highway-Based Bus Rapid Transit Alternatives Analysis). The contract shall be for a two-year period for a total contract value not to exceed \$750,000.

Item #9, Authorize the General Manager to execute Joint Use and Maintenance Agreements with the California Department of Transportation establishing maintenance responsibilities and use of properties and facilities related to the 1996 Measure B Rail Projects.

Item #10, Authorize the General Manager to execute a contract with Pavex Construction, the lowest responsible bidder, in the amount of \$13,167,925 for the construction of grading and track crossing improvements along the Union Pacific Railroad corridor between San Jose and Gilroy.

Regular:

Item #7, Authorize the General Manager to execute a contract with AlliedBarton Security Services to provide armed and unarmed security and protective services for all VTA facilities, selected transit centers, light rail station platforms, and bus and light rail vehicles. The term of the contract is three years with two one-year options in the amount of \$11,065,000 for the first three years of the contract, which includes a one-time cost of \$85,000 for orientation and transitional expenses, 3% of direct labor cost for overtime and holidays per year, and \$30,000 per year for expenses due to unanticipated events requiring additional security services. Further, authorize the General Manager, at his discretion, to exercise the two one-year options for an amount of \$7,876,000 for the optional fourth and fifth years of the contract, which also includes 3% of direct labor for overtime and holidays per year, and \$30,000 per year for unanticipated events. If the option years are executed, the total amount of this contract is \$18,941,000.

18. ANNOUNCEMENTS

There were no announcements.

19. ADJOURNMENT

On Order of Chairperson Sellers and there being no objection, the meeting was adjourned at 5:10 p.m.

Respectfully submitted,

Yolanda L. Cruz, Assistant Board Secretary
VTA Board of Directors



Date: February 10, 2009
 Current Meeting: February 19, 2009
 Board Meeting: March 5, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Transit Planning & Operations Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Engineering & Construction Officer, Mark S. Robinson

SUBJECT: Freight Railroad Relocation – Cooperative Funding Agreement with the Alameda County Flood Control District for Design of Agua Caliente Creek Culvert

Policy-Related Action: No

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to execute a Cooperative Funding Agreement with the Alameda County Flood Control District for engineering design services related to the Agua Caliente Creek Culvert. The proposed agreement will be for \$300,000, of which VTA's share is not to exceed \$150,000.

BACKGROUND:

In December 2002, VTA purchased right-of-way from the Union Pacific Railroad (UPRR) for use as a transportation corridor extending approximately 15 miles from Fremont to San Jose. VTA has defined certain activities, identified as Freight Railroad Relocation (FRR) activities, which will fulfill VTA obligations under the Purchase and Sale Agreement with UPRR and eliminate ongoing freight operations on VTA property.

Agua Caliente Creek culvert crosses the VTA-purchased right-of-way approximately 4,500 feet south of Grimmer Boulevard in the City of Fremont.

Under a separate project, the Alameda County Flood Control District (ACFCD) is planning improvements to address flooding concerns in and around Agua Caliente Creek which would affect the FRR work planned by VTA at this same location.

DISCUSSION:

The existing Agua Caliente Creek Culvert under the VTA right-of-way and adjacent UPRR right-of-way lacks the capacity for passing the 100-year flood. Under existing conditions during such a flood, the flood flow inundates the VTA right-of-way and UPRR tracks. The proposed SVRT guideway, when completed, is designed to withstand the 100-year flood condition. The guideway design includes the installation of cross-drain pipes crossing the VTA right-of-way to allow the floodwaters across the corridor. In this design, 31 cross-drains each with a 2-foot diameter spaced at 25 foot intervals would be used. The construction cost estimate using this design approach is \$1.0 million. Although the design addresses the VTA right-of-way flooding issues, properties upstream and downstream of these improvements in the proximity of Agua Caliente Creek Culvert will continue to be inundated by flooding during a major flood event.

To coordinate the FRR design and to achieve other mutual benefits, VTA is proposing to enter into a Cooperative Funding Agreement with ACFCD for the design development of an Agua Caliente Creek Culvert alternative design. The alternative design will replace the current guideway design and consists of a micro-tunnel culvert of Agua Caliente Creek from the west side to the east side of UPRR's Warm Springs Yard. Pursuant to the Cooperative Funding Agreement, design development will be completed for this improvement that satisfies the objectives of the ACFCD and VTA's railroad relocation obligations to UPRR. To maintain effective progress on the Agua Caliente Creek Culvert improvements, ACFCD has requested that VTA lead the engineering design development activities for the coordinated improvements.

Provided the Cooperative Funding Agreement is approved, design of the Agua Caliente Creek Culvert will be performed by HNTB Corporation under an amendment to its existing Surface Guideway Design and Engineering Services contract with VTA.

Should the alternative design for Agua Caliente Creek, once completed, prove to be cost effective and mutually beneficial to VTA and ACFCD, a future amendment to the Cooperative Funding Agreement, or a separate Cooperative Agreement, would be required to address construction activities and costs. Such an amendment or Cooperative Agreement would be brought to the VTA Board for approval.

ALTERNATIVES:

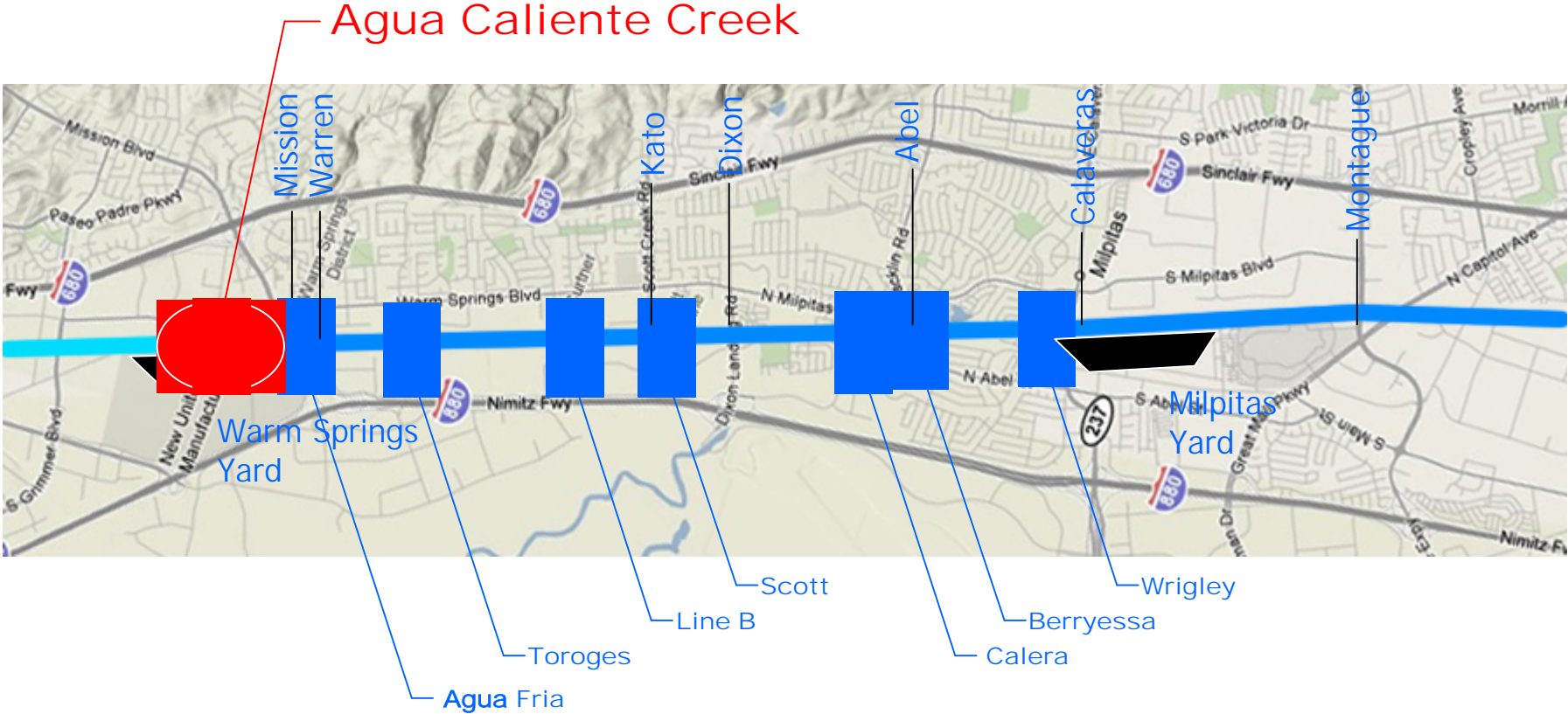
The VTA Board may decide to not enter into an agreement with ACFCD and continue with the current design approach, but by not implementing this cost sharing agreement and its potential design alternative, the local area would miss an opportunity to significantly improve the current flooding conditions.

FISCAL IMPACT:

Appropriation for this Cooperative Funding Agreement is included in the Adopted FY09 2000 Measure A Transit Improvement Program Fund Capital Budget. Funding for the expenditures will be provided by ACFCD (\$150,000) and 2000 Measure A (\$150,000).

Prepared by: John Donahue

Freight Railroad Relocation Creek Crossings





Date: February 10, 2009
 Current Meeting: February 19, 2009
 Board Meeting: April 2, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Transit Planning & Operations Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief CMA Officer, John Ristow

SUBJECT: Revised Joint Development Policy

Policy-Related Action: Yes

Government Code Section 84308 Applies: No

INFORMATION ITEM

RECOMMENDATION:

Review and discuss the revised Joint Development Program policy framework

BACKGROUND:

The Santa Clara Valley Transportation Authority (VTA) has an extensive portfolio of real estate assets, many of which are underutilized at present. The Joint Development Program, operating under the Congestion Management Agency (CMA) Division of VTA, is responsible for managing the process by which development on these underutilized sites occurs. To govern the activities of the Joint Development Program, the VTA Board of Directors approved a Joint Development Policy at its January 2005 meeting and approved and amended this policy at its May 2007 meeting.

Subsequently, in January 2009, the Board adopted the Santa Clara Valley Transportation Plan 2035 (VTP 2035). This is a strategic plan intended to position VTA, as the CMA of Santa Clara County, so that it can effectively respond to projected population growth, changes in land use patterns, transportation costs, environmental degradation and energy use over the next 25 years. Six major categories of programs are put forward in *VTP 2035*, and 14 funding sources are identified to carry out these programs. Of these funding sources, the Joint Development Program is projected to provide \$554 Million in revenue toward VTA transit and transportation projects over the 25-year duration of VTP 2035.

DISCUSSION:

To meet the substantial financial expectations of the *VTP 2035*, the Joint Development Program must be guided by a stronger foundation of policies and procedures. As such, VTA staff proposes to replace the existing Joint Development Policy with a set of guidance documents that delineates more focused objectives for the Joint Development Program, is more comprehensive in topic, and offers greater consistency to industry standards in the arena of public private real estate development than does the existing Joint Development Policy. The sole intention of these revisions is to improve the functioning of the Joint Development Program so that VTA can effectively fulfill the program's important mission.

A. Proposed Revisions

VTA staff proposes to replace the existing Joint Development Policy in its entirety with a new set of guidance documents for the Joint Development Program consisting of the following:

- 1) *Preamble*: This document provides an overview of the Joint Development Program and the structure of the policy framework governing the program.
- 2) *Joint Development Policy (Part I)*: This document sets forth the fundamental principles that will guide the Joint Development Program.
- 3) *Joint Development Implementation Plan (Part II)*: Expanding upon the core principles articulated in the *Joint Development Policy*, this document outlines the sequence of steps that will be taken by the Joint Development Program so as to effectuate joint development on VTA's real estate assets in an effective and efficient manner.

These documents are collectively referred to as the Joint Development *Guidance Documents*. Drafts of the proposed Guidance Documents are attached to this memo.

B. Key Elements of Proposed Guidance Documents

The proposed *Joint Development Policy* encapsulates the core principles of the Joint Development Program in a concise but comprehensive new Mission Statement:

“The mission of VTA’s Joint Development Program is to provide appropriate stewardship of VTA’s publicly-owned real estate assets by maximizing their respective economic values through consensus-driven, site-appropriate development that also increases transit ridership, creates vibrant community assets and enhances the long-term life of VTA’s facilities.”

The Mission Statement is buttressed by three clear Goals of the Joint Development, all of which are defined in greater detail through an associated series of Objectives:

- 1) *Revenue*: To provide a long-term, stable source of revenue for VTA;

2) *Transit-Oriented Development*: To carry out transit-oriented development, where appropriate; and

3) *Transit Operations*: To create development that results in ridership growth and/or infrastructure improvements.

While each of the above stated goals may be found in prior Board actions related to the Joint Development Program, the emphasis in the proposed *Joint Development Policy* is to create a competitive financial return for the Agency through the astute development of its valuable real estate assets. In fact, the new *Policy* prioritizes the three articulated Goals, in the order presented above.

The prioritization of the three Goals in this manner is necessary to appropriately position the Joint Development Program in a direction envisioned by the VTA Board when it adopted the VTP 2035. This repositioning of emphasis for the program will more effectively enable VTA to generate long term revenue from its underutilized real estate assets that can be reinvested in the core functions of VTA, as later determined by the VTA Board and management. Moreover, fair market revenue generation from VTA's real estate assets is consistent with the Federal Transit Authority's policies on joint development as well as VTA's fiduciary role as a steward of public assets.

Importantly, the *Guidance Documents* also enunciate comprehensive standards and protocols related to the other goals of the Joint Development Program noted above. For instance, along with the *Implementation Plan*, the new *Policy* specifies various standards which must be met to ensure that transit-oriented development consistent with local land use regulations and VTA's operational needs is pursued. Further, the documents outline a thorough process which must be undertaken for any joint development project pursuant to which staff must solicit input from local jurisdictions and other stakeholders on proposed development concepts prior to engaging developers so that consensus is built early on proposed projects. The new *Guidance Documents* also include several important tools for appropriately assessing and managing VTA's joint development assets and strengthening its organizational commitment to the Joint Development Program through the creation of internal management advisory groups and inter-departmental project teams as well as an appropriate allocation of funding and staff resources.

C. Summary

The intent of staff's proposal is to create an improved, more focused policy foundation for the Joint Development Program. VTA's expectations for the Joint Development Program, as articulated in the VTP 2035, are ambitious. To meet these expectations, VTA at all levels must take actions that are clear and consistent. The proposed *Guidance Documents*, if adhered to, will enable VTA to implement the Joint Development Program out with the highest standards of professionalism while meeting the financial expectations of the VTP 2035 and creating vibrant community assets for local jurisdictions and the general public.

Staff welcomes feedback from committee members on the proposed Joint Development Guidance Documents.

FISCAL IMPACT:

There are no negative fiscal impacts related to revising the existing Joint Development Policy. In fact, as proposed by staff, the new policy framework will better enable the Joint Development Program to generate the significant revenue envisioned in the VTP 2035.

Prepared by: Bijal Patel

DRAFT 02-04-09

**VTA JOINT DEVELOPMENT PROGRAM
GUIDANCE DOCUMENTS**

PREAMBLE

The Santa Clara Valley Transportation Authority (VTA) has an extensive portfolio of real estate assets, many of which are underutilized and/or have potential for transit-oriented development. VTA recognizes the importance of developing these real estate assets, as is reflected in the agency's creation and ongoing support of the Joint Development Program (JDP). Operating under the CMA division of VTA, the JDP has primary organizational responsibility for managing the process by which development on VTA's real estate assets occurs.

To ensure the success of the JDP, the VTA Board of Directors has mandated this major organizational effort be guided in principle and procedure by the *Joint Development Policy* (Part I of the JDP Guidance Documents) and the *Joint Development Implementation Plan* (Part II of the JDP Guidance Documents), both as adopted on _____, 2009. These two documents, along with this *Preamble*, together replace in its entirety the previously adopted *Joint Development Policy* as last amended by the VTA Board of Directors on May 3, 2007.

The *Joint Development Policy* sets forth the fundamental principles that guide the JDP. This document articulates the primary goal of VTA's JDP as that of providing appropriate stewardship of VTA's real estate assets through maximization of their respective economic values. Secondary goals of the JDP are to create vibrant community assets in the form of transit-oriented development and enhance VTA's transit operations through improvements in ridership and infrastructure. All of these goals shall be accomplished through a consensus-driven, site-appropriate development process which includes both comprehensive intra-agency coordination and extensive collaboration with external stakeholders both interested in and affected by VTA's JDP.

The *Joint Development Implementation Plan*, which comprises Part II of this document, lays out procedures which expand upon the core principles articulated in Part I. Together, these principles and procedures outline an intentioned path for VTA staff to follow so as to achieve success for the JDP. Starting with priority-setting of VTA's joint development assets, this path includes procedures for collaborative identification of site-appropriate development concepts, competitive developer selection processes, and industry standard legal instruments for effective public-private partnerships with selected developers. The *Joint Development Implementation Plan* also specifies VTA processes to ensure intra-agency consultation and guidance, collaboration with affected localities, and an open public participation process.

PART I: JOINT DEVELOPMENT POLICY**I. MISSION STATEMENT**

The mission of VTA's Joint Development Program is to provide appropriate stewardship of VTA's publicly-owned real estate assets by maximizing their respective economic values through consensus-driven, site-appropriate development that also increases transit ridership, creates vibrant community assets and enhances the long-term life of VTA's facilities.

II. GOALS

The goals of the Joint Development Program are set forth below, in priority order. These goals and their respective priorities shall inform the entire arc of development pursued under the Joint Development Program and, in instances where a conflict appears either among these goals or between these goals and the interests of stakeholders, shall govern VTA's actions.

- A. Revenue. To provide a long-term, stable source of revenue for VTA by obtaining fair market value on the sale or lease of its real property assets through an open and competitive development process.
- B. Transit-Oriented Development. To carry out transit-oriented development, where appropriate, that provides the highest and best use of each site, conforms to the regulations of the affected jurisdiction in which the site is located and achieves the goals set forth in VTA's Community Design and Transportation Manual for high quality design and community benefits.
- C. Transit Operations. To create development that results in ridership growth on VTA's multi-modal transit system and/or enhances VTA's operational infrastructure.

DRAFT 02-04-09**III. OBJECTIVES**

The aforementioned Goals shall be met through implementation of the following Objectives, as each may be further articulated in Part II, the *Joint Development Implementation Plan*.

A. REVENUE

1. Return on Investment. For each Joint Development asset, VTA shall achieve a rate of return over the life of the asset that is competitive in the market and reflects fair market value.
2. Participation in Asset Value Increase. For each Joint Development asset involving a long-term leasehold, VTA shall seek financial participation in the increase in the asset's value over time in the form of market competitive contractual mechanisms.
3. Use of Proceeds. Proceeds from the Joint Development Program shall be set aside in a special Joint Development Fund within the agency's fiscal organization and shall be appropriated for use from this fund as determined by the VTA Board of Directors through formal actions.

B. TRANSIT-ORIENTED DEVELOPMENT

1. High Density Development. Development projects pursued under the Joint Development Program shall strive to provide higher density at VTA's major transit nodes and the downtown or core areas of the local jurisdictions in which the projects are situated.
2. Local Land Use Policies. Development projects pursued under the Joint Development Program shall comply with all the review and approval policies and procedures of the local jurisdictions in which the respective projects are sited.
3. Stakeholder Interests. Development projects pursued under the Joint Development Program shall address stakeholder interests to the extent consistent with the *Joint Development Policy*.
4. Urban Design Standards. Development projects pursued under the Joint Development Program shall strive to incorporate the urban design concepts, principles and guidance set forth in VTA's *Community Design and Transportation Program*, the urban design standards of the localities with jurisdiction over them, and the "best practices" identified by industry leaders in transit-oriented development.
5. Site Circulation. Development projects pursued under the Joint Development Program shall incorporate efficient and safe vehicular and pedestrian circulation.

DRAFT 02-04-09**C. TRANSIT OPERATIONS**

1. Transit and Ridership Improvements. Development projects pursued under the Joint Development Program shall strive to include physical improvements and/or transit programs that encourage transit utilization of VTA's multi-modal transit services and increase long-term ridership.
2. VTA Operational Requirements. The Joint Development Program shall be implemented in a manner that is mindful of VTA's necessity to manage costs, maximize revenues and balance system expansion with the maintenance of existing service.
3. Replacement Parking. For any development project pursued at a VTA park-and-ride, a site-by-site analysis shall be undertaken to determine the appropriate level at which existing parking should be replaced.
4. Project Parking. Each development project shall provide parking commensurate with demand forecasts and smart growth principles resulting from site evaluation documents. These documents may include environmental impact reports, on-site and off-site parking analyses, shuttle and bus linkages, and non-physical solutions to parking that are consistent with local jurisdiction requirements.

IV. JOINT DEVELOPMENT REAL ESTATE ASSETS

The identification of appropriate real estate assets for Joint Development is a prerequisite to the successful fulfillment of the Joint Development Program. As such, the Joint Development Program shall generate and maintain management information tools that catalog the agency's extensive portfolio of real estate assets and identify those best suited for Joint Development within specified timeframes.

A. REAL ESTATE ASSET INVENTORY

VTA staff shall compile and maintain a comprehensive *Real Estate Asset Inventory* which identifies all real estate assets that are owned, leased or otherwise controlled by VTA and available for revenue generation through leasing, development or other asset disposition. This *Asset Inventory* shall include, for each asset, all reasonably ascertainable data on its respective location, size, physical features, current uses, planning constraints, and environmental characteristics. The *Real Estate Asset Inventory* shall be reviewed regularly by VTA staff and updated as significant information is made available with respect to any identified assets or as new assets are acquired by VTA.

DRAFT 02-04-09**B. JOINT DEVELOPMENT PORTFOLIO**

From the *Real Estate Asset Inventory*, VTA staff shall identify a subset of assets which have reasonable potential for Joint Development over time and shall categorize them into a *Joint Development Portfolio*. The assets in the *Joint Development Portfolio* will be reviewed and re-categorized as the *Real Estate Asset Inventory* is updated. Further guidance on the *Joint Development Portfolio* shall be set forth in the *Joint Development Implementation Plan*.

C. JOINT DEVELOPMENT PRIORITY SCHEDULE

From time to time but not less than every five years, VTA staff shall propose to the VTA Board of Directors a specific set of assets from the *Joint Development Portfolio* that have been evaluated through economic and other analyses and determined to hold the greatest potential to become an active development project for the VTA's Joint Development Program in the foreseeable future. The intention of the Priority Schedule is to target VTA's limited resources toward those assets which have greater certainty and capacity to generate revenue and meet the other goals set forth in this *Joint Development Policy*. The *Joint Development Priority Schedule* shall be developed through a participatory process with the local jurisdictions having land use control and subsequently proposed to the VTA Board of Directors for formal adoption and fiscal appropriation authority. VTA staff may initiate formal contractual negotiations for Joint Development assets not on the Priority Schedule only upon approval of an amendment to the Priority Schedule by the Board of Directors. Further guidance on the *Joint Development Portfolio* shall be set forth in the *Joint Development Implementation Plan*.

V. PARTICIPATORY PROCESS

The Joint Development Program shall carry out its activities so as to advance relationship-building with the wider communities affected by VTA's operations. The *Implementation Plan* provides further information on the various means through which the Joint Development Program shall solicit input from local jurisdictions and other stakeholders.

A. OUTREACH TO LOCAL JURISDICTIONS

VTA shall engage fully and collaboratively with the local jurisdictions in which VTA's Joint Development assets are located and will solicit input from the appropriate staff and decision makers of these jurisdictions with respect to land uses, development parameters, and other regulatory issues while balancing the necessity to meet the core goals associated of the Joint Development Program as outlined in this *Joint Development Policy*.

DRAFT 02-04-09**B. COLLABORATION**

The Joint Development Program shall employ all effective means to facilitate information-sharing, tap expertise and plan collaboratively with local jurisdictions and other agencies working to meet regional transit goals.

C. STAKEHOLDER INPUT

VTA shall endeavor to implement a participatory process for every Joint Development project so as to obtain maximum stakeholder input. To this end, VTA shall not, in most instances, propose to develop a Joint Development asset listed in the *Joint Development Priority Schedule* until the agency has gone thru a specific development strategy for that asset which includes adequate consultation with the community and other stakeholders. Further guidance on the participatory process shall be set forth in the *Joint Development Implementation Plan*.

VI. ORGANIZATIONAL COMMITMENT

Cooperation and teamwork throughout the VTA organizational structure are essential to the success of the Joint Development Program. VTA is committed to providing the requisite technical, legal and financial support necessary for performing the complex task of developing urban real estate assets under the Joint Development Program.

A. MANAGEMENT ADVISORY GROUP

Management of the various divisions within VTA shall provide regular input to the Joint Development Program on general activities as well as specific projects through a newly created Joint Development Advisory Group, led by the Joint Development Program.

B. INTRA-AGENCY SUPPORT

VTA's organizational functions shall provide technical information and administrative support to the Joint Development Program as needed, particularly with respect to the compilation and ongoing maintenance of the asset management tools outlined in Section IV of this *Joint Development Policy*.

C. PROJECT TEAM

Each significant Joint Development asset requiring VTA oversight and coordination will be assigned a Project Team assembled from the various technical and support units of the agency as required, under the coordination of a Joint Development Project Manager. The intent of the Project Team is to avoid unintended consequences to VTA's various functional divisions, conserve scarce agency funds and staff resources, and tap into the experience and expertise of the agency's staff so as to generate the best real estate solutions for each such asset.

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D. STAFF AND FUNDING RESOURCES

VTA recognizes that the development of complex real estate assets as contemplated in the Joint Development Program requires an initial investment of staff and financial resources and is committed to allocating such resources.

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JOINT DEVELOPMENT GUIDANCE DOCUMENTS PART II: IMPLEMENTATION PLAN

I. INTRODUCTION

The *Joint Development Implementation Plan* comprises Part II of the *Joint Development Guidance Documents*. Expanding upon the core principles outlined in Part I, the *Joint Development Policy*, this document summarizes the sequence of steps that will take place to successfully carry out the Joint Development Program.

As noted in the *Joint Development Policy*, the approach outlined in this *Implementation Plan* is intended to be consistent with the other policies and goals set herein; to be clear and uniform for all projects; to involve close communication and collaboration with affected jurisdictions; to follow a competitive developer selection process; to include “best practices” in the public-private contracting arena; and to be fair and transparent to developers, jurisdictions, markets and the public.

The *Implementation Plan* covers the following topics:

- A. The Real Estate Inventory (RE Inventory). A comprehensive summary of basic data on all VTA-owned or -leased sites, or those otherwise controlled by VTA, and which are available for revenue generation through leasing, development or other asset disposition.
- B. The Joint Development Portfolio (Portfolio). A subset of the *RE Inventory* and the established list of those VTA’s assets which have joint development potential.
- C. The Joint Development Priority Schedule (Priority Schedule). The official VTA document which sets forth a limited number of high-priority sites for development and which the Board formally adopts.
- D. The Development Strategy and Site Development Concept. To be generated for each site as it moves forward in the development process in a collaborative process with the affected jurisdiction, the public and others as appropriate.
- E. The Developer Selection Process. The process by which the VTA will solicit interest in developing specific sites, whether via Request for Qualifications, or Request for Proposal.
- F. The Exclusive Negotiating Agreement and the Disposition and Development Agreement (ENA and DDA). The legal agreements between VTA and the selected developer for any given project

- G. The *Post-Construction Review*. A staff review of the effectiveness of the process and procedures established for VTA Joint Development Projects

These are discussed in turn, as they represent a sequence of activities by VTA staff, management and the Board.

II. REAL ESTATE INVENTORY

VTA is the fee title holder of an extensive portfolio of real estate assets along key transit corridors in Santa Clara County. To enable their proper management and utilization, these assets will be catalogued in a comprehensive inventory referred to as the *Real Estate Inventory (RE Inventory)* in accordance with the procedures outlined below.

A. Compilation of *RE Inventory*

The *RE Inventory* will consist of all real property assets meeting the following criteria:

- i) is owned, leased or otherwise controlled by VTA; and
- ii) offers potential for revenue generation through leasing, joint development, sale, licensing or other asset disposition.

In addition to cataloguing each asset by the appropriate markers (e.g., location, type of property, parcel numbers, etc.), the *RE Inventory* will include a comprehensive summary of basic data pertinent to each asset. This data generally will consist of information that can be easily collected from existing external and internal sources (e.g., VTA files, title records, local land use regulations, internet tools, etc.). Examples of pertinent data for each asset include, without limitation, the following:

- iii) each location and ownership;
- iv) demographic profile,
- v) distance to public transit stations and/or stops,
- vi) summary statement of land use setting,
- vii) land use regulations that apply,
- viii) alternative transportation modes located within ½ mile of the sites,
- ix) the status of the site's availability for development and
- x) any known environmental constraints.

For ease of use and maximum access across the organization, VTA staff will make every effort possible to compile the *RE Inventory* using the most appropriate technological tools then available (e.g. GIS, SAP, PATH, and Excel).

A hard copy of the most current *RE Inventory* shall be incorporated by reference into this Implementation Plan as Exhibit ____.

B. Categorization of Assets

In addition to the above-mentioned compilation, the *RE Inventory* will segregate the assets into strategic “baskets” based upon preliminary assessments of their respective real estate potentials and/or anticipated uses by VTA staff. The goal of this categorization is to enable VTA staff to formulate site-appropriate real estate management plans for each of the catalogued assets, including without limitation, joint development in accordance with the Joint Development Guidance Documents, interim leasing and licensing pursuant to VTA’s leasing policies and procedures, and sale, transfer or other disposition as determined by VTA from time to time.

VTA Real Estate management will determine these categories, or “baskets,” and may rename, expand or altogether delete them as necessary from time to time. The initial baskets determined appropriate for the *RE Inventory* include the following:

1. Joint Development. This basket consists of those assets with potential for joint development, either in the near or long term. Special import will be given to those assets with strong transit-oriented development viability and/or long-term revenue potential through ground leasing or a joint venture development structure. Assets in this category may also include those which require value-added investment to be made to them prior to development. Value-added investment includes any pre-development or disposition work performed for an asset, such as site remediation or improvements, site assembly, facilities relocation, entitlement work and pre-design. A cost benefit analysis should be done prior to investment is made in any value added work for an asset. The assets in this basket will comprise the *Joint Development Portfolio* and are further discussed in Section III below.
2. Interim Leasing. This basket consists of those assets that have limited near term joint development potential, are currently available and/or significantly underutilized, do not warrant permanent disposition due to anticipated favorable, long-term market shifts, yet offer interim revenue potential through leasing, licensing or other asset management. These assets should be managed through VTA’s leasing policies and procedures in a manner that is industry competitive yet compatible with the organization’s core purposes.
3. Permanent Disposition. This basket is reserved for those assets that offer limited joint development potential, either because of their small sizes (which limit the economic viability of a public private partnership), the complexity of their local land use regulatory environments, difficult site attributes/constraints, or other factors affecting their development feasibility. These properties may be either disposed of for fair market value pursuant to VTA’s disposition policies and procedures or used for exchange of fair market value property with private or public entities as determined by the VTA through formal actions. Properties in this basket should not be considered for joint development once active disposition strategies

have been implemented without a thorough analysis at the staff level of such reconsideration.

4. Land Banking. Assets in this basket include those which do not readily fall into one of the above-mentioned categories due to any number of factors, including the insufficiency of information necessary to ascertain the asset's potential, contingency upon the occurrence of future events, planning efforts and/or capital projects, and anticipated favorable changes in the long term market dynamics relevant to the asset. Any asset in the Land Banking basket should be regularly assessed for its suitability for interim leasing and deployed on such a strategic plan as appropriate.

The attached Exhibit A illustrates the categorization of assets as described above.

The categorization of the assets described above is only a preliminary assessment of the respective assets' potential and not intended to be a final determination of their disposition. As such, the *RE Inventory* may place the same asset into multiple baskets if several disposition strategies appear viable, key data to narrow the categorization is not readily available, or further refinement is contingent upon the occurrence of future events, planning efforts or capital projects.

C. Updates to *RE Inventory*

The *RE Inventory* will be periodically reviewed and updated as necessary to reflect new acquisitions, sales, and other asset dispositions so as to ensure its accuracy and completeness to the maximum extent possible. The *RE Inventory* may be modified at staff level from time to time, as new information is learned about particular assets and/or to address VTA's changing real estate needs. Of critical import will be synchronization of the *RE Inventory* with VTA's planned system extensions and upgrades as well as key regulations governing any given site. New land use regulations and plans -- especially those affecting housing density and location and those affecting transit funding -- should be incorporated in the *RE Inventory*, including updated Regional Plans from the Metropolitan Transit Commission and the Association of Bay Area Government (which provides population projections that govern the "Housing Elements" of each jurisdiction's *General Plan* or *Special Area Plan*).

III. JOINT DEVELOPMENT PORTFOLIO

Undertaking a robust joint development program is a highly complex undertaking and requires a systematic plan of action. The starting point for such a plan of action is the basket of joint development assets catalogued in the *RE Inventory*. To truly understand their joint development potential, these assets must be analyzed further through an economic gauge. One industry standard gauge is a residual land value analysis to determine the market-based value of these assets for near-term development. Other economic methodologies may be used appropriate.

A. Initial Economic Analyses

First-level financial evaluations for the assets in the Joint Development Basket will be carried out to estimate what each given site would yield to VTA, financially, as expressed in *relative* terms. This task requires each site to be evaluated broadly for its general characteristics of development (such as height, density, parking requirements, etc.) and then by alternative development uses (residential housing, office, retail, and/or mixed-use). Parking requirements per type of development are also estimated.

From these typical prototypes, an estimate is generated on the potential cost at which the site could be developed for a given use at a given density. Overall land value is thus estimated. In addition, using recently published secondary data sources of the prices at which similar projects have sold, or rented, revenues are projected for each type of use at a given site. Comparing the costs with the revenues, a very broad-scale analysis of the residential land value is obtained. The result is not an actual figure, but a *relative* range of costs and a *relative* range of potential financial return to VTA for each development alternative.

For example, Site A may be evaluated for its potential to support (a) 20 units of housing at low-density with surface parking; compared to (b) 40 units of medium-density housing with a garage; or (c) 100 units of housing with underground parking. Construction costs will vary depending on the scenario. Prices will also vary on what a developer could sell housing units for, or in the case of rental housing, what rental rates could be charged. Through calculations that determine the resulting residual land value of various options, the VTA can estimate *relative* returns to the agency of different options. (NOTE: These estimates may differ from those that would result strictly from a land appraisal, as the theoretical scenarios that are evaluated consider such factors as the potential to alter zoning, change in housing density permitted, and other factors.)

As the evaluation process proceeds, VTA seeks early and continuous consultation and input from local regulatory agencies, the community and other stakeholders as identified. The iterations of these communications inform the final consideration of a site's potential.

Any newly acquired assets included in the *RE Inventory* Joint Development category are to be evaluated through similar economic methodology. Their respective residual land values shall be compared to the values obtained in the last analysis conducted for the previously categorized assets so as to inform the path on which the newly acquired assets should proceed in accordance with the steps outlined below.

B. CATALOGUING BY DEVELOPMENT PROTOTYPE

The residual land values and other economic analysis, if any, calculated above shall be used to refine the assets into a *Joint Development Portfolio*. This portfolio shall consist of only those assets that have identified to have true economic potential for joint development, either near or long term. In addition to the site specific data included in the

RE Inventory, the Joint Development Portfolio shall include the development prototypes likely to be suitable for the respective assets and shall catalog the assets according to these prototypes.

Similar to the RE Inventory, VTA staff will make every effort possible to compile and maintain the *Joint Development Portfolio* using the most appropriate technological tools then available (e.g., GIS, SAP, PATH, Excel).

A hard copy of the most current *Joint Development Portfolio* shall be incorporated by reference into this Implementation Plan as Exhibit ____.

C. Updates to *Joint Development Portfolio*

The *Joint Development Portfolio* will be periodically reviewed and updated as necessary, particularly when the *RE Inventory* is updated so as to ensure its accuracy and completeness to the maximum extent possible. The *Joint Development Portfolio* may be modified at VTA staff level from time to time, as new information is learned about particular assets and/or to address VTA's changing real estate needs.

IV. THE JOINT DEVELOPMENT PRIORITY SCHEDULE

From the *Joint Development Portfolio*, VTA staff will, from time to time, but not less than every five years, propose to the VTA Board a specific set of VTA real estate assets that will become the priority joint development sites for the organization, either because these sites warrant certain value-added investment to be made by VTA in the near term and/or these sites have been determined to hold the greatest potential for joint development project in the foreseeable future. The priority assets, as approved by the VTA Board, will comprise the *Joint Development Priority Schedule (Priority Schedule)*.

A. GOALS OF PRIORITY SCHEDULE

The primary intention of the *Priority Schedule* is to target VTA's limited resources toward those assets which have greater certainty and capacity to generate revenue as well as meet the other goals of the *Joint Development Policy*. VTA's real estate holdings are extensive and a focused plan of action for the implementation of VTA's Joint Development Program is necessary to reach success. Moreover, many of VTA's real estate assets have complex operational and site constraints and involve multiple stakeholders and cannot all be developed at the same time or through haphazard efforts at the organizational level.

In addition to identifying those assets with the most near term development potential, the *Priority Schedule* may also be used to ascertain those select sites which necessitate near term value add investment to be made to them by VTA. Not all sites within the *Joint Development Portfolio* will be deemed ripe for development immediately. Specific site issues, pre-development requirements, entitlement reviews and local planning agency plans will affect the timing of VTA's joint development efforts. The need for

infrastructure replacement, ascertaining the extent of environmental contamination, moving or replacing VTA transit-related functions, terminating or buying-out existing leaseholds, clarifying title disputes to land parcels, completing a community's General Plan update are all examples of pre-development constraints that would delay a site's development.

While these constraints would prevent the immediate development of certain sites, they may nonetheless warrant VTA to focus the organization's near term efforts on the constrained sites. This is due to any number of factors, such as that the constraints are related to VTA's other time-sensitive efforts or needs; the sites themselves offer tremendous joint development potential once the constraints are properly addressed; and there exists strong external interest for a particular site either because of market-driven forces or local jurisdictional objectives. These constraints, if sufficiently weighty in comparison to other factors, may justify the relevant sites to be identified as near term priorities on the *Priority Schedule*.

Given the above, the expectation is that the *Priority Schedule* will be a formal compilation of the known technical and planning issues for each site identified in the *Joint Development Portfolio*. The document will identify as near-term "priority sites" those assets that either offer near term high-economic value or are in need of focused value-add investment efforts. In addition to these "priority sites," the *Priority Schedule* will indicate the relative timeliness for joint development (or value-add investment) of the remainder of the assets itemized in the *Joint Development Portfolio*.

A. PRIORITIZATION CRITERIA

To create the *Priority Schedule*, the VTA Joint Development Program staff and consultants will employ professional evaluation of the *Joint Development Portfolio* assets using criteria that include the sites' physical attributes and constraints; the potential economic values resulting from anticipated joint development; the potential impacts on other VTA projects or activities joint development of the respective assets will have; any environmental and other significant constraints pertaining to each site; and the local land use regulatory environment relevant to each asset. The weighting given to the respective prioritization criteria will be consistent with the *Joint Development Policy*.

Each asset will be assessed by the following prioritization criteria and more if necessary to address site-specific issues:

1. Parcel and/or Asset Size and Improvements. Is the site of a suitable size for a public private partnership structure? Does it contain improvements to be reused, sold or replaced? Are there other improvements on site?
2. Transit Access/Impacts. Does the site have access to existing light-rail, Caltrain, BART, VTA, high speed rail, or other transit services or is it scheduled to have access in a planned extension? Will joint development of the site impact VTA's transit operations or facilities, either favorably or negatively?

3. Site Availability. Is the site compatible with VTA plans and operations and available for redevelopment or does VTA have commitments for the site that constrain its use?
4. Location Efficiency. Is the site located in close proximity to job-generating centers and to commercial services that serve commuters and residents? Will joint development of the site encourage/increase transit use?
5. Developer/Market Interest. Has developer interest been expressed in the site or similar development proximate to the site? Is there a market for the type of product anticipated on the site through joint development?
6. Land Use Policy. Is the site located in a jurisdiction with land use designations conducive to the anticipated development or would a zoning and/or General Plan Amendment be required?
7. Municipal Responsiveness. What is the initial response by the local jurisdiction's staff to VTA outreach regarding joint development on the site? What is the existing or anticipated response by local residents and other stakeholders to joint development on the site?
8. Environmental Constraints. Is the site located in an area with known soils contamination, in a floodplain, or along a riparian corridor? What level of review and impact mitigation would be required for the anticipated development prototypes under the California Environmental Quality Act or the National Environmental Protection Act?
9. Revenue. Is joint development likely to generate positive cash flow, preferably in the form of a long-term revenue stream, to VTA? Is a significant upfront investment required by VTA to generate the anticipated revenue?
10. Other Criteria. As discussed above, constrained sites may also become near term priorities for VTA due to any number of factors, including other VTA time-sensitive efforts or needs, market forces and local jurisdictional preferences. These factors will be considered in the prioritization of the assets as appropriate.

B. STAKEHOLDER REVIEWS

To enable an informed application of the prioritization criteria for the various assets being considered, VTA Joint Development staff will solicit stakeholder input through an iterative process of site evaluation and response by the following groups and agencies:

1. Intra-Agency. Joint Development staff will review sites with appropriate VTA departments with the purpose of identifying physical planning issues, timing,

costs associated with redevelopment of a site currently in use for a VTA purpose and related organizational concerns.

2. Local Jurisdictions. Joint Development staff will review the sites with officials of the relevant jurisdictions in order to identify local planning agency goals and objectives regarding the specific sites and to identify other key constraints and opportunities regarding the implementation of a joint development effort in that jurisdiction.
3. Regional Bodies. As appropriate, the Joint Development staff will inform, seek input from and collaborate with regional organizations such as the Metropolitan Transportation Commission, the Association of Bay Area Governments, and the Silicon Valley Leadership Group regarding VTA's Joint Development program generally and joint development priorities specifically.
3. General Public. The Joint Development staff will acquaint the general public with VTA's Joint Development program and solicit input from the public on VTA's joint development priorities, as deemed appropriate by staff.
4. VTA Management. The VTA Joint Development staff will seek early and regular input from relevant management levels, including the General Manager, across the organization on the *Priority Schedule* as it is being formulated and finalized for Board approval.
5. VTA Board Committees. The final draft *Priority Schedule* will be presented to the appropriate advisory and standing committees of VTA's Board for consideration and approval pursuant to VTA's established Board adoption policies and procedures.

C. FORMAL VTA BOARD ADOPTION

The VTA Joint Development Program will seek VTA Board approval for the final *Priority Schedule*. The staff report for the proposed Board agenda item will provide all requisite information necessary to make an informed decision regarding the various assets under consideration. Such information will include, at a minimum, an overview of the physical attributes of the respective assets; a summary of the findings of the various technical, planning and economic analyses conducted; intra-agency feedback on the proposed *Priority Schedule*; input received from the various localities and the general public during the stakeholder review process; and the deciding factors for the staff's recommendations.

Once approved by the VTA Board, the *Priority Schedule* will serve as the framework for the Joint Development Program's ongoing efforts until it is amended consistent with the procedures outlined below. Specifically, the priority sites identified on the approved *Priority Schedule* will be the primary focus of VTA efforts, including all significant expenditures made for joint development activities. Nonetheless, because of the dynamic

nature of real estate development and to ensure that all opportunities are considered as presented, the procedures outlined in this *Implementation Plan* should not be deemed a prohibition for the VTA Joint Development Program to conduct preliminary analysis, communicate with external interests, or explore opportunities regarding joint development assets other than for approved priority sites. If after such routine development activities, the VTA Joint Development Program determines that any given asset should become a “priority site” on the *Priority Schedule*, it should seek a formal amendment to the *Priority Schedule* pursuant to the procedures outlined below.

D. AMENDMENT PROCESS

The *Priority Schedule* is intended to be a relatively stable document that will be renewed from time to time, but not less often than every five years. However, land development is subject to a great many unforeseen circumstances that can affect a given site’s priority in the *Priority Schedule*. Thus, the Joint Development staff may propose a formal amendment of the *Priority Schedule* at any time for any reason, including: at the conclusion of site build-out, if significant new information about a site is uncovered; if an opportunity for development of a site not on the *Priority Schedule* appears; dramatic market changes affecting the site’s near term viability; or potential impacts or interests from other VTA projects or external parties. The amendment of the *Priority Schedule* would only occur if the Joint Development Program has gone through the process noted above to examine a site, analyzed it against the listed prioritization criteria, and solicited the input of key stakeholders through the outreach process noted above.

IV. **SITE-SPECIFIC DEVELOPMENT STRATEGIES**

The next step for each of the priority sites identified in the approved *Priority Schedule* is either to implement the recommended value-add strategies or to enter into a development path, as appropriate. In the case of the former sites, the value-add strategies will be implemented as envisioned in the *Priority Schedule* in a manner deemed appropriate by the Joint Development Program and General Manager and consistent with the Joint Development *Guidance Documents*.

In the case of the priority sites embarking upon a development path, VTA’s Joint Development Program will follow the procedures outlined below to ensure that a consensus-driven, participatory process is employed.

A. FORMULATION OF DEVELOPMENT CONCEPT

For each relevant priority site, VTA’s Joint Development Program will define, at a conceptual level, a viable development prototype consistent with the procedures outlined below. The viability of a development prototype will be ascertained from both a market perspective through early developer outreach as well as from an entitlement perspective through a collaborative process involving the affected land use jurisdictions and other key stakeholders. The intention is to arrive at a development prototype that has a mix of uses, desired density, height and bulk requirements, general aesthetic and design elements, and

site-specific improvements most likely to be supported by both the affected community and the market. The collection of proposed features for the site that results from this early consensus-building process is referred to as the “Development Concept.”

This early consensus-building process will include the following activities for most sites (see Exhibit ___ for a complete graphic representation of the sequence discussed):

1. Developer Response. The Joint Development Program will hold developer conferences or similar efforts in order to obtain responses as to the market-readiness of various kinds of uses proposed for the site and to identify potential constraints and opportunities reflected by this market-oriented group.
2. Local Jurisdiction/Stakeholder Reviews. The Joint Development Program will carry out extensive consultations with the officials of the affected local jurisdictions as well as with key stakeholders identified by the local officials to help define the parameters of the Development Concept and the likely land use regulatory process for such a project.
3. Public Outreach. The Joint Development Program will hold workshops and other kinds of community outreach consistent with the plans and procedures of the jurisdiction(s) involved to obtain early community response to the site uses and concepts being considered.
4. Intra-Agency Consultations. The Joint Development Program will create an internal, multi-departmental VTA Project Team, as appropriate; to examine the iterative development concept as it is being formulated.
5. Regional Bodies. As appropriate, the Joint Development staff will meet with regional organizations such as the Metropolitan Transportation Commission, the Association of Bay Area Governments, and the Silicon Valley Leadership Group as the Development Concept is defined to identify grant funding or other economic incentives for such development.
7. VTA Board Committee Reviews. The Joint Development Program will present any final draft Development Concept to the appropriate advisory and standing committees of VTA’s Board for consideration and approval pursuant to VTA’s established Board adoption policies and procedures.

B. VTA BOARD APPROVAL

The VTA Joint Development Program will seek VTA Board approval for the final Development Concept formulated for a given site prior to soliciting developer proposals for the development opportunity. The staff report for the proposed Board agenda item will describe the key elements of the Development Concept, the various steps taken to solicit input and build early consensus on the proposed concept, and the next steps. These next steps, in most cases, will include competitive solicitation of developer

proposals and entering into contractual agreements with the selected developer(s), consistent with VTA's policies and the procedures outlined below.

However, where the consultative process does not result in a clearly defined Development Concept for a given site, staff's recommendation may be that VTA initiate a Request for Qualifications (RFQ) process to generate new ideas for the site pursuant to the RFQ procedures outlined below.

If the participatory process identifies significant constraints on moving forward with any Development Concept for a priority site, the Joint Development Program should present such information to the Board and recommend either amending the *Priority Schedule* to recharacterize the priority of the site or a strategy for resolving the identified constraints prior to pursuing any further development activities on the site.

Once approved by the VTA Board, the Development Concept will form the basis for the subsequent joint development actions on the site, describe in more detail below.

V. DEVELOPER SELECTION PROCESS

After engaging in the participatory process outlined in Section IV above, VTA must next determine which of two possible routes the agency wishes to take to select developers with direct experience in the type of site use and design concept contemplated for a given site, either through an RFP or an RFQ leading to an RFP. By orchestrating a process that is specific to each site -- and is based on the Development Concept for a particular mix of uses contemplated for that site -- VTA expects to be able to target projects to those developers with direct experience in the particular mix of uses proposed for a given jurisdiction.

As noted above, where the consultative process did not result in a clearly defined Development Concept for a given site, staff's recommendation may be to embark upon an RFQ process to generate new ideas for the site. Where a clear Development Concept does result from the consultations with stakeholders, VTA will, in most cases, issue an RFP.

A. REQUEST FOR PROPOSAL (RFP)

For sites where VTA Board determines an RFP is the appropriate vehicle the Board would approve the issuance. The RFP itself would require respondents to provide a site development proposal that satisfies the approved Development Concept, a financial pro forma laying out proposed financial terms, and a schedule of development. The VTA Board must approve the terms and conditions set forth in the RFP through formal action. The RFP would include market-standard requirements that would be further called out in the specific RFP document and/or in separate VTA procurement policies and procedures. At a minimum, the RFP would include the:

1. Developer Qualifications. Extensive firm and project team experience in transit-oriented development projects, in projects that have generated strong revenue generation for public agencies as joint partners, in achieving required high-quality urban design, and in managing highly complex construction projects on time and budget
 2. Commitment to Environmental Building Practices. Experience in construction projects that include environmentally-sustainable practices and products, in conformance with local jurisdiction requirements, and that have achieved LEED certification or similar building measures.
 3. Strong Familiarity with Complex Land Use Environments. Strong familiarity with and, preferably, proven success with navigating development projects through complex land use regulatory environments.
 4. Ground Lease Management. For projects that involve ground leases with VTA, experience with public agencies, with successful property management and profit-and-loss management of real estate developments over time, and/or in the sales and leasing of residential and commercial development products, as appropriate.
- B. REQUEST FOR QUALIFICATIONS, QUALIFIED DEVELOPER LIST, AND RFP

As noted above, in some cases where a clear Development Concept has not emerged or there is a desire to test market feasibility of a potential design concept or concepts, VTA may first issue an RFQ to identify a set of qualified developers with experience in the type of uses contemplated for a given site and the capacity to enter into a public-private project of the type envisioned. Those developers selected to be on the “Qualified Developer List” will then receive an RFP soliciting their interest in constructing the project and fulfilling the financial goals of the VTA with the project. The VTA Board must approve the terms and conditions set forth in the RFQ, as well as the subsequent Qualified Developer List and RFP.

C. PROPOSAL EVALUATION PROCESS

To review and score the RFPs, VTA will establish a proposal evaluation process that involves agency staff from the VTA Project Team and the Joint Development Program and the appropriate staff and from the local jurisdictions, consistent with VTA’s competitive bidding process. The process will employ evaluation criteria selected for each project based on the circumstances at hand, and those criteria will be included in a subsequent action item to the Board concerning any proposed developer.

For projects involving an RFQ, the initial review will be by VTA staff only, but any subsequent RFP resulting from the RFQ would involve the larger team as noted above.

The assembled group reserves the right not to select a developer from the RFP process and to re-structure the RFP or RFQ if the response is unsatisfactory.

From time to time, the Joint Development Program will solicit external comments on the efficiency of the process and solicit comments on how it may be improved.

D. VTA BOARD APPROVAL OF DEVELOPER'S PROPOSED RESPONSE

The VTA Board must approve the proposed selection by VTA staff of a Developer's Response to the RFP. Following established procedure, the approval will generally be limited to acceptance of the Design Concept and Use and will include approval to enter into negotiations with a Developer toward an Exclusive Negotiation Agreement. The approval is conducted formally in an open session properly noticed and includes consideration of the Developer's response to the RFP, including the response to all terms and conditions as set forth in the approved RFP. The Board reserves the right to request negotiation with the selected developer to improve the proposal as necessary. The Board also reserves the right to reject the staff proposal and to select an alternative or to order the staff to conduct an additional review process.

The staff report prepared for the Board's consideration of the item will fully explain key issues in the RFP or RFQ, summarize the responses received to the RFP or RFQ, the process by which the Developer's proposal was reviewed, the ranking of the selected proposal, and any significant matters the staff and believe important for the Board's informed review. If the proposal is not unanimously supported by the VTA staff, the reasons for differences in scoring, or position, will be summarized for the Board in the staff report.

E. UNSOLICITED DEVELOPMENT PROPOSALS

From time to time, VTA may receive unsolicited offers to acquire or develop sites. Notwithstanding the competitive solicitation process outlined above, the Joint Development Program will examine any such offers based on the criteria described below. The primary intention is to ascertain if the unsolicited offers have the likelihood to achieve the *Joint Development Policy* objectives better than the standard procedures outlined in this *Implementation Plan*.

Specifically, the unsolicited offers would be considered only if:

- The unsolicited property is not located at or near a light rail, Caltrain or BART station;
- The unsolicited property does not offer significant potential for joint development through a public private partnership;
- The unsolicited property size is very limited; and
- A financial analysis of the proposal concludes that accepting the offer is more cost-effective to VTA than the costs associated with the competitive solicitation process required in the *Guidance Documents*.

Upon determining that an unsolicited offer should be considered, the Joint Development Program should initiate the participatory process outlined above to determine the level of internal and external consensus for the unsolicited offer and make a recommendation to the VTA Board for formal action.

VI. DEVELOPMENT PATH - EXCLUSIVE NEGOTIATING AGREEMENT, LEASE DISPOSITION AND DEVELOPMENT AGREEMENT

For all projects, following selection of a Developer, VTA will authorize the General Manager to negotiate, and execute, an Exclusive Negotiating Agreement (ENA) between the Developer and VTA. The ENA grants the Developer sole opportunity to propose a development project for the land subject to the ENA during the term of the ENA. If all the terms of the ENA are subsequently satisfied, including the approval by the local jurisdiction of the Project, the VTA Board may approve a proposed Disposition and Development Agreement (DDA) which sets forth obligations of the Developer and VTA to develop the site per the terms of the DDA and to compensate VTA

A. EXCLUSIVE NEGOTIATING AGREEMENT

The ENA establishes a project schedule under which the developer is permitted to carry out certain tasks to develop a Project and the VTA is obligated to provide appropriate assistance and review. A non-refundable fee is charged by VTA for all ENAs, to include fees for VTA Project Team staffing to the necessary coordination, technical reviews and Agency support during the term of the ENA. Developer task include the following, among others:

1. Due Diligence. To conduct due diligence investigations of the subject property, including title searches, property inspections, environmental test, and similar work.
2. Stakeholder Involvement. To meet with stakeholders on alternative proposals for the site, including the jurisdiction, the general public, VTA advisory groups and others.
3. Final Project Design and Uses. To propose a Final Project design and mix of uses to the VTA Board for their approval in a format set forth by VTA as part of the approval.
4. Financial Pro Forma. To produce a financial pro forma for the Final Project in sufficient detail to permit financial analysis by VTA
5. Submittal to Local Planning Authority for Approval. If the Final Project is approved, to submit a formal application including the Project information to the local governmental jurisdiction for planning approvals.

6. Disposition and Development Agreement Negotiation. To negotiate a Disposition and Development Agreement for subsequent approval

B. DISPOSITION DEVELOPMENT AGREEMENT AND GROUND LEASE

Subsequent to approval of a Project by the VTA Board and the local land use having jurisdiction, the VTA General Manager will negotiate a Disposition and Development Agreement (DDA) and a Ground Lease for those features of the project that involve a Lease. If a property sale is part of the negotiation, the General Manager will negotiate the terms of the Sale. The DDA, Ground Lease and/or Sale will reflect industry standards for public-private property development. The DDA covers the following topics in most cases:

1. Ownership. Assignment, transfers and management control is established.
2. Site Description and Development Site Plan. Maps, legal description of the property, including air space development rights, and other requirements that may be specific to the VTA (track alignment paths, for example); site plan; specific technical plans for construction, grading and landscaping; subdivision maps and similar maps.
3. Permit Requirements. An enumeration of the permits and planning approvals and covenants that VTA will cooperate with the Developer to obtain, to include permitted and prohibited uses.
4. Funding and Financing. Evidence of financial capability to carry out the project; compensation and other payments required to be conveyed to VTA, payments of taxes and insurance; hold harmless and indemnity clauses; allocation of liability and responsibility for remediation of environmental contamination.
5. Environmental and Other Entitlements. Certifications of compliance with environmental regulations and restrictions required by the state, regional agencies, the federal government or other entities.
6. Specification of VTA Approval Rights of Approval. Depending on the site, there may be an extensive list of matters the VTA will retain the rights to approve, such as vehicular entrances and exits, relocation of property, ownership rights of leaseholds and similar matters.

VII. POST-CONSTRUCTION REVIEW

The Post-Construction Review will be led by the Project Team and VTA Project Manager, who will prepare a report on the effectiveness of the process and procedures and provide an opportunity for VTA staff and management and to amend these. Typically occurring at the 11th month after a Certificate of Occupancy is issued by the local jurisdiction, such a review would include:

- Examining the developer selection process at close of construction to determine if adequate criteria were used and if the developer's communications, documentation and responsiveness were in accord with the ENA;
- Determining if the quality of construction as determined by the punch list of remaining issues;
- Noting any desired changes to VTA Specifications for future similar projects, noting quality of materials, aesthetic requirements or engineering requirements;
- Noting the effects on transit operations and whether they were properly accounted for in the project scope;
- Concluding if the budget and change orders fell within expected parameters
- Examining the revenue projections included in the DDA and noting any unusual market conditions, use changes or other factors that may affect the revenue projection
- Project Team effectiveness in identifying critical issues, responding to requests for information by developer and identifying issues for the developer to respond to, this portion of the report to include suggestions for improvements in the project management process
- Other matters that may arise in the course of the project

This report would be made available to the General Manager and a summary may be provided to the Board or a subcommittee as it deems appropriate.

EXHIBITS

[TO BE ATTACHED IN FINAL DRAFT]



Date: January 21, 2009
Current Meeting: February 19, 2009
Board Meeting: March 5, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Transit Planning & Operations Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Engineering & Construction Officer, Robinson, Chief CMA Officer,
Ristow

SUBJECT: 2000 Measure A Transit Improvement Program Semi-Annual Report -
December 2008

FOR INFORMATION ONLY

Please find attached the Semi-Annual Report for the 2000 Measure A Transit Improvement Program for December 2008.

Prepared By: John Rowe



Date: February 4, 2009
 Current Meeting: February 19, 2009
 Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Transit Planning & Operations Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Operating Officer, Donald A. Smith Jr.

SUBJECT: Transit Operations Performance Report: 2009 Second Quarter (July 1, 2008-December 31, 2008)

FOR INFORMATION ONLY

BACKGROUND:

The FYTD 2009 Second Quarter Performance Report presents key performance information regarding the operation of the Valley Transportation Authority (VTA). This report is routinely produced after each quarter and at the end of the fiscal year. A detailed summary of the FYTD 2009 second quarter performance follows.

DISCUSSION:

Ridership (page 6 of the report)

Bus ridership through the second quarter of FY 2009 totaled 17.86 million, an 8.4% increase compared to the previous fiscal year. Average weekday ridership was 114,895, an 8.9% increase.

Light rail recorded 5.68 million boardings through the second quarter of FY 2009, an increase of 6.7% compared to the same period last year. Average weekday ridership was 35,943, an 8.1% increase.

Overall, system ridership (bus and rail) increased by 8% despite a decrease in gas prices. Average weekday ridership increased by 8.7%, from 138,719 last year to 150,838 this year.

Key Performance Indicators (page 5 of the report)

All categories for unscheduled absenteeism (or personal time off) continue to meet established goals. The daily service reliability performance in FY 2009 second quarter was 99.71%, higher than last year's 99.6%, and the highest fiscal-year-to-date recording in VTA history.

Through the first half of FY 2009, bus miles between major mechanical schedule losses improved 7.2% compared to the same period in FY 2008, and exceeded the established goal. Light rail miles between major mechanical schedule losses increased significantly, by 38.9% compared to the same period in FY 2008.

Through Q2 FY2009, light rail on-time performance remained stable at 88.9%. Bus on-time performance recorded 87.8%, down from last year's 89.6% primarily due to increased ridership.

Operating Expense and Revenue (page 102 of the report)

The total transit operating expense through the second quarter of FY 2009 was \$130.4 million, a 4.1% increase compared to the same period last year.

Fare revenue collected during the first six months of FY 2009 was \$18.7 million, up 4.2% compared to FY 2008. The farebox recovery ratio during the first six months of FY 2009 was 14.3%, the same level as FY 2008.

Route Performance (page 7 onwards of the report)

This section in the report highlights the performances of VTA's bus and light rail routes with primary focus on boardings per revenue hour, passenger activity by stop, ridership by time period, on-time performance, and service reliability. A profile of each route is provided to illustrate its unique characteristics.

Through the first six months of FY 2009, bus average weekday ridership was 114,895, an 8.9% increase from FY2008. Significant ridership increases continued to be recorded for the following route categories: Core (14%), Community Bus (36%), Express (39%), and Limited (35%). Light Rail Ridership continued to rise, with an average weekday ridership of 35,943, an increase of 8.1% compared to the same period in Fiscal Year 2008.

Paratransit (page 103 of the report)

Through the first six months of FY 2009, paratransit ridership increased 3.0%, from 524,174 in FY 2008 to 539,980 in FY 2009. Of this, personal care attendant and companion ridership increased 8.7% and 24.7%, respectively, while client ridership increased slightly by 0.9%.

The net operating cost for Paratransit (Outreach) during the first six months of FY 2009 was \$13.4 million, up 2.0% compared to the same period last fiscal year. This increase is due to the high fuel costs experienced early in FY 2009.

The net cost per Paratransit passenger trip (including eligibility costs) through the second quarter of FY 2009 was \$24.83, a 1.0% improvement compared to the same period last year and exceeding the established goal of less than \$27.00 per trip. This was achieved, in part, by providing 78% of all rides as shared trips, with more than 2.3 passengers carried per revenue hour.

Contracted and Inter-Agency Services (page 6 of the report)

Ridership through the second quarter of FY 2009 for contracted and inter-agency services are as follows:

- Dumbarton Express ridership was 132,239, up 26.9%. An estimated 55,000 of these were Santa Clara County boardings.
- Highway 17 Express ridership was 160,325, up 28.3%. An estimated 72,000 of these were Santa Clara County boardings.
- Monterey-San Jose Express estimated ridership was 18,617, up 45.7%. An estimated 9,400 of these were Santa Clara County boardings.
- Caltrain ridership was 6.7 million, up 14.3%. An estimated 2.8 million of these were Santa Clara County boardings.
- ACE ridership was 439,404, up 13.8%. An estimated 184,000 of these were Santa Clara County boardings.
- ACE shuttle ridership was 131,606, up 23.6% (operates entirely in Santa Clara County).
- Light rail shuttle ridership was 16,936, down 34.1%.

Prepared By: Joonie Tolosa



Date: February 4, 2009
 Current Meeting: February 19, 2009
 Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Transit Planning & Operations Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: TP&O Quarterly Marketing Report

FOR INFORMATION ONLY

BACKGROUND:

Each year VTA Marketing staff develops and follows an annual Marketing Plan. The plan includes several major promotional initiatives and ongoing activities to promote bus and light rail service, as well as promote public awareness of VTA's comprehensive transportation planning role in Santa Clara County. This past quarter, VTA implemented three Marketing campaigns and collaborated in seven promotional partnerships.

DISCUSSION:

Corridor/Service Promotions

Stevens Creek Corridor Campaign

The I-280/I-880/Stevens Creek Boulevard Project proposes to improve traffic flow, safety and access between the Interstate 280 (I-280) and Interstate 880 (I-880) freeway corridors near Stevens Creek Boulevard, including modifications to the freeway-to-freeway intersection of State Route 17 (SR-17)/I-280/I-880 freeway interchange, as well as the adjacent interchanges at I-880/Stevens Creek Boulevard and I-280/Winchester Boulevard.

The project, as currently visualized, aims to improve traffic conditions, access and safety by:

- Reconfiguring the existing full cloverleaf I-880/Stevens Creek Boulevard Interchange and widening the Stevens Creek overpass;
- Separating freeway-to-freeway traffic from local traffic by constructing a new fly-over between northbound I-280 and northbound I-880; and,
- Providing an additional access point by constructing a new northbound I-280 off-ramp at Winchester Boulevard.

Currently, VTA is educating residents, businesses, and other interested stakeholders about the upcoming project, through the use of media and public meetings where staff explain the project plans and solicit public input. In tandem, VTA launched a marketing campaign to promote VTA services as a viable and practical alternative to driving in this highly congested corridor. Print ads were placed in the Rose Garden Resident and the Santa Clara Weekly publications. Two 9 1/2' x 10' vinyl banners were placed in the Santana Row parking garages, and one 8' x 10' barricade ad was placed at the mall entrance on Stevens Creek Boulevard to promote VTA services to Santana Row and Westfield Shopping Center. The Stevens Creek Corridor project is in its environmental and design phases and VTA anticipates that construction will begin in late 2011 with a projected opening in late 2013.

Light Rail Promotional Campaign

The VTA Light Rail promotional campaign was launched on November 24, 2008, and ran for 6 weeks promoting VTA light rail as a viable transit option for commuters, adults, families and shoppers traveling during the holiday season. The objective was to highlight VTA Light Rail as a “green” travel alternative.

Key elements of the campaign included:

- KEZR radio ads (168 paid spots & 102 non-profit/bonus spots = 270 total with a net reach of 570,900 and frequency of 3.2)
- KBAY (162 paid spots & 108 non-profit/bonus spots = 270 total with a net reach of 578,900 and frequency of 3.6)
- KLIV (204 spots with a reach of 33,100 and frequency of 2.4)
- KRTY (204 spots with a reach of 56,500 and frequency of 6.3)
- KUFX (90 paid spots & 100 non-profit/bonus spots = 190 total with a net reach of 230,349 and frequency of 4.2)
- KCNL (120 paid spots & 60 non-profit/bonus spots = 180 total with a net reach of 135,802.80 and frequency of 5.0)
- KSJO (Spanish - 135 spots and 20 value-added spots)
- Comcast television commercials (619 spots with 206 paid spots and 413 non-profit bonus spots)
- Print ads in the SJ Mercury News, SJ Business Journal, the Metro, the Wave, the Times newspapers and a special holiday supplemental edition to the community newspapers
- Transit ads included 600 carcards, 50 light rail station posters, a web banner ad on the VTA website and an article in the December Take-One passenger newsletter

During the same time period, light rail ridership increased 8.4% compared to December of the previous year.

Fare Media Promotion

VTA's Fare Media campaign, “Say Hello to a Good Buy”, was launched in December 2008 to increase public awareness of the many VTA Fare Media options available. The objective was to

highlight the different forms of fare media and how they apply to various commuting needs. Advertising elements of the campaign included:

- Radio spots with KBAY (108 paid spots & 99 non-profit/bonus spots = 207 total with a net reach of 149,700 and frequency of 12.1)
- KEZR (112 paid spots & 96 non-profit/bonus spots = 208 total with a net reach of 114,100 and frequency of 9.3)
- KLIV (80 paid spots, 40 free spots, net reach of 27,400 and frequency of 2.2.)
- KRTY (80 paid spots, 40 free spots, net reach of 50,200 and frequency of 4.7.)
- KUFX (90 paid spots & 100 non-profit/bonus spots = 190 total with a net reach of 230,349 and frequency of 4.2)
- KCNL (120 paid spots & 60 non-profit/bonus spots = 180 total with a net reach of 135,802.80 and frequency of 4.2)
- Print ads in the SJ Business Journal, SJ Mercury News, The Times Newspapers, Community Newspapers, and six foreign language newspapers
- Television commercials on Comcast in English and Spanish
- Online ads on the SJ Mercury News website with mid-month results of 36,822 impressions and a .08% click thru rate
- 124 Pump Top ads at thirty one gas stations throughout the Bay Area
- Transit ads including 600 carcards, 50 light rail station posters, a web banner ad and an article in the November and January editions of the Take-One passenger newsletter

In conjunction with the campaign, bus ridership increased 7.8% and light rail ridership increased 8.4% compared to December of the previous year. There was a 3% increase of passes and tokens sold compared to December of the previous year as well as a 7% increase in Eco Passes sold during the same time period.

Current and Recent Partnership Efforts

VTA continues to partner with public and private sector organizations to promote riding VTA to community events and local destinations. These partnerships increase public awareness of VTA and stress the importance of taking VTA to these popular places.

With these in-kind promotional partnerships, VTA generally provides partner organizations with valuable public exposure through select advertising mediums such as VTA's Take-One onboard passenger newsletter, VTA web site, and transit ad spaces. In exchange, VTA receives an equivalent amount of recognition and advertising exposure, such as logo placement in the partner's collateral and promotional activities. Marketing and Communications completed the following promotional partnerships during the second quarter of FY 2009:

Fantasy of Lights

November 28 - December 31, 2008

For the third year, VTA partnered with the Santa Clara County Parks & Recreation Department for its 10th anniversary Fantasy of Lights display celebration and was a proud sponsor of the "Fantasy Train". The Fantasy of Lights is a 1.5 mile drive-through light display show at Vasona Lake County Park in Los Gatos. The gate attendance was recorded in 24,909 cars, vans and buses

driving through the event estimating 75,000 - 80,000 visitors. During the first two weeks of the event, a 43% increase was recorded in traffic compared to the same period in 2007. This in-kind partnership with County Parks & Recreation provided VTA logo placement exposure on an illuminated sign, on all print collateral and a link to VTA's website from the County's web page. VTA provided advertising space to the County Parks & Recreation, mention in the Take-One onboard passenger newsletter and on the VTA website.

Downtown Ice- San Jose Downtown Association

November 14, 2008 - January 11, 2009

The San Jose Downtown Ice promotion ran from November 14, 2008 - January 11, 2009. VTA negotiated an exclusive \$2.00 discount off the regular admission price for VTA riders presenting any valid VTA light rail or bus pass. This year, there were a total of 676 redemptions for VTA showing a 44% increase from last year.

Toys for Tots "Stuff the Bus" Toy Drive

December 13, 2008

VTA participated in the annual Toys for Tots toy drive for the thirteenth year. The "Stuff the Bus" Toy Drive took place on Saturday, December 13th from 8:00 a.m. to 6:00 p.m. at Christmas in the Park in Downtown San Jose. VTA partnered with the Santa Clara Toys for Tots Committee and the U.S. Marine Corps in providing one 40-foot bus to stuff with toy donations throughout the event. VTA staffed a table at the event providing trip planning services and information about VTA. Sponsors of the event included the U.S. Marine Corps, Santa Clara Toys for Tots Committee, City of San Jose, Santa Clara County Sheriff's Department, San Jose Police Department, KBAY-94.5 FM Radio Station and PW Supermarkets. KBAY provided free holiday CDs to each toy or cash donor and PW Markets provided stuffed animals, flowers and other items to each toy or cash donor as well. Despite concerns over the economy, the event was successful with over 150 people visiting the VTA table and several hundred toy donations received. A total of 1,700 toy donations were collected filling the 40-foot bus and \$500 in monetary donations were received as well.

2009 Vietnamese Spring Festival & Parade

February 8, 2009

On February 8, 2009, VTA partnered with the Vietnamese Spring Festival and Parade, Inc., in celebration of the Lunar New Year. VTA entered into an in-kind agreement with the Vietnamese Spring Festival and Parade in exchange for advertising exposure and promotion of VTA services overall and to the parade. The parade highlighted the cultural richness of the Vietnamese and Asian cultures boasting an array of cultural offerings including arts & crafts, live music, cultural performances, martial arts, children's games, and Asian food and beverages.

American Heart Association Partnership

February 5 & 6, 2009

VTA entered into a partnership with the American Heart Association (AHA) for the National

Wear Red Day event promoting women's heart health awareness. The two-day event will be held on February 5 & 6 and will include boothing opportunities on both days, logo/tagline recognition on the AHA online promotional emails, press releases and all printed materials. The AHA event will be promoted in the February edition of the Take-One, on the VTA to Fun web page, on carcards and light rail station posters.

2010 Census Partnership

The U.S. Census mandated by the U.S. Constitution, counts everyone living in the United States and is taken every 10 years. The census affects political representation, including the distribution of congressional seats, determines the boundaries of legislative districts, and directs the allocation of billions of dollars in government funding. Every year, more than \$300 billion in federal funds is awarded to states and communities based on census data, totaling more than \$3 trillion over a 10-year period.

VTA received a request from the County of Santa Clara to participate in a Partnership Network that includes the County, the Santa Clara Valley Water District, schools, colleges, businesses, media, faith and community based organizations, non-profits, hospitals, as well as homeless and immigrant organizations.

A significant portion of VTA's future funding will be impacted by the results of the 2010 Census, given that most, if not all, formula-based transportation programs at the state and federal levels use population as a factor. Such programs include the Urbanized Area Formula (UZA) Program, the Surface Transportation Program (STP), the Congestion Mitigation and Air Quality Improvement Program (CMAQ), the Job Access/Reverse Commute Program (JARC), the State Transportation Improvement Program (STIP), the State Transit Assistance Program (STA), and several Proposition 1B bond programs. Therefore, supporting the Partnership Network's efforts, and dedicating staff and financial resources to the census are warranted to ensure that VTA is in a position to receive its fair share of funding under these and other formula-based transportation programs in the future.

VTA will support Census outreach efforts by providing transit advertising space, and printing and posting multilingual Census outreach materials. A 9-month outreach campaign would begin October 2009 and end April 2010. VTA would allocate a portion of its own allocated interior car card transit advertising space on both bus and light rail vehicles and post outreach messages on the exterior of buses, at light rail stations and at bus shelters. There is no cost associated for message placement. VTA will provide a value of \$86,000 in advertising space historically utilized for VTA campaigns, media trades and partnerships. There is ample inventory available for the planned postings. The cost for printing car cards, station and shelter posters and bus boards would be \$10,000.

Regional Promotional Partnership

VTA is partnering with other Bay Area Transit Agencies on a regional promotional campaign that will launch in April. The campaign will promote VTA's "Healthier Planet, Healthier You" theme and will utilize transit real estate, including station posters, carcards and bus boards, pooled broadcast media inventory and print. This is the first bay area wide promotional partnership

specifically targeted at bus and light rail ridership. Each agency will compliment the campaign with agency specific elements.

The campaign will be supported by the following media vehicles:

- Transit ads including:
 - Exterior posters
 - Interior carcards
 - Transit Shelter ads
- Website
- Comcast commercials
- Newspaper print ads
- Radio ads

Other Initiatives:

GovDelivery at VTA

Electronic Subscription Coming Soon

VTA will soon be offering a new subscription service through a Digital Subscription Management system (DSM). The DSM will allow subscribers to receive notification when new or important VTA information is available regarding various aspects of VTA's programs, services and schedules. This new service will allow users to subscribe to web pages that are of interest to them so they can receive notification when the web page changes or is updated and notification can be sent via e-mail or text message. GovDelivery "watches VTA web pages, or portions of a page, and when changes occur on the page, GovDelivery automatically generates a message to let users know the page has been updated and invites them to visit the page to find out what is new.

The new service, which will become available February 25, 2009, allows subscribers to choose their subscription preferences. They may choose to get information and updates on bus schedule changes, new routes, changes to the website, and numerous other categories. Users can also select their preference of method and frequency of the communications when receiving notifications.

Annual Progress Report

For the past five years, VTA has produced and distributed an Annual Progress Report. This report, currently in production will be completed at the end of February. The Annual Progress Report includes financial information, operations data, Capital Projects status and highlights and milestones achieved the past year. This report serves as a key vehicle to communicate the enormous breadth of VTA.

New Light Rail Carcards

To further promote a healthier lifestyle, VTA will be replacing the current light rail exterior posters ("The New VTA") with new posters highlighting the importance of incorporating transit

use in commuting. The message of "Walk, Bike, Ride Transit..Healthier You, Healthier Planet" promotes the idea that using a variety of ways to travel, as compared to solo driving, will benefit you as well as our environment.

Prepared By: Cynthia Santoro, Management Analyst