

BOARD OF DIRECTORS MEETING

Thursday, March 2, 2006

MINUTES

1. CALLED TO ORDER

The Regular Meeting of the Santa Clara Valley Transportation Authority's (VTA) Board of Directors was called to order by Chairperson Chavez at 5:31 p.m. in the Board of Supervisors' Chambers, County Government Center, 70 West Hedding Street, San Jose, California

2. ROLL CALL

Members Present

Jim Beall (Ex-Officio)
Nora Campos
Cindy Chavez, Chairperson
Dean Chu, Vice Chairperson
Dave Cortese
Don Gage
Dennis Kennedy
Breene Kerr
Liz Kniss
Madison Nguyen
Greg Perry
Dolly Sandoval, Alternate
Forrest Williams

Alternates Present

Jamie Matthews, Alternate
Pete McHugh, Alternate
Al Pinheiro, Alternate

Members Absent

John McLemore (Ex-Officio)

Alternates Absent

Norm Kline, Alternate
Ken Yeager, Alternate

* Alternates do not serve unless participating as a Member.

A quorum was present.

3. ADJOURNED TO CLOSE SESSION at 5:32 p.m.

- A.** Conference with Legal Counsel - Existing Litigation
[Government Code Section 54956.9(a)]

Name of Case: Madline Russell vs. Valley Transportation Authority
WCAB No. SJO 2005563/64/65/66/67/68

- B.** Existing Litigation - Conference with Legal Counsel
[Government Code Section 54956.9(a)]

Name of Case: MCM Construction, Inc. v. Santa Clara Valley Transportation Authority
Santa Clara Superior Court Case No.: 1-04CV014166 (Construction Contract)

- C.** Public Employee Performance Evaluation
[Government Code Section 54957]

Title: General Counsel

RECONVENED TO OPEN SESSION at 5:49 p.m.

4. CLOSED SESSION REPORT

- A.** Conference with Legal Counsel - Existing Litigation
[Government Code Section 54956.9(a)]

Name of Case: Madline Russell vs. Valley Transportation Authority
WCAB No. SJO 2005563/64/65/66/67/68

Suzanne Gifford, General Counsel, reported that the details of the settlement will be available for public review when agreed to by both parties.

- B.** Existing Litigation - Conference with Legal Counsel
[Government Code Section 54956.9(a)]

Name of Case: MCM Construction, Inc. v. Santa Clara Valley Transportation Authority
Santa Clara Superior Court Case No.: 1-04CV014166 (Construction Contract)

Ms. Gifford noted that the details of the settlement will be available for public review when agreed to by both parties.

C. Public Employee Performance Evaluation
[Government Code Section 54957]

Title: General Counsel

There was no reportable action taken during Closed Session

5. ORDERS OF THE DAY

There were no Orders of the Day.

Chairperson Chavez reported that she participated on a ride-along the evening of Mardi Gras and stated that VTA staff was professional and calm in helping people get to the correct buses, they created bus bridges, and worked on getting the light rail through the crowd in Downtown San Jose. Chairperson Chavez stated she appreciated VTA's hard work and is proud of the interaction from VTA staff with the crowds and San Jose Police Department.

6. AWARDS AND COMMENDATIONS

A. Employees of the Month for March 2006

Chairperson Chavez presented awards to Adolf Daaboul, River Oaks Administration, Laura Angel, Operations, and Sonia Unger, Cerone Maintenance, as our Employees of the Month for March 2006, and Chuck Maples, as the Supervisor of the Quarter of 2006.

B. Employees of the Year for 2005

Chairperson Chavez presented awards to Ronald Young, Chaboya Administration, as Employee of the Year for 2005, and Mark Thomas, Bus and Light Rail Technical Training Supervisor, as Supervisor of the Year for 2005. Philip Hines, North Division Operations and Belete Bekele, Guadalupe Division Maintenance Employees of the Year for 2005 were not able to attend.

7. REPORT FROM THE GENERAL MANAGER

Michael Burns, General Manager, welcomed Board Member Nguyen.

Mr. Burns reported that on February 15, 2006, VTA held a ceremony dedicating Historic Coach 6512 as the Rosa Louise Parks Memorial Bus. Over 80 community leaders and members gathered at the Dr. Martin Luther King Jr. Library to honor the memory of Ms. Parks and her roll as the Mother of Civil Rights. Speakers included VTA Board Chairperson and San Jose Vice Mayor Cindy Chavez, San Jose Mayor Ron Gonzales, President of 100 Black Men of Silicon Valley and VTA Business Relations Manager, Bill Kendrick's, and President of San Jose Silicon Valley National Association of the Advancement of Colored People (NAACP), Rick Calendar.

Photographs of the dedication ceremony depicting the Coach 6512 with the plaque affixed to it at the entry way and a plaque on the seat which will remain there permanently, as well as photographs of the Black History Month Celebration and ribbon-cutting ceremony for the Route 152 Improvements in the City of Gilroy.

Mr. Burns stated that following the dedication ceremony VTA hosted a Black History Month celebration at the Rivers Oak Facility. Presentations were provided by Mr. Burns, Ray Frank, Chief of Security, Julia Jones, Senior Management Analyst, Dr. Stephen Miller, Chairperson of African American Studies at San Jose State, musical selection by Mrs. Irma Allen and closing comments by Matthew O. Tucker, Chief Operations Officer.

Mr. Burns advised that VTA held a ribbon-cutting ceremony on February 25, 2006, in the City of Gilroy for the Route 152 Improvement Project, designated as Phase 1B. Over 75 people including VTA Board Members, local, regional and federal representatives, and Gilroy Foods Employees gathered to celebrate the traffic and safety improvements at the Gilroy Foods intersection on Highway 152. Mr. Burns noted that prior to this improvement, which included a new signal at Gilroy Foods, employees would sometimes wait up to 20 minutes to be able to safely enter Highway 152. Mr. Burns stated that the Honorable Mike Honda, Board Members Don Gage and Forrest Williams, Ex-Officio Board Member John McLemore, Mayor Al Pinhiero, City of Gilroy, Stewart Ng, Caltrans, and Carl Guardino were speakers at the event.

On Saturday, February 25, 2006, VTA participated in a joint venture with the City of San Jose to celebrate the opening of the Delmas Dog Park located on the corner of Delmas and Park Avenue in Downtown San Jose. Nearly 200 people brought out more than 100 dogs to celebrate and try out the new dog play area. Event speakers included VTA Board Chairperson Cindy Chavez, Kathy Sutherland, President of Delmas Park Neighborhood Association and Mark Robinson, Engineering Manager, Project Manager of the construction that included the dog park. Mr. Burns advised that the highlight of the event was a dog contest comprised of largest dog, smallest dog and dog/owner look-alike.

Mr. Burns advised the Board of Directors that VTA is one of four organizations to be awarded the San Jose Silicon Valley NAACP Annual Freedom and Friendship Circle of Friends of Award, which will be presented at the 54th Anniversary Freedom and Friends Banquet in April 2006. The award is given to organizations or companies that have shown a superior commitment to the community by advocating for equal rights, educational equality, human rights, social justice and who have shown to support conversations, diversity initiatives, and ideas about how to improve race relations and equality for people of color. Mr. Burns noted that VTA is very pleased to receive the award.

Mr. Burns provided an update on the Transit Mall Station Platform Project stating that the stations at St. James and El Paseo de San Antonio were closed on February 27, 2006, to begin raising platforms to allow level boarding for all passengers. This project will replace the existing platform shelters, remove station equipment, shelters and granite

pavers. A public meeting with regard to the Project was held was February 28, 2006 with the Downtown Association, storeowners, and other stakeholders.

There was an expressed desire from the Downtown Association, storeowners, and stakeholders to reduce the eight-month closure of the stations as much as possible. Mr. Burns assured the Board Members that VTA will do everything possible to expedite construction and keep merchants and students informed on the progress of the Project.

Mr. Burns advised that the Project has two full-time community relations officers, one from VTA and another assigned by the contractor. Mr. Burns advised both will be available on-site throughout construction to coordinate with local businesses and with the public.

Mr. Burns reported that last week VTA and its construction contractor completed the Route 85 Noise Mitigation Project. The Project consisted of texture grinding pavement on Route 85 between Almaden Expressway in the City of San Jose and Stevens Creek Boulevard in the City of Cupertino. The project is a Measure B Project, which had previously been deferred and received funding from savings from other projects.

Mr. Burns provided an update on the status of the River Oaks Bicycle/Pedestrian Bridge stating that construction on the bridge is underway, viewing areas on the levee have been graded and some concrete curb work has been completed. The contractor had delays with procuring steel railings for the stairs and ramps and as a result, the contract completion is delayed and liquidates damages in the order of \$500 per day have been assessed against the contractor since the end of December 2005. Completion of the Project is anticipated for April 2006.

Mr. Burns noted the following two items for the Board Meeting, which went to the Standing Committee, have been deferred from the March 2, 2006 Agenda: Consideration of the Sheriff's Department contract for law enforcement to the May 2006 Transit Planning and Operations Department and June 2006 Board of Directors Meeting to allow time for the Sheriff's Department to update projected costs and allows VTA to look at other scenarios other than the one recommended. Consideration of the bus mobility device securement policy has been deferred to the May 2006 Board of Directors' Meeting. The item has been a subject at the Committee for Transit Accessibility (CTA) and VTA will provide the CTA with briefings on operator training before being brought back to the Board of Directors for consideration in May 2006.

Mr. Burns referenced a memorandum dated February 21, 2006 and entitled Review of Status of Referrals from February 2, 2006 Board of Directors Meeting for the Board of Directors' review. Mr. Burns stated that the memorandum consists of a list of requests made at the February 2, 2006 Board of Directors' Meeting and the current status of those requests. Mr. Burns advised that it is his intention to keep the list updated and provide the information to the Board of Directors.

Chairperson Chavez expressed concern that the community outreach was held after the fences were up around the light rail station and recommended that from a process perspective that staff be consistent with the outreach process as well as consistent with working with her staff.

Mr. Burns stated that previous public meetings were held but did not receive the attention needed. Chairperson Chavez recommended providing written updates with regard to the status of the Project and the timeline of it as well.

Mr. Burns referenced a memorandum provided to the Board of Directors dated March 2, 2006, which describes the advocacy Principles that the Ad-Hoc Infrastructure Bond Committee has provided.

At the three meetings the Committee was provided with briefings regarding events impacting transportation funding such as the Governor's proposed infrastructure bond and Senator Perata's counter-measure. The Ad-Hoc Infrastructure Bond Committee provided direction on the development of a series of advocacy Principles to guide members and staff as the situation evolves.

The Committee is recommending the 16 Advocacy Principles for adoption by the Board of Directors at the April 6, 2006 Board of Directors' Meeting. Mr. Burns pointed out that the Committee directed staff to follow the 16 Principles in discussions with the Governor's and legislators' offices in Sacramento.

Kurt Evans, Government Affairs Manager, provided a highlight of the following 16 Advocacy Principles the Ad-Hoc Infrastructure Committee is recommending to the Board of Directors:

- Principle 1. FY 2007 State Budget – offers support for fully funded Proposition 42 in FY 2007. This would result in \$1.4 billion being generated for various state transportation programs. This is part of the Governor's FY 2007 State Budget proposal presented to the Legislation in January 2006.
- Principle 2. Repayment of Outstanding Loans – insuring the repayment of all outstanding transportation loans to the General Fund at a minimum, according to existing statutes, which is by the end of 2009, and looking for early repayment if those present themselves. The Governor, as part of his FY 2007 Budget is recommending that \$920 million in funds owed to transportation and due and payable in FY 2008 be paid one year early.
- Principle 3. Protection of Transportation Funding Sources – will be through a constitutional amendment that would eliminate the suspension provisions currently in Proposition 42 and put limitations on the ability of the Legislature and Governor to use transportation dollars for non-transportation purposes. This would apply not only to Proposition 42 but also to State Highway Account and other important State Transportation Funding Sources.

- Principle 4. General Obligation Bonds – offers support for the concept of using general obligation bonds as a way to provide funding for transportation programs over and above what would be available in the near-term through traditional transportation funding sources and insures that if using general obligation bonds it ought to be in an amount that is going to make a difference and sufficient to start putting a dent in the current shortfalls that exist for transit, highways, local streets and road, and other modes of transportation.
- Principle 5. Existing Programs - refers to the importance of reinvigorating existing State Transportation Funding Programs like the State Transportation Improvement Program (STIP) and the State Highway Operation and Protection Program (SHOPP). STIP is the major transportation program at the State level for all types of transportation capitol improvement programs. SHOPP is the program that provides funds to do rehabilitation and seismic retrofit projects on the state highway system. All existing state transportation-funding programs are under funded and recommended using the opportunity presented with regard to General Obligation Bonds to reinvigorate those programs.
- Principle 6. State-Local Partnership Program – refers to state local partnership program which is a program that was set up a number of years ago as a way to reward those localities that are providing significant amount of local sales tax dollars for transportation purposes. The State-Local Partnership Program allows, if the county is a self-help county, taking the sales tax money for transportation purposes and leveraging additional state dollars for projects. This is a program that has been floundering due to lack of funding the past several years and recommended using a portion of the General Obligation Bond Revenues to reinvigorate this program. This is an idea that has resonated with Senator Perata, which contemplates \$1 billion being going to this program.
- Principle 7. Regional Priority/Focus Routes – is a concept embodied in the Governor’s Strategic Growth Plan but his methodology for allocating the bond revenues for this program is somewhat problematic. Governor Schwarzenegger is proposing these types of projects be determined through a top-down approach. VTA feels that it would be more appropriate for it be a bottoms-up approach with local transportation organizations working with their Caltrans district offices to find projects that would be funded under the program in their localities.
- Principle 8. Transit Capital Improvements & Principle 9. Urban Passenger Rail - the concept is not part of either the Governor’s Strategic Growth Plan or SB 1024 however, the legislative leadership is interested in accommodating transit capital improvements in a bond measure and the discussion is revolving around rail rehabilitation, expansion and bus capitol

improvements. Principle 8 refers to it being a good idea and to the extent that you could use existing allocation mechanism to get that money to transit systems would be the best way to approach it.

Principle 10. Public Transit Security – refers to another interest of Senator Perata, \$500 million in General Obligation Bond money for public transit security cost recognizing that as an emerging need for public transit systems. The California Transit Association (CTA) has put a lot of effort into an allocation formula and has been able to balance all of the different interests and have proposed an allocation formula to Senator Perata which staff thinks is the best way to do this.

Principle 11. Transit-Oriented Development – is another idea currently embedded in SB 1024 and that is to set up a competitive grant program for Transit Oriented Development (TOD) under which cities, counties, public transit operators and developers could apply for grant funding through the state Department of Housing and Community Development for TOD efforts.

Principle 12. High-Speed Rail - the recommendation is to use the General Obligation Bond Revenues to allow for additional project development work to occur. The Governor is considering \$1 billion and Policy Principle 12 reflects support for that idea.

Principle 13. Bicycle and Pedestrian Facilities – the Governor brushes on this concept by proposing a competitive grant program in his Strategic Growth Plan. The Infrastructure Bond Committee felt that providing some bond revenues for bicycle and pedestrian facilities was a good idea but felt that a better approach was to allocate the money by formula to county transportation organizations who have adopted countywide bicycle plans.

Mr. Evans reminded the Board of Directors that VTA already has a Countywide Bicycle Plan and projects have been identified that need to be funded.

Principle 14. Local Streets and Roads – is recognition of the continuing shortfall that cities and the counties are experiencing with regard to local streets and roads. Staff recommends using the General Obligation Bonds as opportunities to try to provide an infusion of funding to deal with significant backlog at the cities and counties have with regard to their streets and road networks.

Principle 15. Revenue Bonds – is an idea that the Governor has proposed in his Strategic Growth Plan that the Ad-Hoc Infrastructure Bond Committee thought was not a good idea. The Governor is proposing going to the voters in 2012 with a \$14 billion revenue bond measure that would be paid back through traditional transportation funding sources such as 30 years worth of future gas tax revenues and future vehicle weight fees.

The Ad-Hoc Infrastructure Bond Committee felt this was not a good idea because it will take funding used for future programming capacity and allocate it for bond debt service.

Principle 16. Project Delivery – this Principle references the importance of considering various ways for streamlining project delivery process so that as money comes forward through General Obligation Bonds. VTA has the ability to get projects out the door and get them done in an expeditious manner.

Board Member Gage stated his appreciation to staff for their hard work, thanked the Committee Members for their time, and Chairperson Chavez for being given the opportunity to serve on the Committee. Board Member Kerr thanked staff for their excellent work.

Board Member Kerr requested refinement of the language on Principle 16., Project Delivery due to the interest in streamlining the California Environmental Qualifying Act (CEQA). Board Member Kerr stated he thinks it is important to say that staff did identify a number of areas where there were administrative relative reforms not just streamlining CEQA, and are attempting to provide additional environmental benefits.

Board Member Kerr requested the following refinement of the language: after the wording "improvements projects" add "while providing environmental benefits" and after the wording "(CEQA)" add "and inter-agency cooperation to achieve cross-jurisdictional goals."

Mr. Kerr stated he is referencing having the environmental process go back to its basic Principles which say that the whole environment should be considered so when building a road objective will be achieved.

Board Member Sandoval thanked the three Board Members assigned to the Committee for working on the Principles and stated the Principles are very solid, easy to read and understand. Board Member Sandoval commented on Principle 16., Project Delivery stating that too often the euphemism for streamlining government is a euphemism for throwing out some of the environmental protections supports Board Member Kerr's comments and hopes that when discussing streamlining that the environmental protections will not be thrown out.

8. PUBLIC PRESENTATIONS

Jerry Grace, Interested Citizen, requested information from the January and February 2006 Board of Directors Meeting and that he be called if meetings are cancelled.

Don Lindt, Interested Citizen, expressed concern regarding security issues and requested VTA install video surveillance cameras at the Branham and Capitol Park-N-Ride Lots. Chairperson Chavez requested staff follow up with Mr. Lindt and provided a report to the Board of Directors.

Bruce Stevens, Interested Citizen, expressed concern regarding information provided at the Transportation Planning and Operations Committee Meeting of February 15 2006. Mr. Stevens also expressed concern regarding reduction of staff in the Protective Services Department and safety of employees and requested effected staff be involved in the future staff reductions. Chairperson Chavez requested staff follow up with Mr. Stevens. Chairperson Chavez also requested staff be involved in discussion with regard to future reductions in this area.

David Cole, Interested Citizen, expressed concern regarding information provided at the Transportation Planning and Operations Committee Meeting on February 15, 2006, and proposal provided to Senior Management regarding revenue loss from passengers evading fare payments. Chairperson Chavez requested staff follow up with employees regarding safety and fare recovery.

Laura Angel, Public Citizen, expressed concern regarding the importance of safety to passengers and staff and lack of personnel. Chairperson Chavez requested staff follow up with Ms. Angel regarding security issues.

Noah Banks, Interested Citizen, expressed concern regarding the reduction of Protective Services staff and security issues and requested the involvement of everyone on the Committee with regard to wheelchair securement. Chairperson Chavez requested staff follow up with Mr. Banks regarding security issues.

Eyedin Zonobi, Transportation Solutions, referenced a letter dated February 21, 2006, expressing concern regarding closure of the El Paseo de San Antonio Station and requested the station be back into operation by August 23, 2006. Chairperson Chavez requested staff follow up with Mr. Zonobi as to the station closure program.

Eugene Bradley, Santa Clara Valley Transit Authority Rider's Union, echoed previous concerns regarding safety and stated there is a need to hire additional staff. Mr. Bradley expressed concern regarding the temporary closure of the light rail stations.

Martin Bishop, NEED Project, referenced a document provided to the Board of Directors regarding deferment of mandatory mobility device restraints and requested the Board of Directors provide a directive to VTA staff regarding further research.

Omar Chatty, Interested Citizen, referenced the General Manager's Report regarding Highway 152 thanking staff and the Board of Directors for their support. Mr. Chatty expressed concern that the bond measure did not reference Pacheco Pass and requested staff focus on widening Highway 152 on the existing alignment.

Andy Chow, Interested Citizen, expressed concern regarding the short notification of the closure of the El Paso de San Antonio Light Rail Station.

9. Policy Advisory Committee (PAC) Chairperson's Report

There was no report from the Policy Advisory Committee (PAC) Chairperson.

CONSENT AGENDA

10. Minutes of January 27, 2006

M/S/C (Williams/Gage) to approve the Minutes of January 27, 2006.

11. Minutes of February 2, 2006

M/S/C (Williams/Gage) to approve the Minutes of February 2, 2006.

ADMINISTRATION AND FINANCE COMMITTEE

12. SAP Hardware Replacement

M/S/C (Williams/Gage) to authorize the General Manager to enter into a contract with CompuCom Systems, Inc. to purchase server hardware, installation services, migration services, and maintenance services in the amount of \$1,951,092.

13. Local Assistance Contribution to Agreement with Caltrans for the State Route 152 Truck Climbing Lane Project

M/S/C (Williams/Gage) to authorize the General Manager to execute a Local Assistance Contribution Agreement with Caltrans for the State Route 152 Truck Climbing Lane Project.

CONGESTION MANAGEMENT PROGRAM AND PLANNING COMMITTEE

14. (Removed from the Consent Agenda and placed on the Regular Agenda.)

Scoring Criteria for Lifeline Transportation Projects

TRANSIT PLANNING AND OPERATIONS COMMITTEE
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There were no items submitted for the Consent Agenda by the Transit Planning and Operations Committee.

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

REGULAR AGENDA

14. Scoring Criteria for Lifeline Transportation Projects

Board Member Perry stated that due to the vagueness in the criteria and the potential for political influence and strong-arming of non-profits, he has grave concerns about the proposal.

In response to Board Member Kerr's query, Carolyn M. Gonot, Chief Development Officer, responded that there are approximately \$4 million allocated over the next four years for Santa Clara County. Ms. Gonot advised this is a demonstration project Metropolitan Transportation Commission is conducting to see how it goes over the first three years. The criteria presented as part of the Criteria was developed and approved by MTC and what was requested of the Congestion Management Agencies (CMA) or Administrating Agencies with the County of Santa Clara.

Board Member Nguyen requested examples of projects that have the same concept of improving mobility in low-income areas. Ms. Gonot responded there is a wide range of projects such as vouchers for transit or taxicabs to sidewalk projects, bus shelters, or bicycle access projects.

Board Member Nguyen queried if there are plans to continue securing funds after the three years are up. Ms. Gonot stated that MTC did consider projects that were developed and could be sustained with or without the grant funding.

M/S/C (Campos/Kennedy) on a vote of 11 ayes, to 0 noes, to 1 abstention, to approve the scoring criteria to evaluate projects submitted to receive funding from the Lifeline Transportation Program. Member Perry abstained.

15. Recommended VTA Quarter Cent Sales Tax Scenario

Mr. Burns provided a PowerPoint presentation to the Board Members outlining the following:

Chronology of VTA Scenario

Mr. Burns noted that VTA has been developing an Expenditure Plan for close to 25 months.

Mr. Burns reported that in 2004 there were a series of three different workshops to evaluate and refine several scenarios.

In April of 2005 the Board of Directors requested additional scenarios based on comments and input from stakeholder groups including some of the Advisory Committees, including the Policy Advisory Committee (PAC).

VTA Board of Directors reviewed four scenarios and requested a new scenario based on assumptions set forth by the City of San Jose in June 2005. These assumptions were

brought forward in an attempt to create more capacity in the Program such as recognizing a delay in the BART Project and consolidating stations in Downtown San Jose. The recommendations were then incorporated and worked through by staff and the Board of Directors through September of 2005 when VTA staff brought the scenarios through the Advisory Committee process for review in advance of the September 16, 2005 Board Workshop which was dedicated to the development of a scenario.

Three scenarios were presented at the September 16, 2005 Workshop and the Board of Directors directed staff to proceed with just one scenario. There were many aspects to the scenarios but some of the highlights were to assume a thirty-year tax, a quarter-cent tax, assume BART in 2018 and Dumbarton in 2011.

In December 2005 the Board of Directors considered a modified scenario that included the Airport People Mover. The Airport People Mover is one of the projects that received the most attention out of the September 2005 meeting. The Airport People Mover was in the Completion Plan and as the result of legal commitments made wherein VTA and the City of San Jose worked out an arrangement that VTA would work with the City of San Jose to fund a People Mover Project.

At the December 2000 Board of Directors' Meeting, the City of San Jose came forward with recommendations from San Jose City Council. The Board of Directors deferred action on the scenario to the February 2006 Board of Directors' Meeting. Mr. Burns reminded the Board of Directors that the scenario being discussed is the scenario that was provided at the December 1, 2005 Board Workshop and now represents the conservative assumption with regard to sales tax growth.

Late in December 2005, VTA received an update from the Center for Continuing Study of the California Economy on sales tax projections, which were then incorporated into the VTA scenario. The result of the update was that all of the projects in the VTA Scenario could be completed with no projects in the Completion Plan.

Mr. Burns again reminded the Board Members that VTA did not change any methodology, continued with the same process, and used the updated projections.

During January and February of 2006 VTA took the scenario and the issues brought forward by the City of San Jose and others through the Advisory Committees and Board Standing Committees. The scenario has been presented to several municipalities, stakeholder groups of anybody who has requested, city council meetings, workshops, and other public meetings to provide a presentation on the VTA Scenario.

At the January 27, 2006 Board Workshop additional information and scenarios were requested. Staff requested the item be deferred to the March 2, 2006 Meeting to allow staff sufficient time to respond to the questions and the requests for information that were stated at the January 27, 2006 workshop.

The Board Standing Committees received a presentation on additional information requested at the January 27, 2006 Board Workshop.

It was staff's hope that the Board of Directors would take action on the Expenditure Plan at the March 2, 2006 Board of Directors' Meeting.

Cost Projections

Mr. Burns stated that the cost projections discussed are wages, inflation rate, construction cost, which will be tracked very closely with historical cost experience, and construction costs including both the building cost index and construction cost index.

Mr. Burns stated that with regard to benefits, VTA did not have the information at the Committee Meetings because it is a very complicated issue and one that really needs a lot of attention and a significant amount of analysis. Mr. Burns summarized that the cost assumption in the VTA Scenario is that benefits represent 85 percent of wage expense, which is carried through over 30 years and are inflated at a rate of 3.42 percent.

Mr. Burns noted that considering the historical experience of VTA over the ten-year period VTA has been in existence, it is VTA's conclusion that the ten-year period is not a reliable baseline for fringe benefit projections to apply over a 30-year period. The scenario assumes the agency will work to control the growth of benefit increases over a 30-year period that includes retirement, health care costs, and workers compensations. In terms of the historical experience on benefits, the ten-year growth average is 4.9 percent increase in benefits as a percent of wages and the level of benefits currently are at 77 percent of wages.

Ad-Hoc Financial Stability Committee and Actions Taken

Mr. Burns advised that VTA needs to address the need to increase revenues and reduce expenses. There has been a recommendation to pursue a limited expansion of the sales tax, consider other ways to control costs and increase revenues.

Mr. Burns stated that the Ad-Hoc Financial Stability Committee recommended considering an advisory ballot measure for setting Measure A Project Priorities if no new revenue sources are approved by December 2006.

The Ad-Hoc Financial Stability Committee made recommendations the financial situation demanded and required VTA take significant action to deal with the financial condition of the organization.

VTA's Financial Stability Actions Taken

Mr. Burns responded to queries as to what financial stability action VTA has taken stating that in terms of the financial stability of the organization, VTA has taken several significant actions such as service reduction of 17 percent, a reduction of 460 budgeted positions, labor agreements with Amalgamated Transit Union (ATU) were opened early, labor agreed to defer salary increases which resulted in savings, new labor agreements were negotiated that included employee contributions to medical for post

December 2004 retirees, a contribution to medical, and prescription co-pays were increased. There was also a fare increase, which was implemented in January 2005 and deferred \$120 million in facility capital projects.

Why An Expenditure Plan

Mr. Burns stated the basic two reasons for an Expenditure Plan are that with the collection of Measure A Sales Tax commencing in April 2006, staff will need direction in terms of where to focus efforts and VTA needs to refund or remarket the Measure A Bonds that are outstanding in October 2006. Both the rating agencies and the bond holders will look for an Expenditure Plan so they can be assured there is a plan for the Measure A funds. Mr. Burns advised that the lack of a plan could impact the rating and the rate of interest VTA would pay on that refunding. Mr. Burns noted it is a good business practice to have an Expenditure Plan.

Chairperson Chavez stated that from a project perspective, she will take questions on Agenda Item 15, then have staff present on Item 16 because they are so connected, take questions on Item 16, and then discuss what action the Board of Directors would like to take.

Board Member Kennedy referenced cost projections benefits of 85 percent of wage expense under Labor Cost Assumptions in VTA Scenario and 77 percent under Historical Cost Experience Over Past Ten Years and requested clarification. Mr. Burns responded that the present benefit package in place at VTA the cost of benefits represents 77 percent of wage cost or \$.77.

Board Member Kennedy queried if VTA has funded a lot of work for Measure A and if expenses have already been incurred and if VTA simply can just start diverting revenue for expenses already incurred. Mr. Burns responded that the expenses already incurred were paid for through the bonds that have been issued against the Measure A revenues and those are the bonds that come up for refunding in October 2006.

Board Member Perry queried if there is any excess bonding capacity in this plan or is VTA maximizing their use of bonding. Kim Koenig, Fiscal Resources Manager, responded VTA has maximized the Measure A bonding but did not maximize the bonding for the 1976 sales tax nor the quarter-cent that VTA had assumed in the Plan.

Mr. Perry queried how close to maximizing the bonding capacity VTA is with respect to the 1976 sales tax and the quarter cent sales tax. Ms. Koenig responded that with regard to the one-half cent and the quarter-cent combined that had been assumed in the Plan, the lowest VTA gets on coverage is 3.13 times coverage and VTA's indenture allows VTA to go down to two times.

Board Member Kerr stated he does not understand the concept of bonding against the Supervisor's sales tax. Mr. Koenig explained that this Expenditure Plan was developed prior to the Supervisors' taking action on their half-cent and bonding is against the

2000 Measure A. Board Member Kerr requested clarification of the answer to the question. Ms. Koenig explained that if VTA does not add their quarter-cent on the ballot, the Expenditure Plan will need to be revised and recognize the reduced bonding capacity.

On order of Chairperson Chavez, there being no objection, Board of Directors discussed adopting the VTA 2000 Measure A Transit Program with a Revenue and Expenditure Plan that assumes a new 30-year, quarter-cent, local sales tax supporting the construction and operation of the 2000 Measure A projects.

16. Local Sales Tax Alternatives

Mr. Burns advised that the Board of Directors requested an opportunity to discuss consideration of alternatives for placing a local transaction and use tax before the voters of Santa Clara County. The Board Memorandum puts forth options for a quarter-cent special tax for transportation purposes for a 30-year period in November 2006 or another alternative is in November 2008. Mr. Burns stressed that the Board of Supervisors have approved a half-cent County General Tax and the ballot language will not allow for transportation projects to be specifically considered to be funded through the General Tax.

Board Member Perry queried if VTA goes with a half-cent tax and expect to receive a quarter-cent from it, how can VTA bond against it. Mr. Burns responded that he did not think it would be possible since it the County of Santa Clara's County half-cent sales tax and therefore would be under their jurisdiction.

Member Kniss stated to the best of her knowledge no deal has been made, no arrangements have been made, nor is there anything whatsoever that will ensure what amount of money goes to VTA and for the Board of Directors to have a discussion about what could or would happen is inappropriate at this point.

Kevin Kittila, Interested Citizen, expressed concern regarding the possibility of raising sales taxes for transportation and requested the Board Members consider not funding the BART Project.

Mr. Bradley stated he agrees with Mr. Kittila's comment regarding considering a no BART option and that he thinks it is a good idea to put together a committee that prioritizes the Measure A Expenditure Plan.

Mr. Grace commended staff on their report and stated BART should be built.

On order of Chairperson Chavez, there being no objection, the Board of Directors considered alternatives for placing the local transactions and use before the voters of Santa Clara County for transportation purposes.

15. Board Agenda Item #15

Chairperson Chavez referenced a memorandum dated March 1, 2006, entitled Board Agenda Item #15 she and Vice Chairperson Chu authored. The memorandum outlines an idea they are requesting the Committee to support.

Chairperson Chavez stated that she is aware there are a number of concerns expressed by various groups within the County of Santa Clara in terms of the plan not being inclusive and encompassing enough for the needs of the County of Santa Clara.

Chairperson Chavez reminded the Board of Directors of the commitment made to all that the Board of Directors would be focused on openness and full participation so this is her attempt at making sure that input and feedback are received. Chairperson Chavez directed her comment to her colleagues stating that it is not only important to meeting but to meet and actually produce work product.

Chairperson Chavez read the following recommendations from the Board Memorandum:

- 1) Reject adopting the VTA 2000 Measure A Transit Program with a Revenue and Expenditure Plan that assumes a new 30-year, quarter-cent, local sales tax supporting the construction and operation of the 2000 Measure A projects.
- 2) Appoint a Project Priority and Revenue Advisory Committee consisting of VTA Vice Chairperson Dean Chu, VTA Board Members Don Gage, Forrest Williams, Liz Kniss, and Dolly Sandoval.
 - a) In order to invite and ensure full public participation, this Committee will meet in the evening and will be publicly noticed to the fullest extent possible.
 - b) All VTA committees will be invited and encouraged to attend and participate in the committee and VTA Board meetings.
 - c) The Committee will report back to the Board of Directors on a monthly basis where the Board of Directors will give feedback, conceptual input, and approval at each stage.
 - d) Direct the Committee to create a work plan for its activities, which shall include working with the Policy Advisory and Technical Advisory Committees for their input, to be presented at the April Board meeting.
 - e) The Committee will conclude its deliberations and present recommendations no later than the August Board meeting and may include a July Board meeting.
- 3) Assign to the Committee the task of reviewing a Measure A project list that includes all Measure A projects plus a program of local streets, county expressways, and bicycle and pedestrian path improvements, an expanded Senior/Disabled program, a gradual VTA service increase, and the Sunnyvale/Cupertino Bus Rapid Transit project.
- 4) Assign to the Committee the task of prioritizing these projects and creating strategies to secure sufficient revenues to fund the entire Project list cited in Recommendation 3. At a minimum the Committee will consider revenues from:
 - a) any state infrastructure bond(s) placed on the ballot;

- b) Santa Clara County government, in the event that the half-cent sales tax placed on the June 2006 ballot is approved by the voters;
 - c) a potential VTA quarter-cent sales tax; and,
 - d) other federal and state sources.
- 5) Direct the General Manager to provide staff assistance to the Committee as needed.

Board Member Kennedy queried as to the timeframe of getting a measure on a November ballot. Chairperson Chavez responded that it is August 2006. Board Member Kennedy suggested the Committee consider adding to their scope, considering a ballot measure as to whether it is appropriate or not.

Member Williams stated that March 2, 2006 was to be the “drop-dead date” for the VTA Quarter-Cent Sales Tax Scenario and queried as to the underlying reason for not adhering to the March 2, 2006 date. Chairperson Chavez responded it is her hope that the VTA Board of Directors, given that it is a Countywide body will do a better job of building Countywide consensus. Chairperson Chavez also stated that while she appreciates Board Member Williams’ concern and frustration, it is important to move the timeline forward in order to allow the Board of Supervisors an opportunity to hear this item and weigh in on it this has not been able to happen.

Board Member Kniss requested the Project Priority Revenue Advisory Committee meet at 5:30 p.m. and recommended the meetings be held in the other cities that VTA represents.

Chairperson Chavez stated that it is important that when creating the work plan, locations for the meetings are decided upon in advance to so that people will know where the meetings will be held and what the topic will be.

Ex-Officio Board Member Beall stated he will form a District 4 Ad-Hoc consisting of council members and mayors to provide input to the Committee.

Chairperson Chavez advised that part of the charge is for the Committee to work with Technical Advisory and Policy Advisory Committees.

Board Member Kerr applauded Chairperson Chavez for seeking ways to reach consensus.

Board Member Kerr proposed adopting strategy for coming to consensus by the May 2006 Board Meeting and stressed the need for all cities to be represented and provisions made for alternates. With regard to alternates, Chairperson Chavez stated that she does not want the Committee to start over from the beginning whenever a new person is sitting at the table and recommended that when the Committee checks the dates they will not be available for attend a meeting and make sure the Member has chosen someone that can attend and participate in the discussion even if they are not sitting at the table.

Board Member Gage thanked Chairperson Chavez for her leadership and for giving him an opportunity to service the public.

Chairperson Chavez reiterated to the Committee that they will not be starting the process over.

Board Member Perry expressed concern that the parameters set in the Memorandum dodge the key question and that is the revenue assumptions.

Board Member Perry recommended adding a four percent growth scenario envisioned by the County of Santa Clara.

Board Member Perry expressed concern regarding procedural problems with regard to the Chairperson and Vice Chairperson setting up the Committee rather than allowing each Group to choose their own representative.

Board Member Perry further expressed concern that the Committee appears to be a Committee to negotiate with the County than to achieve consensus on this body and being provided with the Memorandum in short notice.

Board Member Cortese strongly recommended not limiting stakeholders to a two-minute presentation.

M/S/C (Chu/Sandoval) on a vote of 11 ayes, to 0 noes, to 1 abstention (Member Perry abstained), to:

- 1) Reject adopting the VTA 2000 Measure A Transit Program with a Revenue and Expenditure Plan that assumes a new 30-year, quarter-cent, local sales tax supporting the construction and operation of the 2000 Measure A projects.
- 2) Appoint a Project Priority and Revenue Advisory Committee consisting of VTA Vice Chairperson Dean Chu, VTA Board Members Don Gage, Forrest Williams, Liz Kniss, and Dolly Sandoval.
 - a) In order to invite and ensure full public participation, this Committee will meet in the evening and will be publicly noticed to the fullest extent possible.
 - b) All VTA committees will be invited and encouraged to attend and participate in the committee and VTA Board meetings.
 - c) The Committee will report back to the Board of Directors on a monthly basis where the Board of Directors will give feedback, conceptual input, and approval at each stage.
 - d) Direct the Committee to create a work plan for its activities, which shall include working with the Policy Advisory and Technical Advisory Committees for their input, to be presented at the April Board meeting.
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bicycle and pedestrian path improvements, an expanded Senior/Disabled program, a gradual VTA service increase, and the Sunnyvale/Cupertino Bus Rapid Transit project.

- 4) Assign to the Committee the task of prioritizing these projects and creating strategies to secure sufficient revenues to fund the entire Project list cited in Recommendation 3. At a minimum the Committee will consider revenues from:
 - a) any state infrastructure bond(s) placed on the ballot;
 - b) Santa Clara County government, in the event that the half-cent sales tax placed on the June 2006 ballot is approved by the voters;
 - c) a potential VTA quarter-cent sales tax; and,
 - f) other federal and state sources.
- 5) Direct the General Manager to provide staff assistance to the Committee as needed.
- 6) Approve the meetings be held at 5:30 p.m. in a variety of locations throughout the County of Santa Clara to receive a wide variety of input.

**ADMINISTRATION AND FINANCE COMMITTEE
CHAIRPERSON'S REPORT – (See Agenda Item #19.A.)**

There were no items submitted for the Regular Agenda by the Administration and Finance Committee.

**CONGESTION MANAGEMENT PROGRAM AND PLANNING COMMITTEE
CHAIRPERSON'S REPORT – (See Agenda Item #19.B.)**

There were no items submitted for the Regular Agenda by the Congestion Management Program and Planning Committee.

**TRANSIT PLANNING AND OPERATIONS COMMITTEE
CHAIRPERSON'S REPORT – (See Agenda Items #19.C.)**

There were no items submitted for the Regular Agenda by the Transit Planning and Operations Committee.

OTHER

17. ITEMS OF CONCERN AND REFERRAL TO ADMINISTRATION

Board Member Kerr recommended that VTA undertake an energy conservation initiative designed to reduce the CO₂ emissions and kilowatt hours consumed per passenger boarding, keep track of total kilowatt hours and CO₂ emissions used by VTA for all other operations, establish goals for reduction in CO₂ emissions and kilowatt hours consumed per passenger boarding at the Board of Directors' level, and measure progress towards these goals on annual basis. This will align VTA's activities with the private sector in Silicon Valley as well as other cities, states, and public agencies the Country to reduce global warming.

18. LEGISLATIVE REPORT

On order of Chairperson Chavez, there being no objection, the Legislative Report was accepted as contained in the Agenda Packet.

19. SUMMARY MINUTES FROM STANDING COMMITTEES

A. Administration and Finance Committee

On order of Chairperson Chavez, there being no objection, the Administration and Finance Committee Minutes were received and filed.

B. Congestion Management Program and Planning Committee

On order of Chairperson Chavez, there being no objection, the Congestion Management Program and Planning Committee Minutes were received and filed.

C. Transit Planning and Operations Committee

On order of Chairperson Chavez, there being no objection, the Transit Planning and Operations Committee Minutes were received and filed.

20. REPORTS (UNAPPROVED MINUTES) FROM ADVISORY COMMITTEES

A. Committee for Transit Accessibility (CTA)

On order of Chairperson Chavez, there being no objection, the Committee for Transit Accessibility (CTA) Minutes were received and filed.

B. Citizens Advisory Committee (CAC)

On order of Chairperson Chavez, there being no objection, the Citizens Advisory Committee (CAC) Minutes were received and filed.

C. Bicycle & Pedestrian Advisory Committee (BPAC)

On order of Chairperson Chavez, there being no objection, the Bicycle and Pedestrian Advisory Committee (BPAC) Minutes were received and filed.

D. Technical Advisory Committee (TAC)

On order of Chairperson Chavez, there being no objection, the Technical Advisory Committee (TAC) Minutes were received and filed.

E. Policy Advisory Committee (PAC)

On order of Chairperson Chavez, there being no objection, the Policy Advisory Committee (PAC) Minutes were received and filed.

21. REPORTS FROM JOINT POWERS BOARDS (JPBs) & REGIONAL COMMISSIONS

Chairperson Chavez advised the Board Members that the Reports from the Joint Powers Boards (JPBs) & Regional Commissions were placed in front of them on the dais.

A. Peninsula Corridor JPB

On order of Chairperson Chavez, there being no objection, the Peninsula Corridor JPB Report was received and filed.

B. Capitol Corridor JPB

On order of Chairperson Chavez, there being no objection, the Capitol Corridor JPB Report was received and filed.

C. Metropolitan Transportation Commission (MTC)

On order of Chairperson Chavez, there being no objection, the Metropolitan Transportation Commission (MTC) Report was received and filed.

22. REPORTS FROM VTA POLICY ADVISORY BOARDS (PABs)

A. Vasona Light Rail PAB

There was no report from the Vasona Light Rail PAB.

B. Silicon Valley Rapid Transit Corridor PAB

On order of Chairperson Chavez, there being no objection, the Silicon Valley Rapid Transit Corridor PAB Report was received and filed.

C. Downtown East Valley PAB

On order of Chairperson Chavez, there being no objection, the Downtown East Valley PAB Report was received and filed.

D. Highway PAB – South

On order of Chairperson Chavez, there being no objection, the Highway PAB – South Report was received and filed.

E. I-680 Sunol SMART Carpool Lane Policy Advisory Committee

There was no report from the I-680 Sunol SMART Carpool Lane Policy Advisory Board Committee.

23. REPORT FROM THE CHAIRPERSON

Chairperson Chavez stated the ceremony for Rosa Park was beautifully done.

Chairperson Chavez expressed appreciation for staff's representation at the Delmas Dog Park opening.

24. ANNOUNCEMENTS

There were no announcements.

25. ADJOURNMENT

On order of Chairperson Chavez, there being no objection, the meeting was adjourned at 8:30 p.m.

Respectfully submitted,

Gilda M. Grozdanich, Board Assistant
VTA Board of Directors