



BOARD OF DIRECTORS MEETING

Thursday, December 10, 2009

MINUTES

CALL TO ORDER

The Regular Meeting of the Santa Clara Valley Transportation Authority’s (VTA) Board of Directors was called to order by Chairperson Liccardo at 9:05 a.m. in the Board of Supervisors’ Chambers, County Government Center, 70 West Hedding Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status
Nora Campos	Alternate Board Member	Absent
David Casas	Board Member	Present
Dominic Caserta	Board Member	Absent
Dean Chu	Ex-Officio Board Member	Present
Don Gage	Vice Chairperson	Present
Rose Herrera	Board Member	Present
Ash Kalra	Board Member	Absent
Yoriko Kishimoto	Board Member	Present
Liz Kniss	Board Member	Present
Sam Liccardo	Chairperson	Present
Bob Livengood	Alternate Board Member	Absent
Chris Moylan	Alternate Board Member	Absent
Chuck Page	Board Member	Present
Nancy Pyle	Board Member	Present
Chuck Reed	Board Member	Absent
Greg Sellers	Board Member	Present
George Shirakawa	Alternate Board Member	Absent
Ken Yeager	Ex-Officio Board Member	Absent

* Alternates do not serve unless participating as a Member.

A quorum was present.

Board Member Kishimoto took her seat at 9:06 a.m.

Chairperson Liccardo welcomed new VTA Board Member Chuck Page (formally Alternate Board Member).

2. Election of Vice Chairperson For A Term To Expire on January 7, 2010

Chairperson Liccardo referenced the Memorandum sent to the VTA Board of Directors from VTA General Counsel, Kevin Allmand, regarding the VTA Board Chairperson and Vice Chairperson vacancies. Chairperson Liccardo reported Dolly Sandoval's replacement on the Cupertino City Council was sworn in the week of November 30, 2009, and thus Ms. Sandoval is no longer an elected official and cannot hold a seat on the Board of Directors per VTA's Administrative Code. He explained that in the event the office of Chairperson is vacant, the Vice Chairperson succeeds as Chairperson for the balance of the term of office.

The office of Vice Chairperson is, therefore, vacant and Chairperson Liccardo opened nominations from the floor for the position of Board of Directors Vice Chairperson for a term to expire on January 7, 2010.

Chairperson Liccardo nominated Board Member Don Gage to fill the unexpired term of Vice Chair for 2009. He noted Board Member Gage has graciously agreed to take on the responsibility of Vice Chairperson for the term to expire January 7, 2010.

M/S/C (Pyle/Herrera) to close nominations and elect Board Member Don Gage as the Vice Chairperson for a term to expire on January 7, 2010, when the Board of Directors will elect a new slate of officers.

3. ORDERS OF THE DAY

Chairperson Liccardo reported given the importance of Agenda Item #28, Budget and Structural Deficit Strategies, on today's Agenda, all action items have been placed on the Consent Agenda. He noted any item that is removed from the Consent Agenda will be placed on the January 7, 2010, Board of Directors Meeting Agenda.

M/S/C (Herrera/Kishimoto) to accept the Orders of the Day.

4. AWARDS AND COMMENDATION

Item #4.a. Resolution of Appreciation for Outgoing VTA Board Chairperson Dolly Sandoval

M/S/C (Herrera/Pyle) to adopt Resolution of Appreciation No. 2009.12.30 for outgoing VTA Board Chairperson Dolly Sandoval.

Item #4.b. Resolution of Appreciation for Outgoing VTA Board Member David Casas

M/S/C (Herrera/Pyle) to adopt Resolution of Appreciation No. 2009.12.31 for outgoing VTA Board Member David Casas.

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

**Item #4.c. Resolution of Appreciation for Outgoing VTA Board Member
Yoriko Kishimoto**

M/S/C (Herrera/Pyle) to adopt Resolution of Appreciation No. 2009.12.32 for outgoing VTA Board Member Yoriko Kishimoto.

**Item #4.d. Resolution of Appreciation for Outgoing VTA Board Member
Greg Sellers**

M/S/C (Herrera/Pyle) to adopt Resolution of Appreciation No. 2009.12.33 for outgoing VTA Board Member Greg Sellers.

**Item #4.e. Resolution of Appreciation for Outgoing VTA Board Member
Dominic Caserta**

M/S/C (Herrera/Pyle) to adopt Resolution of Appreciation No. 2009.12.34 for outgoing VTA Board Member Dominic Caserta.

Vice Chairperson Gage recognized outgoing Board Member Caserta, who was not in attendance, for his exemplary service as a VTA Board Member.

Chairperson Liccardo recognized and presented a Resolution of Appreciation to outgoing Board Member Casas for his exemplary service as a VTA Board Member.

Chairperson Liccardo recognized and presented a Resolution of Appreciation to outgoing Board Member Kishimoto for her exemplary service as a VTA Board Member.

Chairperson Liccardo recognized and presented a Resolution of Appreciation to outgoing Board Member Sellers for his exemplary service as a VTA Board Member.

Chairperson Liccardo recognized and presented a Resolution of Appreciation as well as other tokens of appreciation to outgoing VTA Board Chairperson Sandoval for her exemplary service as a VTA Board Member.

Ms. Sandoval expressed her appreciation for the acknowledgement and thanked fellow Board Members. She expressed great appreciation for Michael T. Burns, General Manager, and commented that he and his team were fabulous. She commented that everyone in the organization truly cares about the mission of VTA, which is to provide effective transportation alternatives to residents within Santa Clara County and to persons traveling into the County.

Chairperson Liccardo thanked Ms. Sandoval for her many years of service and commented she was a great role model.

5. PUBLIC PRESENTATIONS

Tim Ranz, Interested Citizen, expressed concern regarding a VTA Bus Operator on Route #32 going eastbound on November 24, 2009. Mr. Ranz indicated the Bus Operator

passed his designated bus stop by approximately 50 feet and when he started walking towards the bus, the Bus Operator shut the door and drove away. Mr. Ranz later confronted the Bus Operator and was informed that he took too much time to get to the bus. Chairperson Liccardo noted VTA staff would address the issue.

John Vandervort, Interested Citizen, expressed concern regarding a VTA Bus Operator on Route #522 going towards Eastridge Mall on December 1, 2009, who stopped and let a couple of customers aboard and shut the door quickly. He also expressed concern about no relays being sent out when buses breakdown, buses running ahead of schedule, and being asked to provide two pieces of identification to prove he has a guide dog. Chairperson Liccardo noted VTA staff would address the issue.

Ross Signorino, Interested Citizen, commended outgoing VTA Board Chairperson Dolly Sandoval for placing "Public Presentations" back at the beginning of the Board of Directors Agenda.

Ex-Officio Board Member Chu took his seat at 9:25 a.m.

6. General Manager's Report

Michael T. Burns, General Manager, reported the following:

- Recognized and thanked on behalf of himself and the entire VTA staff all of the outgoing Board Members for their dedicated service helping to move VTA forward.
- Thanked and expressed appreciation to Deborah Harrington, Board Secretary, who is retiring from VTA on December 18, 2009. Noted former Board Secretary Sandra Weymouth has assumed the role of Board Secretary.
- VTA systemwide ridership for the month of October 2009 decreased when compared to October 2008. Systemwide average weekday ridership decreased by 13 percent. Bus average weekday ridership decreased by 13 percent and light rail average weekday ridership decreased by 12 percent when compared to October 2008. With regard to VTA's partners, there were also significant decreases in ridership on Dumbarton Express Bus, Caltrain, Altamont Commuter Express (ACE), and Capital Corridor. The decreases in ridership are directly related to the economy and unemployment.
- VTA will be continuing the tradition of providing free New Year's Eve service on all buses and light rail. Special free service will be available to passengers boarding from 7:00 p.m. on New Year's Eve through 4:00 a.m. on January 1, 2010. VTA will also offer extended service on Express Bus 180 and light rail on New Year's Eve.
- Reported on November 30, 2009, the Federal Transit Administration (FTA) informed VTA that it was taking the necessary steps with Congress to have the BART Project re-enter the New Starts Program. VTA expects to receive a letter from FTA at the end of December 2009, formally notifying VTA that the Project will be accepted into the New Starts Program.

Kurt Evans, Governmental Affairs Manager, provided a report on Legislative activities, highlighting: 1) Current continuing Resolution expires on December 18, 2009, therefore, Congress needs to decide the faith of the outstanding FY 2010 Appropriations Bills including the one for Transportation and SAFETEA-LU by December 18th; and 2) Discussions held regarding job creation and how infrastructure would fit into a jobs bill.

Ross Signorino, Interested Citizen, expressed appreciation to Mr. Burns for providing quality leadership.

Vice Chairperson Gage requested that future Ridership Reports include the cost to VTA when ridership decreases.

7. Chairperson's Report

Chairperson Liccardo thanked VTA staff for getting the BART Project back into the New Starts process. He thanked all of the outgoing Board Members for a job well done.

Ross Signorino, Interested Citizen, expressed appreciation to outgoing VTA Board Chairperson Sandoval for her accomplishments on the Mary Avenue Bicycle Bridge opening. He wished everyone Happy Holidays and good luck in the upcoming year.

8. Citizens Advisory Committee (CAC) Chairperson's Report

Noel Tebo, CAC Chairperson, provided the following report about the December 9, 2009 CAC Meeting: 1) Received report on VTA's financial condition; 2) Acknowledged CAC Member Ellen Fletcher, who has retired, for her exemplary years of service; 3) Expressed a special thanks to outgoing VTA Board Chairperson Sandoval and thanked her for attending the November 10, 2009 CAC Meeting. Also, noted Ms. Sandoval formally served on CAC; 4) Elected Charlotte Powers as the Chairperson for CAC in 2010.

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

Margaret Abe-Koga, PAC Chairperson, provided the following report about the November 12, 2009 PAC meeting: 1) Received presentation on the Proactive CMP Quarterly Report for July through September 2009; 2) Recommended that the VTA Board of Directors approve the modification to the criteria used to evaluate and select projects for the Transportation Fund for Clean Air (TFCA) Program Manager Fund and review the status of ongoing Santa Clara County TFCA projects; 3) Recommended that the VTA Board of Directors approve Memorandum of Understanding between the Council of San Benito County Governments and VTA for the SR 152 Corridor; and 4) Reviewed the Light Rail Systems Analysis Cost Benefit Overview.

Ms. Abe-Koga also thanked the outgoing VTA Board Members for a very productive year.

CONSENT AGENDA

10. **Board of Directors' Regular Meeting Minutes of November 5, 2009**

M/S/C (Herrera/Page) to approve the Board of Directors' Regular Meeting Minutes of November 5, 2009.

11. **2010 VTA Board of Directors Meeting Schedule**

M/S/C (Herrera/Page) to approve the 2010 VTA Board of Directors Meeting Schedule.

12. **Proactive CMP Quarterly Report for July-September 2009**

M/S/C (Herrera/Page) to receive a presentation on the Proactive CMP Quarterly Report for July through September 2009.

13. **Programmed Project Monitoring – Quarterly Report**

M/S/C (Herrera/Page) to receive the Programmed Projects Quarterly Monitoring Report for July-September 2009.

14. **Community Design & Transportation Program – FY 10/11 Capital Grant Award**

M/S/C (Herrera/Page) to approve the project list to program Community Design & Transportation Program Capital Grants as shown in Attachment A.

15. **2010 STIP Program**

M/S/C (Herrera/Page) to approve the 2010 STIP Program as presented by VTA staff in this memorandum.

16. **TFCA 40% Project Selection Criteria Revisions**

M/S/C (Herrera/Page) to modify the criteria used to evaluate and select projects for the Transportation Fund for Clean Air (TFCA) Program Manager fund and review the status of ongoing Santa Clara County TFCA projects.

17. **2009 Congestion Management Program**

M/S/C (Herrera/Page) to adopt the 2009 Santa Clara County Congestion Management Program (CMP).

18. Memorandum of Understanding Between Council of San Benito County Governments and Santa Clara Valley Transportation Authority for SR 152 Corridor

M/S/C (Herrera/Page) to authorize the General Manager for Santa Clara Valley Transportation Authority to execute a Memorandum of Understanding with the Council of San Benito County Governments to formalize the Mobility Partnership committee to provide direction on the development of a SR 152 Trade Corridor and a new alignment of SR 152 between SR 156 and US 101.

19. High-Speed Rail Legislation

M/S/C (Herrera/Page) to review high-speed rail bills that were introduced in the California State Legislature in 2009.

20. Committee for Transit Accessibility Appointments

M/S/C (Herrera/Page) to approve the reappointments of Emma Eljas (2010-2011), Sandra Gouveia (2010-2011), Troy Hernandez (2009-2010), Martin Lasich (2010-2011), Aaron Morrow (2009-2010), Thomas Slack (2009-2010), and Barbara Stahl (2010-2011) to the Committee for Transit Accessibility (CTA) for specified two-year terms. Each of these incumbents represents persons with disabilities.

M/S/C (Herrera/Page) to approve the appointments of Donald Hunter (2010-completing the second year of a two-year term recently vacated) and Walter Schinke (2010-completing the second year of a two-year term) to the CTA for specified terms, representing persons with disabilities.

M/S/C (Herrera/Page) to approve the reappointments of the Independence Network (2009-2010), Los Gatos Senior Center (2010-2011), Silicon Valley Independent Living Center (2009-2010), and Vista Center for the Blind & Visually Impaired (2010-2011) and the appointment of the Barbara Lee Senior Center in Milpitas (2010-2011) to the CTA for specified two-year terms.

21. BPAC Member Appointments

M/S/C (Herrera/Page) to ratify the following new appointments and reappointments to the Bicycle & Pedestrian Advisory Committee to a two-year terms starting December 2009:

New Appointment

- Erik Wilhelmsen, Town of Los Gatos
- Jim Bell, City of San Jose

Reappointment

- Corinne Winter, Silicon Valley Bicycle Coalition
- Carl Hagenmaier, City of Los Altos

22. Fiscal Year 2010 Quarterly Statement of Revenues and Expenses for the Period Ending September 30, 2009

M/S/C (Herrera/Page) to review and accept the Fiscal Year 2010 Quarterly Statement of Revenues and Expenses for the period ending September 30, 2009.

23. Contract Award – Money Manager Services

M/S/C (Herrera/Page) to authorize the General Manager to execute an agreement with UBS Global Asset Management for the management of the US Core Real Estate portfolio portion of SCVTA - ATU Pension Plan assets.

24. Transit Advertising – Contract Award to Lamar Corporation

M/S/C (Herrera/Page) to authorize the General Manager to execute a contract with Lamar Corporation to sell, display and manage the advertising program on VTA Bus and Light Rail Vehicles for a three-year term beginning on January 1, 2010 through December 31, 2012, with an option for VTA to extend the contract for two additional one-year periods for 2013 and 2014.

25. Caltrain Safety Improvements – JPB Crossings Contract Award

M/S/C (Herrera/Page) to authorize the General Manager to execute a contract with Shimmick Transit, the lowest responsible bidder, in an amount of \$5,833,770 for the construction of the Caltrain Safety Improvements - JPB Crossings. This contract is 100% Measure A funded.

26. September 2009 Facilities Projects Semi-Annual Report

M/S/C (Herrera/Page) to receive the September 2009 Facilities Projects Semi-annual Report.

27. Governance Amendment to JPA

M/S/C (Herrera/Page) to approve the attached Resolution No. 2009.12.35 to amend the Joint Powers Agreement for the Administration of the Santa Clara County Congestion Management Program dated December 1, 1994 (JPA), and direct staff to forward the amendment to each member agency and the County of Santa Clara for their approval.

REGULAR AGENDA

28. Budget and Structural Deficit Strategies

Michael T. Burns, General Manager, directed attention to the presentation entitled, "Budget and Structural Deficit Strategies," that advances staff-developed strategies to address VTA's Budget and Structural Deficit. Mr. Burns stated VTA is facing short term and long term issues; the short term issue is confined to VTA's approved FY 2010 and

FY 2011 Biennial Budget, and the long term issue is looking at VTA's structural problem and identifying viable funding solutions.

Mr. Burns stated VTA's fundamental dilemma is VTA's recurring expenses exceed available revenues to support operations, noting staff is constantly looking at one-time revenues and cost-savings to address VTA's budget shortfall, which is no longer sustainable.

Mr. Burns highlighted VTA's three basic guiding principles: 1) preserve service, 2) continue investment in VTA's infrastructure, and 3) save jobs, noting VTA will increase position vacancy rates as well as achieve savings through attrition, while implementing a strict hiring freeze.

Mr. Burns provided an overview on VTA's Budget and Structural Deficit Strategies, highlighting: 1) FY 10 and FY 11 Adopted Budget Appropriation Levels by Funding Source; 2) Sales Tax Related Revenue Update; 3) Current Updated Picture Appropriation Levels by Funding Source; 4) Measures Taken FY 10 and FY 11 Adopted Budget; 5) Proposed Process to Address Budget and Structural Deficit; 6) Guiding Principles for Process; 7) Near-Term Strategy; 8) Proposed Near-Term Strategy; 9) Proposed Near-Term Strategy March 2010 Decision Point; 10) Long-Term Strategy; 11) Ad Hoc Committee Proposed Charge; 12) Ad Hoc Committee Proposed Structure; 13) Ad Hoc Committee Proposed Timeline; and 14) Workshop Action Items.

Mr. Burns directed attention to VTA's FY 09 Projected Budget, FY 10 and FY 11 Adopted Budgets that assumed the use of VTA's operating reserves to cover the deficits and balance the budgets. He noted it was expected the result of using VTA's operating reserves would leave VTA with an operating reserve of \$20 million at the end of FY 11, which would have been used as a base as the Organization moved forward.

Mr. Burns stated the actual third and fourth quarter sales tax receipts were significantly lower than anticipated, noting VTA's budget assumptions were based on sales tax revenue projections that estimated third quarter sales tax receipts to be down eight percent but actual receipts were down 21 percent; and fourth quarter estimates were to be down five percent but actually were down 27 percent. He stated the impact on VTA's Budget for FY 09 was \$22 million, adding the lower base sales tax related revenues and updated projections for FY 10 and FY 11 result in a projected loss of revenue of \$80 million.

Mr. Burns reported as a result of the significantly lower sales tax revenues, VTA needs to utilize additional operating reserves to balance the budget for FY 09. The sales tax revenue decline creates a much larger deficit for FY 10 and FY 11, and VTA will totally exhaust operating reserves in FY 10 with a \$2 million deficit; FY 11 is estimated to have a deficit of \$50 million.

VTA's adopted FY 10 and FY 11 Biennial Budget assumed to have a \$28 million deficit but with revised projections for sales tax revenues within the next two years indicate an additional projected deficit of \$70 million for a total deficit of \$98 million.

Mr. Burns noted the adopted FY 10 and FY 11 Biennial Budget included realigned Paratransit service coverage consistent with fixed route service, a fare increase effective

January 1, 2010, that was accelerated to October 1, 2009; January 1, 2010 Service Reductions; labor furloughs; wage freezes; non-labor reductions; and use of operating reserves to fund the \$28 million budget deficit.

The proposed process to address VTA's budget deficit is to determine near-term strategies to address FY 10 and FY 11 concerns and utilize the strategies as a bridge to develop long-term strategies, thus the recommendation to form an Ad Hoc Committee that will focus on solutions to address VTA's structural problems.

Mr. Burns referred to the three guiding principles for the proposed process, noting the intent is to minimize service reductions and fare increases, preserve jobs to the greatest extent possible, limit reliability on one-time revenues as a long-term solution to VTA's structural deficit, include both expense reduction and revenue generation strategies, and continue to invest in VTA's capital infrastructure.

Mr. Burns noted that VTA has not received the actual sales tax receipts for FY 10; therefore, it is important to keep in mind that it may be necessary to continue to look at several strategies as the organization moves forward.

The goal is to identify internal operational efficiencies and savings by conducting divisional assessments within the organization that will determine additional decreases to VTA's non-labor budget. Mr. Burns recognized OUTREACH Paratransit Services for working collaboratively with VTA to realize significant contracted service efficiencies and savings.

Staff expects a total savings of \$15 million over the two-year period due to the savings from the internal and contracted services efficiencies; therefore, staff's recommendation is to reduce appropriation for VTA's Transit Enterprise Fund Operating Budget in the amount of \$15 million for FY 10 and FY 11.

Mr. Burns referenced the California Air Resources Board (CARB) 15 percent zero emission requirement pertaining to the purchase of any buses in 2012, noting CARB has recognized that this not an achievable objective and has relaxed the requirement. Staff is now able to align the purchase of the hybrid buses with the project and move the authorization of the purchase into 2012 and 2013. Therefore, staff recommends the Board of Directors reduce appropriation in the Measure A Transit Improvement Program Budget for the procurement of the 40 articulated hybrid diesel electric buses by \$25 million from \$43.25 million and increase VTA's Operating Assistance. He noted this will not have an adverse affect on the project timeline.

Mr. Burns stated staff expects to accumulate \$40 million for operating assistance from the combination of internal and contracted services efficiencies along with the \$25 million deferred from the Measure A Transit Improvement Program capital projects, leaving an additional \$30 million budget deficit.

Mr. Burns referenced the California Transit Association (CTA) lawsuit regarding the State Transit Assistance (STA) funding, noting negotiation discussions are underway with the State to restore past funding. Mr. Burns noted that there may be additional funding opportunities for VTA from federal sources.

Mr. Burns stated the economical constraints and challenges are not only impacting VTA but other transit agencies as well, as this is an industry problem. Mr. Burns continued VTA is in a better situation than other transit agencies due to its revenue sources.

Staff will provide monthly updates on VTA's budget status as the organization moves forward to reduce the \$30 million deficit, stating it may be necessary to utilize several options to assist with the current financial situation, such as service modifications, reduction in workforce, and Debt Reduction Fund transfer.

Mr. Burns referenced the proposed Financial Stability Ad Hoc Committee, stating the goal is to work with several stakeholders to identify and develop long term strategies and recommendations to address VTA's structural deficit. VTA's Ad Hoc Committee will identify and develop strategies to address difficult subjects, such as benefit modifications, Regional transit partnership options to determine better ways to provide the regional services, revenue stability measures, and alternative service delivery models. VTA's Ad Hoc Committee will be a subcommittee to the Board of Directors and will utilize key stakeholders in the community as advisors.

The Ad Hoc Committee members will be appointed at the Board of Directors January 7, 2010 Regular Meeting; the Committee will meet between January to September 2010. The Ad Hoc Committee will develop recommendations to forward for discussion at the Board of Directors September 2010 Workshop from which strategies will be developed for adoption later in 2010. The intent is to use the adopted strategies to develop future budgets beginning with FY 12.

Vice Chairperson Gage expressed appreciation and thanked staff for their diligent work on a complicated issue and trying to develop strategies to address VTA's budget concerns. Vice Chairperson Gage expressed concern that the organization continues to address budget constraints and challenges by relying on VTA's operating reserves. He stressed the importance to establish a plan to restore VTA's operating reserves as the economy recovers and improves. Vice Chairperson Gage stressed the importance for staff to develop a priority list of the areas to restore once the economy improves, such as service and job positions. Vice Chairperson Gage stated this is an important task and provides an opportunity to determine how the organization can do things better, operate more effectively and efficiently, and try to provide better transit service to the community.

Mr. Burns referenced the December 9, 2009 Citizens Advisory Committee (CAC) and 2000 Measure A Citizens Watchdog Committee (CWC), noting their recommendation if funding becomes available then the capital funds and operating reserves must be restored.

Board Member Casas stressed the importance for the Ad Hoc Committee to develop strategic plan with auto triggers to be utilized as necessary. The Ad Hoc Committee should develop a framework of the expectations that will allow staff flexibility to move forward.

Mark Knollmueller, VTA Employee and Steward, Service Employees International Union (SEIU), Local 521, provided a handout to the Board of Directors, which contained information regarding: 1) vacant Management Analyst and American Federation of State, County and Municipal Employees (AFSCME) positions; 2) ratio of supervisory staff to

line staff; 3) expressed concern about contracts relating to Protective Services; 4) recommended cost cutting, noting Paratransit and contract for Sheriff's Department; and 5) urged the Board of Directors and General Manager to make changes where real savings can be realized. Mr. Knollmueller thanked all of the outgoing Board Members on behalf of SEIU for their support and cooperation over the years.

Ross Signorino, Interested Citizen, referenced VTA's lease/lease back option and queried how much VTA executed compared to other transit agencies and the time period it was conducted. Mr. Burns responded the lease/lease back option was previously supported by the Federal Transit Administration (FTA) as a new source of revenue for transit agencies, and VTA executed several transactions until 2003. VTA realized slightly over \$30 million from the lease/lease back transactions.

Ed Dolores, Amalgamated Transit Union (ATU), Local 265, queried why VTA was not utilizing the entire \$43.25 million from the hybrid buses to assist with the budget deficit. Mr. Burns responded VTA will utilize \$25 million to assist with the budget deficit since the entire project funds are not needed until 2012; however, VTA is still required to use some project funds for the project to move forward.

Tammy Dhanota, Chief Steward, SEIU, Local 521, expressed concern regarding the managers to employee ratios. She noted she received a preliminary report which showed 67 supervisors without direct reports and that she believes the ratio numbers are maybe 3 to 1 at best. She recommended this issue be added to the list of short term solutions when looking at employee benefits. Ms. Dhanota noted the priority should not be to hire multiple layers of managers; the priority should be to put back the money where it came from and to look at efficiencies. SEIU members will do whatever it takes to be part of the solution and to make VTA operate more efficiently.

Chairperson Liccardo directed attention to the e-mail from Michael Ludwig, Interested Citizen, which recommended possible ways to close VTA's budget gap over the next couple years.

Board Member Pyle expressed support for the fact that Governor Arnold Schwarzenegger has signed a transportation bill, and it indicates the Governor is trying to be more hopeful in reference to transportation. She queried if VTA has done much in a way of push back to Sacramento. She indicated California is the only State that does not charge oil companies an extraction fee that could bring between \$1.5 and \$1.6 billion to the State. She queried about VTA's position on the issue. Mr. Burns noted the Board of Directors takes positions on bills and VTA works with its Delegation who are largely almost sensitive and supportive of VTA's positions. VTA also works with the California Transit Association in terms of lobbying and supporting activities. Mr. Burns commented that as bad it has been at the State, it will be worse this coming year and that may help to break loose some of the resistance to some of the revenue measures. Kurt Evans, Governmental Affairs Manager, reported on VTA's advocacy efforts at the State level. He noted he works regularly with the seven Assembly Members and four Senate offices and they clearly understand how the decisions in Sacramento impact VTA. VTA is very aggressive in its participation in State-wide organizations that represent transportation interests.

Board Member Pyle expressed concern regarding the rising cost of insurance companies. She commented it is time to conduct heavy negotiating with the insurance companies, noting the need for more user friendly programs. She referenced infrastructure jobs and queried if there has been any interaction with local representatives. Board Member Pyle also queried about the “Black Friday” figures. She commented that there would be more spending if people had more confidence in the economy.

Board Member Herrera echoed Board Member Pyle’s comments on jobs and infrastructure projects. She thanked Mr. Burns and staff for all of their diligent work on developing strategies to address the budget and structural deficit. She expressed support for the goals on preserving service, continuing infrastructure investment, and savings jobs and expressed appreciation to staff for looking at every budget line item to make things more efficient.

In reference to the Debt Reduction Fund transfer, Board Member Herrera queried if there is a number that VTA should maintain and not go below. Mr. Burns noted VTA is looking at what it feels its exposure could be on those interest rate swaps and lease/leaseback obligations. The Debt Reduction Fund is approximately \$70 million total, and VTA does not want to go below \$30 Million.

Board Member Herrera referenced the following item to be discussed at a future Board Workshop meeting: “De-obligate funds for BRT buses and reprogram to VTA Operating Assistance.” She asked how will the budget action affect the project timeline. Mr. Burns noted it would not affect the project timeline. He noted BRT would be discussed at the Downtown East Valley Policy Advisory Board meeting next week.

Board Member Sellers encouraged the Board of Directors to adopt the prudent course of action presented to the Board of Directors. In terms of advertisement, he encouraged VTA not to make wholesale cuts to the efforts to reach out to the community during these difficult times. He encouraged the expedited sale of VTA’s excess property. He noted the support of the Ad Hoc Committee and encouraged a larger membership than three to five Board Members. He encouraged VTA build up their reserves and to have a plan in place to restore its capital programs.

Board Member Sellers commented he was elated to hear that there would not be any service and labor cuts in the near future. He noted the significant amount of time spent on the Comprehensive Operations Analysis (COA) in developing a very strong operations program and thought it would be dismantled through this process. He applauded staff for not making service and labor cuts and for looking at other ways to address the budget deficit.

Board Member Sellers encouraged the participation of the labor groups and noted the importance of their involvement. He commented if looking into the reduction of management as appropriate is considered that it be done without compromising the integrity of the organization and to continue to put service levels and jobs ahead of benefits.

Board Member Kishimoto expressed her gratitude of serving on the VTA Board of Directors and working with very professional staff. To address the short term measures that have been suggested, she expressed relief in seeing the proposal to maintain the service levels and save jobs.

Board Member Kishimoto provided recommendations for the Ad Hoc Committee to address in the future. She commented VTA has to go to as comprehensive a framework as possible when looking for sustainable solutions. One of the frameworks moving forward will be SB 375 – Redesigning Communities to Reduce Greenhouse Gases. Congestion Management Agencies (CMAs) like VTA will be asked to play an important role in working with communities and other Transit Agencies in the Bay Area.

Board Member Kniss noted in the past VTA has conducted a financial analysis of where it was by looking at measurements. VTA compared itself with other Transportation Authorities across the country and in the Bay Area. Board Member Kniss noted if VTA has done so as an ongoing data point, she would be interested in seeing the information.

Board Member Kniss requested that staff provide information on the cost to VTA per bus rider and light rail rider. She also queried if VTA has looked at the span of control.

Board Member Page thanked VTA staff for their diligent work and thanked the Board of Directors for their candor. He noted the importance of the stakeholders' participation in the process. Board Member Page volunteered to serve on the Ad Hoc Committee.

Ex-Officio Board Member Chu thanked all of the outgoing Board Members for their service on the Board of Directors and thanked Mr. Burns for all that he has done for the organization. He noted when looking at near term and long term strategies, to look at Measure A Projects to understand how the timetables might change. In reference to Measure A, Ex-Officio Board Member Chu queried if there was a maximum amount of money that could be used for operating versus capital. He encouraged VTA to focus on the legislative changes to make it easier to create revenue opportunities. Ex-Officio Board Member Chu noted there needs to be great focus on restoring service.

Rajwinder Sehdev, Transportation Authority Engineers and Architects Association (TAEA), Local 21, thanked all of the outgoing Board Members and noted he looks forward to working with the new Board Members. Mr. Sehdev also expressed his appreciation to Mr. Burns for inviting labor groups to participate on the Ad Hoc Committee.

Chairperson Liccardo commented the Ad Hoc Committee is part of a very complex solution to VTA's financial future.

M/S/C (Herrera/Pyle) to:

1. Reduce appropriation for the VTA Transit Enterprise Fund Operating budget in the amount of \$7.5 million in FY 2010 and \$7.5 million FY2011; and,

2. Reduce appropriation in the Measure A Transit Improvement Program budget for the procurement of 40 articulated hybrid diesel electric buses by \$25.0 million from \$43.25 million to \$18.25 million and increase appropriation to direct such funds to support VTA operations; and,
3. Waive the provisions of the VTA Transit Enterprise Debt Reduction Policy restricting the uses of the Debt Reduction Fund and authorize use of the Debt Reduction Funds for operating requirements for a period not to exceed June 30, 2011; and,
4. Direct staff to return to the Board with additional recommendations in April 2010 if anticipated STA funding and updated Sales Tax Revenue projections are insufficient to provide FY 2011 ending Operating Reserves of \$20.0 million; and,
5. Appoint an Ad-hoc Committee of the Board of Directors consisting of 3-5 members, supported by a representative group of business, labor, Advisory Committees and other stakeholders, to develop recommendations for consideration at a future board meeting that address VTA's structural deficit beyond FY 2011 to insure the continued sustainability of transit services in Santa Clara County.

OTHER ITEMS

29. ITEMS OF CONCERN AND REFERRAL TO ADMINISTRATION

There were no Items of Concern and Referral to Administration.

30. Monthly Legislative History Matrix

On order of Chairperson Liccardo and there being no objection, the Monthly Legislative History Matrix was received.

31. REPORTS (UNAPPROVED MINUTES) FROM STANDING COMMITTEES

A. Administration and Finance Committee

On order of Chairperson Liccardo and there being no objection, the November 19, 2009 Administration and Finance Committee Meeting Minutes were accepted as contained in the Agenda packet.

B. Congestion Management Program and Planning Committee

On order of Chairperson Liccardo and there being no objection, the November 19, 2009 Congestion Management Program and Planning (CMPP) Committee Meeting Minutes were accepted as contained in the Agenda packet.

C. Transit Planning and Operations Committee

On order of Chairperson Liccardo and there being no objection, the November 19, 2009 Transit Planning and Operations (TP&O) Committee Meeting Minutes were accepted as contained in the Agenda packet.

D. Audit Committee

On order of Chairperson Liccardo and there being no objection, the December 10, 2009 Audit Committee Meeting Cancellation Notice was accepted as contained in the Agenda packet.

32. REPORTS (UNAPPROVED MINUTES) FROM ADVISORY COMMITTEES

A. Committee for Transit Accessibility (CTA)

On order of Chairperson Liccardo and there being no objection, the November 10, 2009 Committee for Transit Accessibility (CTA) Meeting Minutes were accepted as contained in the Agenda packet.

B. Citizens Advisory Committee (CAC) and 2000 Measure A Citizens Watchdog Committee (CWC)

On order of Chairperson Liccardo and there being no objection, the November 10, 2009 Citizens Advisory Committee (CAC) and 2000 Measure A Citizens Watchdog Committee (CWC) Meeting Minutes were accepted as contained in the Agenda packet.

C. Bicycle & Pedestrian Advisory Committee (BPAC)

On order of Chairperson Liccardo and there being no objection, the November 10, 2009 Bicycle & Pedestrian Advisory Committee (BPAC) Meeting Minutes were accepted as contained in the Agenda packet.

D. Technical Advisory Committee (TAC)

On order of Chairperson Liccardo and there being no objection, the November 12, 2009 Technical Advisory Committee (TAC) Meeting Minutes were accepted as contained in the Agenda packet.

E. Policy Advisory Committee (PAC)

On order of Chairperson Liccardo and there being no objection, the November 12, 2009 Policy Advisory Committee (PAC) Meeting Minutes were accepted as contained in the Agenda packet.

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

A. Peninsula Corridor JPB

On order of Chairperson Liccardo and there being no objection, the December 3, 2009 Summary Notes from the Peninsula Corridor Joint Powers Board were accepted as contained on the dais.

B. Capitol Corridor JPB

On order of Chairperson Liccardo and there being no objection, the November 18, 2009 Summary Notes from the Capitol Corridor JPB were accepted as contained on the dais.

C. Dumbarton Rail Corridor Policy Committee

There was no report from the Dumbarton Rail Corridor Policy Committee.

D. Metropolitan Transportation Commission (MTC)

On order of Chairperson Liccardo and there being no objection, the November 18, 2009 Summary Notes from the Metropolitan Transportation Commission (MTC) were accepted as contained on the dais.

E. Sunol Smart Carpool Lane Joint Powers Authority

On order of Chairperson Liccardo and there being no objection, the November 5, 2009 Summary Notes from the Sunol Smart Carpool Lane Joint Powers Authority were accepted as contained on the dais.

34. 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 & BART Warm Springs Extension PAB

There was no report from the Silicon Valley Rapid Transit Corridor & BART Warm Springs Extension PAB.

C. Downtown East Valley PAB

There was no report from the Downtown East Valley PAB.

D. Highway PAB South

There was no report from the Highway PAB South.

35. ANNOUNCEMENTS

Jim Lawson, Senior Policy Advisor, informed Board Members that the Board Self-Assessments would be distributed soon and asked that the Self-Assessments be returned to VTA as quickly as possible.

Chairperson Liccardo thanked the Board Members, VTA Staff, and Advisory Committees for a very productive year and also thanked the public for their support. Chairperson Liccardo wished everyone Happy Holidays.

36. ADJOURNMENT

On order of Chairperson Liccardo and there being no objection, the meeting was adjourned at 11:13 a.m.

Respectfully Submitted,

Tracene Y. Crenshaw, Board Assistant
Office of the Board Secretary