



**SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
AD-HOC FINANCIAL RECOVERY COMMITTEE**

Wednesday, April 7, 2010

MEETING RECORD

1. CALL TO ORDER

The Santa Clara Valley Transportation Authority's (VTA's) Ad-Hoc Financial Recovery Committee (Ad-Hoc FRC) meeting was called to order by Chairperson Gage at 3:05 p.m., in Building A - Auditorium, VTA River Oaks Campus, 3331 North First Street, San Jose, California.

ROLL CALL

Attendee Name	Represents	Status
<u>Recovery Committee Members</u>		
Don Gage	VTA Board of Directors	Present
Rose Herrera	VTA Board of Directors	Present
Margaret Abe-Koga	VTA Board of Directors	Present
<u>Recovery Committee Stakeholders</u>		
John Carlson	American Federation of State County and Municipal Employees (AFSCME)	Present
Bena Chang	Silicon Valley Leadership Group (SVLG)	Present
Cindy Chavez	South Bay AF of L/CIO Labor Council	Present
Tammy Dhanota	Service Employees International Union (SEIU)	Present
Robert Jacobvitz	Citizens Advisory Committee (CAC) and 2000 Measure A Citizens Watchdog Committee (CWC)	Present
Gaye Morando	Santa Clara County Coalition of Chamber of Commerce	Absent
Aaron Morrow	Committee for Transit Accessibility (CTA)	Present
Joe Pirzynski	Policy Advisory Committee (PAC)	Present
Raj Sedhev	Transportation Authority Engineers & Architects Association (TAEA)	Present
Loretta Springer	Amalgamated Transit Union (ATU)	Present
Tom Williams	Santa Clara County City Managers Association	Absent

A quorum was present.

2. **PUBLIC PRESENTATIONS**

There were no Public Presentations.

3. **CHAIRPERSON'S REPORT**

Chairperson Gage noted: 1) Under Agenda Item #8, staff would provide an update on Caltrain's current situation; 2) The majority of the meeting would consist of a discussion on the suggestions Chairperson Gage provided at the March 24, 2010, Ad-Hoc FRC Meeting to help VTA achieve financial stability; and 3) An updated memo for Agenda Item #5, entitled "Financial Stability Ideas for Consideration," has been provided to the Committee.

Chairperson Gage stated information would be provided to the Committee as much in advance as possible. He noted this is a work in progress.

4. Review Comparisons of Financial Mitigation Measures Undertaken by Other Jurisdictions.

Jim Lawson, Executive Policy Advisor and Staff Liaison, reported: 1) At the April 1, 2010, Caltrain Board Meeting the General Manager of SamTrans, Mike Scanlon, reported SamTrans is experiencing severe financial difficulties; 2) VTA, a one-third partner with SamTrans and San Francisco Muni in the Caltrain Operation, provides a board member (Ad-Hoc FRC Chairperson and VTA Board Member Gage) as well operating and capital assistance; 3) SamTrans is the managing partner of Caltrain. SamTrans General Manager Mike Scanlon is also the General Manager of Caltrain; 4) Mr. Scanlon reported SamTrans is reducing its contribution to Caltrain by 70 percent, a reduction from \$40 million to \$12 million; 5) This reduction would represent a loss of evening, weekend and midday service affecting on average 18,000 weekday riders, 5,700 midday riders and 2,000 evening riders; 6) Such a change would negatively impact the approximately \$44 million per year in fare box revenue, which will be discussed in the Ad-Hoc FRC Agenda Item #5, Chairperson Gage's Recommendations to Attain Financial Stability; 7) The Board will review SamTrans' position and determine VTA's future contribution to that organization.

At a previous Ad-Hoc FRC meeting, Members of the Committee requested staff look into financial-based actions being taken by other cities and jurisdictions. Mr. Lawson reported: 1) In its ninth consecutive year of a budget deficit, The City of San José has a current budget deficit of \$116 million; 2) City of San José Mayor Chuck Reed has called upon the City's union workers to agree to reduce compensation by 10 percent to help reduce layoffs that would diminish services. This would be a 5 percent permanent reduction and a 5 percent one-time reduction for the current fiscal year; 2) The City's average-employee costs have increased by 64 percent since 2000, while the revenues have not kept pace; 3) Their current deficit exceeds the City's budget for parks, libraries and community centers combined; and 4) The City of Pleasanton has taken a ten percent salary reduction and have established a two-tier employee benefits program.

Members of the Committee questioned the current two-year budget status. Mr. Lawson stated staff is working on the latest update that will incorporate the most current sales tax revenue figures through March.

5. Chairperson Gage's Recommendations to Attain Financial Stability

Chairperson Gage stated the figures within this presentation are as accurate as possible to date. The figures show the order of magnitude, which will enable the Committee to determine which areas will generate enough revenue to solve the problem. He noted the General Manager has instructed staff that everything is on the table and that every department, facility, and task will be reviewed.

Member Herrera took her seat at 3:19 p.m.

Chairperson Gage noted the importance of providing reasonable recommendations to the Board to assist them in making their decision.

Carol Lawson, Fiscal Resources Manager, addressed the Committee and noted the revised handout entitled, "Financial Stability Ideas for Consideration" contained the same information as the previous version of the document emailed to the Committee on April 2, 2010. Ms. Lawson reported a few numbers had changed and the information was now displayed in a table format.

Ms. Lawson defined the following terms for the Committee:

Short-term: Within the next 18 months
(Ms. Lawson noted this would have to be a recurring savings to help with the deficit.)

Mid-term: 18 months to 5 years

Long-term: 5 years or more

Ms. Lawson provided a PowerPoint Presentation entitled, "Financial Stability Ideas for Consideration Review," highlighting: 1) Key Components to Achieve Financial Stability; 2) Implementation Timeframes; and 3) and Identify and Implement Recurring Savings.

- Recurring Revenues: 1) Transition Away from Eco Pass Program; 2) Eco Pass Current Pricing Structure; 3) Eco Pass Potential Incremental Fare Revenue; 4) Eliminate 30-year Sunset of 2000 Measure A; and 5) Utilize SB83 Funds for Transit.

Members of the Committee requested a list of the companies and/or agencies currently in the Eco Pass Program. Ms. Lawson stated she would provide this list.

- Recurring Savings: 1) VTA Transit Budgeted Operating Expenses; and 2) Primary Drivers of Service Delivery Expense: a) Level of Service; b) Cost of Service.
- Level of Service: 1) Reduce Underperforming Service; 2) Subsidize Local Service Provided By Cities or Others; and 3) Competitively Bid New or Existing Services.

- Cost of Service: 1) VTA Transit Service Delivery Budget; 2) VTA Transit Labor Costs Budget; and 3) VTA Transit Benefits Budget.
- Labor and Benefits: 1) Historic Labor and Benefit Costs; 2) Historic Labor and Benefits – Average per Employee; 3) Primary Drivers of Labor Costs; 4) Reduce Staff Levels; 5) Reduce Wages; 5) Modify Benefits; and 6) Historic Health Insurance Costs.
- Non-Labor: 1) Potential Non-Labor Cost Savings Scenarios; and 2) Other.
- Contracted Services/Regional Partnerships: 1) Support re-bidding for contracted services; 2) look to “regionalize” commuter rail; 3) reduce contribution levels and consider viability of continued support for Regional Partnerships.
- Questions and Discussion.

Chairperson Gage stated, due to the advanced hour, this item would be brought back before the Committee at its April 28, 2010, meeting. He noted the Committee has recessed the discussion on Page 29 of the presentation.

Franceen Weisert-Anderson, VTA employee, addressed the Committee to express her concerns over consultant labor costs versus employee labor costs.

6. ADJOURN

On order of Chairperson Gage and there being no objection, the Ad-Hoc Financial Recovery Committee meeting adjourned at 4:37 p.m.

Respectfully submitted,

Susan E. Garcia, Board Assistant
VTA Office of the Board Secretary