



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

Wednesday, May 26, 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 3:04 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
Emma Eljas	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
William Hadaya	Santa Clara County Coalition of Chamber of Commerce	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 the order of the items to be discussed: 1) Stakeholder ideas to be presented by Cindy Chavez; 2) Financial Assumptions to be presented by Bob Kuo; and 3) recommendations for Financial Recovery.

The Agenda was taken out of order.

5. **Financial Assumptions**

Bob Kuo, Consultant, provided a PowerPoint Presentation entitled, "Review of VTA's Revised 10-Year Financial Projections." He reviewed VTA's budgeted operating expense.

Stakeholder Chavez took her seat at 3:09 p.m.

4. **Stakeholder Ideas for Financial Recovery**

Stakeholder Chavez highlighted her comments regarding specific proposals for revenues, transit service, cost structures, and operational changes.

The Committee comments regarding Eco Pass are the following: 1) explore opportunities for expanding and making the program more attractive; 2) eliminating the program completely may jeopardize the usage of the entire transit system; 3) ten company interviews revealed that Eco Pass allows companies to promote transit; 4) Fare collection is a bigger problem than Eco Pass; 5) majority of Santa Clara County employees do not take advantage of Eco Pass; 6) Eco Pass cannot be used for Caltrain rides; and 7) linking Eco Pass to Clipper (formerly Translink) may help improve its usage.

Stakeholder Chavez urged the Committee to keep the benefit assessment on the table and partner with cities to make it a reality. She suggested VTA to partner with the County and cities to examine how Health Care Reform can reduce their costs and re-examine a possibility of joint purchase for health insurance.

Stakeholder Chavez commented the following: 1) VTA should consider redirecting \$25 million in Measure A assistance to operating budget; 2) there should be a "grow back" strategy for those routes that were cut; 3) VTA should look at opportunities to "contract in"; 4) Ten-year contracts should be evaluated; 5) labor unions should be brought to the table as partners; 5) there should be a Board policy on negotiation that all changes should be considered through a joint labor-management committee and having a 2-tier program; 6)VTA should examine the advantages and disadvantages of being its own Metropolitan Planning Organization (MPO).

Stephen Blaylock, Altrans, referred to "contracting-in" and stated there is benefit to VTA if it contracts with a private sector with excellent service but reasonable rates.

New Stakeholder William Hadaya, Santa Clara County Coalition of Chamber of Commerce representative, introduced himself.

5. **Financial Assumptions** (continued)

Mr. Kuo reviewed VTA's Service Delivery, Labor Costs, and Benefit Budgets; Revenues; Assumptions behind 10-year projections; Key assumptions for service levels and operating revenue; fare revenue; operating expense Assumptions; and 10-year operating projections; and scenarios when sales tax revenues grow faster. Mr. Kuo directed attention to Slide #19 and noted the corrected slide is provided for them at the table.

Stakeholder Pirzynski stated the Santa Clara County Civil Grand Jury recently released a report entitled, "Cities Must Rein In Unsustainable Employee Costs" and noted some of the report's findings.

6. **Recommendations for Financial Recovery**

Staff distributed the draft Financial Stability Policy – VTA Transit Enterprise Fund.

Chairperson Gage noted the policy is needed to guide the organization in prioritizing expenditures. The draft policy has key principles which will be followed for budget, financial planning, and employee relations processes. Chairperson Gage encouraged the Committee to review the draft document and have the discussion by the next meeting scheduled for June 2, 2010. Once discussed, the policy will be forwarded to the Board of Directors.

Member Abe-Koga inquired where the discussion on fares and farebox recovery fall into the policy. Mr. Lawson responded those discussions will be under the purview of the Revenue Enhancement Committee Member Herrera has suggested. Chairperson Gage noted the need to look into those important issues because raising fares affect ridership.

Member Herrera noted the need for a framework and policy when dealing with expenditures and plans for the futures. However, she noted important projects in the Measure A program should not be jeopardized. She stated it is imperative to keep the promise to the voters and not lose sight of the transportation system that VTA is trying to create for the future.

Chairperson Gage responded VTA is committed to fulfilling its promise to the voter. The goal is to deliver all projects but may have to use the "pay as you go" strategy.

Chairperson Gage reiterated the draft policy and key principles will be discussed at the next meeting and encouraged everyone to review the document and make suggestions on what needs to be added or deleted.

7. **ADJOURN**

On order of Chairperson Gage and there being no objection, the Ad-Hoc Financial Recovery Committee meeting adjourned at 4:33 p.m.

Respectfully submitted,

Elaine F. Baltao, Board Assistant
VTA Office of the Board Secretary