1. **CALL TO ORDER**

The Santa Clara Valley Transportation Authority’s (VTA) Ad-Hoc Financial Recovery Committee 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**

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

2. **PUBLIC PRESENTATIONS**

There were no Public Presentations.

3. **INTRODUCTIONS**
Recovery Committee Members:
Don Gage, Santa Clara County Board of Supervisor and VTA Board Member
Rose Herrera, San Jose Council Member and VTA Board Member
Margaret Abe-Koga, Mountain View Council Member and VTA Board Vice Chairperson

Recovery Committee Stakeholders:
Raj Sedhev, President, Transportation Authority Engineers & Architects Association (TAEA) and VTA Employee
Tammy Dhanota, Chief Steward, Service Employees International Union (SEIU) and VTA Employee
John Carlson, President, American Federation of State County and Municipal Employees (AFSCME) and VTA Employee
Loretta Springer, President, Amalgamated Transit Union (ATU) Local 265 and VTA Employee
Peter Skinner, representing Silicon Valley Leadership Group (SVLG)
Joe Pirzynski, Vice Mayor City of Los Gatos and Policy Advisory Committee (PAC) Vice Chair
Robert Jacobvitz, Citizens Advisory Committee (CAC) and 2000 Measure A Citizens Watchdog Committee (CWC) Vice Chair
Aaron Morrow, Committee for Transit Accessibility (CTA) Chair
Cindy Chavez, representing the South Bay AF of L/CIO Labor Council

VTA Staff:
Jim Lawson, Senior Policy Advisory and Committee Staff Liaison
Kevin Allmand, General Counsel

CHAIRPERSON’S REPORT

Kevin Allmand, General Counsel, provided an overview of the Ad-Hoc Financial Recovery Committee, the formation, and composition. He referenced the January 7, 2010 Board of Directors Regular meeting, where the Board approved to add two seats to the Organized Labor Union Stakeholder group representation; therefore, designating one representative for each of the labor unions.

Mr. Allmand stated the Recovery Committee consists of three voting members and eleven stakeholders, adding the Recovery Committee meetings will adhere to the Ralph M. Brown Act requirements.

Chairperson Gage expressed appreciation and thanked the Committee Members and Stakeholders for their attendance and participation. Chairperson Gage stated the Recovery Committee will meet twice a month with the goal to complete the work by June 2010.

Chairperson Gage stated the Committee will address the immediate problems to develop strategies and recommendations to forward to the Board for consideration. A majority and minority report will be developed if there is not agreement on the issues.

The goal is to develop actions that will make fundamental changes and significant impact to address VTA’s budget and structural issues. The Recovery Committee serves as an advisory committee to provide recommendations to the Board of Directors.

The Committee will receive presentations and utilize the workplan to identify key issues to address, noting all suggestions are welcomed. Chairperson Gage noted the time constraints to address the concerns and limited staff resources; therefore, requested that issues be presented at the Committee meetings.
Chairperson Gage stated the Committee may break into smaller working groups to discuss issues and develop solutions.

Chairperson Gage stated staff will provide the Committee with overviews for discussion, noting the importance for the Committee to identify the problems and develop real solutions.

The Office of the Board Secretary will provide an overview of the Committee meetings; however, the official recordings will be available for distribution upon request.

Chairperson Gage noted the Committee timeline is short so the issues need to be addressed immediately. He concluded his remarks stating the Committee meetings will begin on time at 3:00 p.m. and end at 4:30 p.m.

4. OVERVIEW OF VTA BUDGET STRUCTURE

Carol Lawson, Fiscal Resources Manager, provided a brief high level overview of VTA’s Budget Structure with a presentation entitled, “Overview of VTA Budget Structure,” highlighting: 1) Budgeted Operating Revenues; 2) Budgeted Operating Expenses; 3) Service Delivery Budget; 4) Labor Costs Budget; and 5) Benefits Budget.

Ms. Lawson reported on VTA’s Operating Revenues, noting that 42% comes from the 1976 Half-Cent Sales Tax, 20% from the Transportation Development Act (TDA), 8% from the 2000 Measure A Sales Tax Operating Assistance, 13% in Federal Operating Grants, 11% in Passenger Fares, and 6% in Other Revenue Sources. Ms. Lawson noted VTA is heavily reliant on sales tax.

Ms. Lawson reported on VTA’s Operating Expenses, noting that 78% is allocated to Service Delivery, 7% to Regional Partnerships, 9% to Paratransit Services, and 6% to Debt Service.

Ms. Lawson reported on VTA’s Service Delivery Budget, noting that 76% is allocated to Labor Costs, such as wage and benefits, 6% to Materials and Supplies, 5% to Fuel and Traction Power, and 12% to Other.

Ms. Lawson reported on VTA’s Labor Costs, noting 60% goes toward wages and 40% toward benefits. VTA’s Benefits Budget consists of the following: 32% for Health Insurance, 28% for Pension, 17% for Retiree Medical, 5% for Workers’ Compensation, 11% for FICA/Medicare, and 6% for Other.

Stakeholder Cindy Chavez, South Bay AF of L/CIO Labor Council, queried about the breakdown and percentage of the type of work being done in the Labor Costs Budget. Ms. Lawson responded that staff will provide additional information at a later date.

Stakeholder Peter Skinner, Silicon Valley Leadership Group (SVLG), queried about employee contributions to the benefits budget towards health insurance, pension, and retiree medical. Ms. Lawson responded employee contributions to health insurance are currently $35 per month and VTA pays 100% for pension and retiree medical.

Committee Member Abe-Koga queried if VTA’s grants are fixed annually or if they fluctuate and if they have restrictions. Ms. Lawson responded that VTA receives a general amount of grants, which can be used for Capital Programs or Preventive Maintenance. Jim Lawson, Senior Policy Advisory and Committee Staff Liaison, responded that this topic would be discussed at a future meeting.

Committee Member Abe-Koga queried about VTA’s pension plan formula. Ms. Lawson responded that administrative employees are covered by the California Public Employees' Retirement System (CalPERS) and receive 2% at 55.
Stakeholder Loretta Springer, Amalgamated Transit Union (ATU), clarified that effective September 2004, ATU’s Retiree Medical copay is $25 per month, and has recently been increased to $35 per month depending on their retire date.

Stakeholder Springer queried about the Labor Costs associated with the professional services consultants. Ms. Lawson responded that professional services are included in the 12% Other category in the Service Delivery Budget.

Stakeholder Robert Jacobvitz, Citizens Advisory Committee (CAC) and 2000 Measure A Citizens Watchdog Committee (CWC), requested dollar figures are included in future budget presentations as well as percentages.

Chairperson Gage referenced VTA’s Ad-Hoc Financial Stability Committee established in 2003, noting the difficulties, but added that there were more options available to work with at that time. He continued that there will be many difficult decisions, which will impact everyone, but stressed the importance for everyone here to work together as a team.

5. REVIEW LOCAL SALES TAX HISTORY

Kim Koenig, Fiscal Resources Manager, provided a brief high level overview of VTA’s Local Sales Tax History with a presentation entitled, “Review of Local Sales Tax History,” highlighting:

1976 ½ Cent Sales Tax
- Sales Tax approved by the voters in March 1976 and implemented October 1976;
- Purpose was to fund operation and development of transit service in Santa Clara County; and
- Current use of the funds is for operation of transit service in Santa Clara County.

Transit Development Act (TDA) Funds – ¼ Cent Sales Tax
- State subsidy consisting of an allocation of state sales tax revenue under California Transportation Development Act (TDA) of 1971;
- Approximately 94% of ¼ cent sales tax collected in Santa Clara County is provided to VTA;
- Purpose is to fund public transportation operating and capital expenses in the County in which it is collected; and
- Current use is to provide funds for operation of transit service in Santa Clara County.

1996 ½ Cent Sales Tax (Measure B)
- Sales Tax approved by the voters in November 1996 and implemented April 1997 with a termination date of March 2006;
- Purpose is to provide funding for Santa Clara County General Fund; and
- Current use is to fund 1996 Measure B Transportation Improvement Program related projects including the construction of the Tasman East, Vasona, and Capitol Light Rail Extensions and the purchase of 30 low-floor light rail vehicles; however, did not include funding for operating the light rail extensions.

2000 ½ Cent Sales Tax (Measure A)
- Sales Tax approved by the voters in November 2000 and implemented April 2006 with a termination date of March 2036;
- Purpose is to provide funding for specific transit capital improvements including BART Extension and transit operations.
2008 1/8 Cent Sales Tax (Measure B)

- Sales Tax approved by the voters in November 2008, but not yet implemented until award of Full Funding Grant Agreement with the Federal Transit Administration, which is projected for June 2012;
- Terminates 30 years after implementation; and
- Purpose is to provide funding for operating and maintaining BART Extension to Santa Clara County.

Ms. Koenig reported that Santa Clara County receives a total sales tax of 9.25% except for the City of Campbell, which receives 9.50%. The Santa Clara County total sales tax is based on 8.25% allocated from Statewide and 1% from local add-ons, such as the 1976 Sales Tax and 2000 Measure A Sales Tax.

Chairperson Gage requested the Committee Members and Stakeholders ask questions if they do not understand, noting the goal is to educate to make better decisions.

Vice Chairperson Herrera queried about the margin of error in the sales tax projections. Vice Chairperson Herrera cautioned the Committee to be careful about putting too much credence in the source of the numbers. She noted for the record that the voters in supporting the ballot measures have supported Eastridge Light Rail extension.

Stakeholder Chavez referenced Slide 10 – Sales Tax Base is Eroding and queried if this was a long term trend. She noted the importance for the Committee to understand what trends are coming from a national and state level.

Stakeholder Chavez stressed the importance for Committee to understand issues and what we are advocating.

6. AD-HOC COMMITTEE WORKPLAN

Chairperson Gage stressed the importance for the Committee to begin working on the issues to develop strategies and recommendations, noting the June 16, 2010 end date for the Committee to forward the final report to the Board for consideration.

Chairperson Gage noted the importance for the Committee to thoroughly discuss all topics and complete the task assigned to the Committee by the Board. He stated the Committee will meet twice a month, but has the option to conduct another meeting in-between to discuss and address issues if need be.

Stakeholder Chavez queried about the number of management audits VTA has conducted. She noted the importance for the Committee to know the money saving strategies to date as well as revenue generating opportunities and options available.

Stakeholder Chavez requested the Committee receive a history of the bargaining agreement provisions.

Chairperson Gage urged the Committee and Stakeholders to bring a binder to the meetings as a working binder to store the information provided to the Committee. Chairperson Gage suggested staff provide the requested information before the meeting in order for the Committee to have the opportunity to review in advance.

Chairperson Gage requested the Committee Members and Stakeholders provide an email address to receive the agenda and other relevant information electronically.

Vice Chairperson Herrera requested staff provide information on the number the Committee is working toward to achieve, noting the importance to see the proposals with dollar amounts in order to identify the impact and problem.
M/S/C (Herrera/Abe-Koga) to approve the Ad-Hoc Financial Recovery Committee Workplan.

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

Stakeholder Springer requested staff provide a list of VTA’s reorganizations and list of contractors associated with VTA functions.

Tammy Dhanota, Chief Steward, SEIU, Local 521, requested information regarding the manager to employee ratios and stressed the importance to include the item into the Committee Workplan for discussion.

Stakeholder Dhanota requested staff provide a comparison of manager to employee ratios from the years in between 1998 and 2010.

7. RECOVERY COMMITTEE MEETING SCHEDULE
M/S/C (Herrera/Abe-Koga) to approve the Ad-Hoc Financial Recovery Committee Meeting Schedule.

8. ADJOURN
On order of Chairperson Gage and there being no objection, the Ad-Hoc Financial Recovery Committee meeting adjourned at 4:09 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Office of the Board Secretary