BOARD OF DIRECTORS MEETING

Thursday, February 3, 2011

5:30 P.M.

The Regular Session will commence immediately following the conclusion of the Closed Session.

Board of Supervisors’ Chambers
County Government Center
70 West Hedding Street
San Jose, CA 95110

AGENDA

To help you better understand, follow, and participate in the meeting, the following information is provided:

- Persons wishing to address the Board of Directors on any item on the agenda or not on the agenda should complete a blue card located at the public information table and hand it to the Board Secretary staff prior to the meeting or before the item is heard.

- Speakers will be called to address the Board when their agenda item(s) arise during the meeting and are asked to limit their comments to 2 minutes. The amount of time allocated to speakers may vary at the Chairperson's discretion depending on the number of speakers and length of the agenda. If presenting handout materials, please provide 25 copies to the Board Secretary for distribution to the Board of Directors.

- The Consent Agenda items may be voted on in one motion at the beginning of the meeting under Orders of the Day. If you wish to discuss any of these items, please request the item be removed from the Consent Agenda by completing a blue card at the public information table and handing it to the Board Secretary staff prior to Orders of the Day, Agenda Item #5.
• Disclosure of Campaign Contributions to Board Members (Government Code Section 84308)

In accordance with Government Code Section 84308, no VTA Board Member shall accept, solicit, or direct a contribution of more than $250 from any party, or his or her agent, or from any participant, or his or her agent, while a proceeding involving a license, permit, or other entitlement for use is pending before the agency. Any Board Member who has received a contribution within the preceding 12 months in an amount of more than $250 from a party or from any agent or participant shall disclose that fact on the record of the proceeding and shall not make, participate in making, or in any way attempt to use his or her official position to influence the decision.

A party to a proceeding before VTA shall disclose on the record of the proceeding any contribution in an amount of more than $250 made within the preceding 12 months by the party, or his or her agent, to any Board Member. No party, or his or her agent, shall make a contribution of more than $250 to any Board Member during the proceeding and for three months following the date a final decision is rendered by the agency in the proceeding. The foregoing statements are limited in their entirety by the provisions of Section 84308 and parties are urged to consult with their own legal counsel regarding the requirements of the law.

• All reports for items on the open meeting agenda are available for review in the Board Secretary’s Office, 3331 North First Street, San Jose, California, (408) 321-5680, the Monday, Tuesday, and Wednesday prior to the meeting. This information is available on our website, www.vta.org, and also at the meeting. Any document distributed less than 72 hours prior to the meeting will also be made available to the public at the time of distribution. Copies of items provided by members of the public at the meeting will be made available following the meeting upon request.

In compliance with the Americans with Disabilities Act (ADA), those requiring accommodations for this meeting should notify the Board Secretary’s Office 48 hours prior to the meeting at (408) 321-5680 or e-mail: board.secretary@vta.org or (408) 321-2330 (TTY only). VTA’s Home page is on the Web at: www.vta.org or visit us on Facebook www.facebook.org/scvta.

NOTE: THE BOARD OF DIRECTORS MAY ACCEPT, REJECT OR MODIFY ANY ACTION RECOMMENDED ON THIS AGENDA.
CALL TO ORDER

1. ROLL CALL

2. RECESS TO CLOSED SESSION

   A. Conference with Real Property Negotiators  
      [Government Code Section 54956.8]  
      Property: 1655 Berryessa Road, San Jose, CA  
      Agency Negotiator: Bijal Patel, Deputy Director, Property Development &  
                         Management  
      Under Negotiation: Price and terms of payment

   B. Conference with Real Property Negotiators  
      [Government Code Section 54956.8]  
      Property: 1436 California Circle, Milpitas, CA  
      Agency Negotiator: Bijal Patel, Deputy Director, Property Development &  
                         Management  
      Negotiating Parties: BAPS West, Inc.  
      Under Negotiation: Price and terms of payment

RECONVENE TO OPEN SESSION

3. CLOSED SESSION REPORT

4. PUBLIC PRESENTATIONS

   This portion of the meeting is reserved for persons desiring to address the Board of  
   Directors on any item within the Boards jurisdiction. Speakers are limited to 2 minutes.  
   The law does not permit Board action or extended discussion of any item not on the  
   agenda except under special circumstances. If Board action is requested, the matter can  
   be placed on a subsequent agenda. All statements that require a response will be referred  
   to staff for reply in writing.

5. ORDERS OF THE DAY
CONSENT AGENDA

6. Approve the Board of Directors Regular Meeting Minutes of January 6, 2011.

7. ACTION ITEM - Approve amendment to the SR152 Mobility Partnership MOU to expand its current membership of Santa Clara and San Benito Counties to include Merced County.

Administration and Finance Committee

Items submitted for the Consent Agenda by the Administration and Finance Committee.

8. ACTION ITEM - Authorize the General Manager to execute a contract with the County of Santa Clara to provide 1,850 quarterly transit stickers for use by homeless and at risk of being homeless individuals in the amount of $111,000 per year. The contract will be effective April 1, 2011 for a period not to exceed three years.


10. INFORMATION ITEM - Actuarial Valuation of VTA’s Other Post Employment Benefits as of July 1, 2010

Congestion Management Program and Planning Committee

The Congestion Management Program and Planning Committee did not meet in January 2011.

Transit Planning and Operations Committee

Items submitted for the Consent Agenda by the Transit Planning and Operations Committee.

11. ACTION ITEM - Approve an Amendment to the Bylaws of the Caltrain Centralized Equipment Maintenance & Operations Facility (CEMOF) Monitoring Committee reducing the minimum number of meetings from quarterly to once annually and the reporting from quarterly to periodic.

12. ACTION ITEM - Authorize the General Manager to execute a contract amendment with Winzler & Kelly, in an amount not-to-exceed $167,800, for environmental design services necessary to complete 100% design and perform design services during construction of the Alum Rock Fish Passage mitigation site for Freight Railroad Relocation activities for a total contract amount of $401,200, and extend the contract through April 30, 2013. This contract is 100% funded by the 2000 Measure A Program.

Audit Committee

Item submitted for the Consent Agenda by the Audit Committee.


CEREMONIAL ITEMS/SPECIAL REPORTS

15. AWARDS AND COMMENDATION

A. INFORMATION ITEM - Recognize Linda Durham, Human Resources Analyst, River Oaks Administration; Salinderjit Singh, Coach Operator, Chaboya Division; and Mel Gonzales, Service Worker Foreperson, Guadalupe Division, as Employees of the Month for February 2011.

16. REPORT FROM THE GENERAL MANAGER. (Verbal Report)

A. INFORMATION ITEM - Receive an update on the implementation of the Clipper Card™.

B. INFORMATION ITEM - Receive an update on Caltrain funding.

17. REPORT FROM THE CHAIRPERSON. (Verbal Report)

A. INFORMATION ITEM - Recognize and thank the individuals who served as Advisory Committee Chairpersons for 2010, and welcome those serving in that capacity for 2011.


REGULAR AGENDA

20. INFORMATION ITEM - Receive Silicon Valley Rapid Transit (SVRT) Program Update.

Administration and Finance Committee - Liz Kniss

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

Congestion Management Program and Planning Committee - Chuck Page

The Congestion Management Program and Planning Committee did not meet in January 2011.
Transit Planning and Operations Committee - Rich Larsen

Item submitted for the Regular Agenda by the Transit Planning and Operations Committee.

21. ACTION ITEM - Authorize the General Manager to execute a contract with SunPower Corporation for renewable power purchase and property leasing agreements at VTA’s North, Cerone and Chaboya Divisions.

Audit Committee - Rose Herrera

There were no items submitted for the Regular Agenda by the Audit Committee.

OTHER ITEMS

22. ITEMS OF CONCERN AND REFERRAL TO ADMINISTRATION

23. INFORMATION ITEM - Review the Monthly Legislative History Matrix.

24. REPORTS (UNAPPROVED MINUTES) FROM STANDING COMMITTEES

A. Administration and Finance Committee
B. Congestion Management Program and Planning Committee
C. Transit Planning and Operations Committee
D. Audit Committee (No Meeting Scheduled)

25. REPORTS (UNAPPROVED MINUTES) FROM ADVISORY COMMITTEES

A. Committee for Transit Accessibility (CTA)
B. Citizens Advisory Committee (CAC) and 2000 Measure A Citizens Watchdog Committee (CWC)
C. Bicycle & Pedestrian Advisory Committee (BPAC)
D. Technical Advisory Committee (TAC)
E. Policy Advisory Committee (PAC)

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

A. Peninsula Corridor JPB
B. Capitol Corridor JPB
C. Dumbarton Rail Corridor Policy Committee
D. Metropolitan Transportation Commission (MTC)
E. Sunol Smart Carpool Lane Joint Powers Authority
27. REPORTS FROM VTA POLICY ADVISORY BOARDS (PABs)

A. Vasona Light Rail PAB (No Meeting Scheduled)
B. Silicon Valley Rapid Transit Corridor & BART Warm Springs Extension PAB (No Meeting Scheduled)
C. Downtown East Valley PAB (No Meeting Scheduled)

28. ANNOUNCEMENTS

29. ADJOURN
BOARD OF DIRECTORS MEETING
Thursday, January 6, 2011
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 Abe-Koga at 5:37 p.m. in the Board of Supervisors’ Chambers, County Government Center, 70 West Hedding Street, San José, California.

1. ADMINISTER OATH OF OFFICE

Sandra A. Weymouth, VTA Board Secretary, administered the Oath of Office to newly appointed Board Member Xavier Campos, representing the City of San José.

2. ROLL CALL

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<thead>
<tr>
<th>Attendee Name</th>
<th>Title</th>
<th>Status</th>
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<tbody>
<tr>
<td>Margaret Abe-Koga</td>
<td>Chairperson</td>
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<tr>
<td>Marshall Anstandig</td>
<td>Alternate Board Member</td>
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<td>Xavier Campos</td>
<td>Board Member</td>
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<tr>
<td>Dean Chu</td>
<td>Ex-Officio Board Member</td>
<td>Absent</td>
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<td>Rose Herrera</td>
<td>Board Member</td>
<td>Present</td>
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<td>Ash Kalra</td>
<td>Board Member</td>
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<td>Liz Kniss</td>
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<td>Rich Larsen</td>
<td>Board Member</td>
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<td>Sam Liccardo</td>
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<td>Jamie Matthews</td>
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<td>Pete McHugh</td>
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<tr>
<td>Chris Moylan</td>
<td>Board Member</td>
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<tr>
<td>Chuck Page</td>
<td>Board Member</td>
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<td>Nancy Pyle</td>
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<td>Chuck Reed</td>
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<td>George Shirakawa</td>
<td>Alternate Board Member</td>
<td>NA</td>
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<td>Perry Woodward</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Ken Yeager</td>
<td>Vice Chairperson</td>
<td>Present</td>
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* Alternates do not serve unless participating as a Member.

A quorum was present.
3. RECESS TO CLOSED SESSION 5:40 p.m.

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

Name of Case: Wang v. Santa Clara Valley Transportation Authority
(Santa Clara Superior Court Case No.: 1-09-CV-156561)

Member Yeager entered Closed Session at 5:43 p.m.
Member Reed entered Closed Session at 5:44 p.m.

RECONVENED TO OPEN SESSION 5:52 p.m.

4. CLOSED SESSION REPORT

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

Name of Case: Wang v. Santa Clara Valley Transportation Authority
(Santa Clara Superior Court Case No.: 1-09-CV-156561)

There was no reportable action taken during Closed Session.

5. PUBLIC PRESENTATIONS

William Ross, representing businesses on California Avenue in Palo Alto, requested the Board reconsider from the December 9, 2010, Board meeting, Agenda Item #19, Approve the recommended projects for the Community Design and Transportation Program, which would reduce traffic lanes on California Avenue in Palo Alto from four lanes to two lanes. Chairperson Abe-Koga referred Mr. Ross to VTA General Counsel, Kevin Allmand.

Tim L. Ranz, concerned citizen, expressed concern over an intoxicated bus passenger. Chairperson Abe-Koga referred Mr. Ranz to Patrick Griffin, Manager of Public Affairs and Customer Information.

James Wightman, concerned citizen, questioned the timing for the Clipper Card’s introduction to Santa Clara County. Michael T. Burns, General Manager, stated there would be a limited rollout of the Clipper Card in February 2011.

Michael Ludwig, concerned citizen, expressed disappointment with the placement of Public Presentations on the current Board agenda. He encouraged Chairperson Abe-Koga to place Public Presentations after Awards and Commendations on future agendas to provide additional travel time for members of the working public who wish to speak to the Board.
6. ORDERS OF THE DAY

Chairperson Abe-Koga moved the following items from the Regular Agenda to the Consent Agenda: 1) Agenda Item #23, 2011 Legislative Program for the Santa Clara Valley Transportation Authority (VTA); 2) Agenda Item #24, 2010 Election Results; and 3) Agenda Item #26, Readvertised Blossom Hill Pedestrian Overcrossing.

Member Reed noted that he would abstain from the Consent Agenda per Government Code section 84308.

Member Liccardo noted that he would abstain from Agenda Item #14, On-Call General Environmental Engineering Services, per Government Code section 84308.

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to accept the Orders of the Day and approve the Consent Agenda with the exclusion of Agenda Item #14, On-Call General Environmental Engineering Services. Board Member Reed abstained.

M/S/C (Kniss/Herrera) on a vote of 10 ayes to 0 noes and 2 abstentions to approve Agenda Item #14, On-Call General Environmental Engineering Services. Board Members Reed and Liccardo abstained.

CONSENT AGENDA

7. Regular Meeting Minutes of December 9, 2010

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to approve the Board of Directors Regular Meeting Minutes of December 9, 2010. Board Member Reed abstained.

8. Committee for Transit Accessibility Appointments

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to approve the re-appointments of Troy Hernandez (2011-2012) and Aaron Morrow (2011-2012) to the Committee for Transit Accessibility (CTA) for specified two-year terms, representing persons with disabilities; and further, approve the re-appointments of the Independence Network (2011-2012), and the Silicon Valley Independent Living Center (2011-2012), to the CTA for specified two-year terms, representing Human Services Agencies. Board Member Reed abstained.

9. Quarterly Public Liability/Property Damage Claims Report

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to review First Quarter FY 2011 Public Liability/Property Damage Claims Activity Report. Board Member Reed abstained.

NOTE: M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.
10. **Quarterly Workers’ Compensation Claims and Transitional Work Program**

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to review First Quarter FY 2011 Report of Workers’ Compensation Claims and Transitional Work Program. Board Member Reed abstained.

11. **Monthly Investment Report - October 2010**

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to receive a Report on Santa Clara Valley Transportation Authority Investments for the Month of October 2010. Board Member Reed abstained.

12. **Quarterly Purchasing Report**

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to review the Quarterly Purchasing Report for July 1 through September 30, 2010. Board Member Reed abstained.

13. **Contract Amendment Mark Thomas & Company, Inc.**

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to authorize the General Manager to execute a contract amendment with Mark Thomas & Company, Inc. in an amount not-to-exceed $3,200,000 for the I-280/I-880/Stevens Creek Boulevard Interchange Project Phase 1 final design services, and extend the current contract through December 31, 2013; and further authorize the allocation of $1,655,000 in local program reserves to provide matching funds for the $19,500,000 federal grant funds on this project. Board Member Reed abstained.

14. **On-Call General Environmental Engineering Services**

M/S/C (Kniss/Herrera) on a vote of 10 ayes to 0 noes and 2 abstentions to authorize the General Manager to increase, from $2.5 million to $4.5 million, the total not-to-exceed value of eight On-Call General Environmental Engineering Services task order contracts with the following firms: Earth Tech, Inc.; Geocon Consultants, Inc.; Kennedy/Jenks Consultants, Inc.; Kleinfelder, Inc.; LFR, Inc.; Locus Technologies; Northgate Environmental Management, Inc.; and SECOR International, Inc. Board Members Reed and Liccardo abstained.

15. **Clipper Fare Collection System Program Update**

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to receive Clipper Fare Collection System Program Update. Board Member Reed abstained.

16. **VTP Highway Program Semi-Annual Report**

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to receive the VTP Highway Program Semi-Annual Report. Board Member Reed abstained.
23. **2011 Legislative Program**

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to approve the 2011 Legislative Program for the Santa Clara Valley Transportation Authority (VTA). Board Member Reed abstained.

24. **2010 Election Results**

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to approve the 2011 Legislative Program for the Santa Clara Valley Transportation Authority (VTA).

Board Member Reed abstained.

25. **Readvertise Blossom Hill Pedestrian Overcrossing**

M/S/C (Kniss/Herrera) on a vote of 11 ayes to 0 noes and 1 abstention to authorize the General Manager to execute a contract with Gordon N. Ball, the lowest responsive and responsible bidder, in the amount of $4,751,205 for the construction of the Blossom Hill Pedestrian Overcrossing. This contract is funded through a combination of federal, state, and Measure A funds. Board Member Reed abstained.

**CEREMONIAL ITEMS/SPECIAL REPORTS**

17. **AWARDS AND COMMENDATIONS**

A. **Employees of the Month for December 2010**

Chairperson Abe-Koga recognized Angela Sipp, Public Communication Specialist II, River Oaks Administration; Omer Kassa, Coach Operator, Chaboya Division; and Gerry Welin, Support Mechanic, Cerone Overhaul and Repair Division as Employees of the Month for December 2010.

**Employees of the Month for January 2011**

Chairperson Abe-Koga recognized John Angelescu, Construction Inspector, River Oaks Administration; Craig Edwards, Coach Operator, Cerone Division; Rey Operario, Service Mechanic, North Division as Employees of the Month for January 2011.

**Supervisor of the Quarter for the 1st quarter of 2011**

Chairperson Abe-Koga recognized Jesse Soto, Facilities Maintenance Coordinator, Cerone Division and River Oaks as Supervisor of the Quarter for the first quarter of 2011.

B. **2010 Board of Directors’ Chairperson Sam Liccardo**

The Board recognized the contributions of the outgoing 2010 Board Chairperson Liccardo.
18. REPORT FROM THE GENERAL MANAGER

Michael T. Burns, General Manager, provided a ridership report and stated for the period of November 2010, compared with November 2009, light rail boardings were up by 2.9 percent and bus boardings were down 3.9 percent on an average weekday basis; combined, this is a reduction of 2.3 percent for the overall system for average weekday boardings. Mr. Burns noted a 3-percent reduction had been projected due to the fare increase.

Mr. Burns reported the visual look of the Airport Flyer Service will change with the introduction of the new hybrid buses. The buses, expected to be in service at the end of January 2011, will have a new interior, cushioned seats, luggage racks, as well as other amenities for airport travelers. Mr. Burns directed the Board’s attention to the handout on the dais and public table, which provided a graphic rendering of the buses’ exterior.

Receive an update on Budget Assumptions for preparation of the FY 2012 and FY 2013 budget.

Mr. Burns stated the purpose for bringing the basic budget assumptions to the Board’s attention was to provide the Board with an advance look at some of the overriding assumptions as staff begins budget preparations for FY12 and FY13. He noted: 1) VTA is financially sound, because it reacted quickly to the significant downturn in revenues; 2) Full cooperation was received from employee labor groups in terms of: a) furlough days; b) deferring wage increases and c) no wage increases; 3) Expenses were reduced throughout the organization; 4) Services cuts and a fare increase were implemented; 5) Non-budgeted funding was received from the State; and 6) Sales tax revenues are beginning to improve.

Mr. Burns stated VTA must be cognizant of the volatility of its funding sources, particularly sales tax revenue, noting the critical financial condition VTA faced approximately 18-months ago.

A PowerPoint presentation was provided highlighting information on FY12 and FY13 Biennial Budget Assumptions for: 1) Service; 2) Revenues; 3) Expense/Cost Drivers; 4) Capital Program; 5) Harvey M. Rose Associates, LLC, Recommendation and Budget Assumption; and 6) Next Steps.

19. REPORT FROM THE CHAIRPERSON. (Verbal Report)

A. Remarks from incoming Chairperson

Chairperson Abe-Koga thanked the Board members for their trust in electing her Chairperson. She noted: 1) the Board’s effort is to support infrastructure and service; 2) the Board’s focus should be on the basics in 2011 in order to provide the best safe, reliable, affordable transportation system VTA’s resources will allow; and 3) the importance of the Board continuing to be mindful and manage VTA resources in a prudent way.
Chairperson Abe-Koga praised the efforts of the Ad-Hoc Financial Recovery Committee (Ad-Hoc FRC) for providing sound principles, priorities and guidelines to help address the serious economic challenges VTA faces.

Chairperson Abe-Koga noted a suggestion that came out of the Ad-Hoc FRC was to form a Revenue Enhancement Committee. She recommended that at its next meeting the Transit Planning and Operations (TP&O) Committee place on its agenda the formation of a Revenue Enhancement Subcommittee.

Chairperson Abe-Koga encouraged the Board members to be proactive in publicly promoting VTA’s projects, policies, activities and interests.

Chairperson Abe-Koga stated Caltrain, facing serious financial challenges this year, is very important to her constituents in Mountain View and that she is committed to saving the service.

Chairperson Abe-Koga reported on the internal organizational changes that have been implemented to get the Board more engaged in the Board meetings: 1) Items on the agenda will be grouped by the standing committee that reviews them; 2) Beginning with the February Board meeting, the chair for each standing committee will provide a brief introduction to the items their committee is recommending and their thoughts behind the recommendation. She noted this will help shorten the staff presentation and allow the Board a better understanding of the committees’ positions on the items; and 3) iPads are being tested by staff, for use by the Board, in order to move VTA toward a more paperless organization.

B. Appointments to Board Standing Committees and Joint Powers Boards and Regional Commission

M/S/C (Page/Herrera) to approve Appointments to Board Standing Committees and Joint Powers Boards and Regional Commission.

20. Citizens Advisory Committee (CAC) Chairperson’s Report

There was no report.


There was no report.

REGULAR AGENDA

Chairperson Abe-Koga announced that Agenda Item #22, SVRT Program Update, and Agenda Item #25, BART Vehicle Procurement, would be presented together.
22. **SVRT Program Update and**

25. **BART Vehicle Procurement**

Carolyn Gonot, Chief SVRT Officer, provided a PowerPoint presentation entitled *Silicon Valley Berryessa Extension BART Vehicle Procurement* that highlighted:
1) Recommended Action; 2) BART Fleet Replacement; 3) BART Railcar Procurement; 4) BART Procurement Activities; 5) Procurement Schedule; 6) Railcar Production and Delivery; 7) VTA Financial Commitment; 8) BART System Map; and 9) Next Steps.

Ms. Gonot reported BART’s Executive Manager for Transit System Development, Charles Stark, was in attendance should the Board have any questions about the vehicle procurement.

**Public**

Michael Ludwig, concerned citizen, encouraged VTA to design and build a transportation system to last for centuries. He expressed concern over the decision to combine two downtown stations into one, suggesting this could affect San José State University students and hurt ridership in the long term.

**On order of Chairperson Abe-Koga** and there being no objection, the Board received the Silicon Valley Rapid Transit (SVRT) Program Update.

**M/S/C (Kniss/Page)** on a vote of 12 ayes to 0 noes to authorize the General Manager to procure sixty (60) railcars for the Berryessa Extension Project in cooperation with the Bay Area Rapid Transit District (BART), and to execute all relevant agreements and other documentation pursuant to the VTA/BART Comprehensive Agreement.

### OTHER ITEMS

27. **ITEMS OF CONCERN AND REFERRAL TO ADMINISTRATION**

There were no Items of Concern and Referral to Administration.

28. **Monthly Legislative History Matrix**

**On order of Chairperson Abe-Koga** and there being no objection, the Monthly Legislative History Matrix was accepted as contained in the Agenda packet.

29. **REPORTS (UNAPPROVED MINUTES) FROM STANDING COMMITTEES**

A. **Administration and Finance Committee**

There was no report for the Administration and Finance Committee.
B. **Congestion Management Program and Planning Committee**

There was no report for the Congestion Management Program and Planning Committee.

C. **Transit Planning and Operations Committee**

On order of Chairperson Abe-Koga and there being no objection, the December 16, 2010, Transit Planning and Operations Committee Minutes were accepted as contained in the agenda packet.

D. **Audit Committee**

There was no report for the Audit Committee.

30. **REPORTS (UNAPPROVED MINUTES) FROM ADVISORY COMMITTEES**

A. **Committee for Transit Accessibility**

There was no report for the Committee for Transit Accessibility.

B. **Citizens Advisory Committee and 2000 Measure A Citizens Watchdog Committee**

There was no report for the Citizens Advisory Committee and 2000 Measure A Citizens Watchdog Committee.

C. **Bicycle & Pedestrian Advisory Committee**

There was no report for the Bicycle & Pedestrian Advisory Committee.

D. **Technical Advisory Committee**

There was no report for the Technical Advisory Committee.

E. **Policy Advisory Committee**

There was no report for the Policy Advisory Committee.

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

A. **Peninsula Corridor JPB**

On order of Chairperson Abe-Koga and there being no objection, the January 6, 2011, Summary Notes from the Peninsula Corridor Joint Powers Board were accepted as contained on the dais.

B. **Capitol Corridor JPB**

There was no report for the Capitol Corridor Joint Powers Board.
C. **Dumbarton Rail Corridor Policy Committee**

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

D. **Metropolitan Transportation Commission (MTC)**

*On order of Chairperson Abe-Koga* and there being no objection, the December 15, 2010, Summary Notes from the Metropolitan Transportation Commission were accepted as contained on the dais.

E. **Sunol Smart Carpool Lane Joint Powers Authority**

There was no report for the Sunol Smart Carpool Lane Joint Powers Authority.

32. **REPORTS FROM VTA POLICY ADVISORY BOARDS (PABs)**

A. **Vasona Light Rail PAB**

There was no report for the Vasona Light Rail Policy Advisory Board.

B. **Silicon Valley Rapid Transit Corridor & BART Warm Springs Extension PAB**

There was no report for the Silicon Valley Rapid Transit Corridor & Bart Warm Springs Extension Policy Advisory Board.

C. **Downtown East Valley PAB**

There was no report for the Downtown East Valley Policy Advisory Board.

33. **ANNOUNCEMENTS**

There were no announcements.

34. **ADJOURNMENT**

*On order of Chairperson Abe-Koga* and there being no objection, the meeting was adjourned at 6:53 p.m.

Respectfully submitted,

Susan Garcia, Board Assistant  
VTA Office of the Board Secretary
BOARD MEMORANDUM

TO:        Santa Clara Valley Transportation Authority
           Board of Directors

THROUGH:   General Manager, Michael T. Burns

FROM:      Chief CMA Officer, John Ristow

SUBJECT:   SR152 Trade Corridor Project Amend Mobility Partnership MOU

Policy-Related Action: Yes  Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Approve amendment to the SR152 Mobility Partnership MOU to expand its current membership of Santa Clara and San Benito Counties to include Merced County.

BACKGROUND:

In 2006, VTA entered into discussions with the Council of San Benito County Governments (SBCOG) to create the SR 152 Mobility Partnership (Partnership) to explore a new alignment for SR152. Members of the Partnership are two elected officials appointed by the SBCOG and two elected officials appointed by VTA. VTA staff performs tasks as liaison staff for the Partnership in consultation with SBCOG staff. Consistent with VTA Board Action in 2009, the SBCOG and VTA executed a Memorandum of Understanding (MOU) to guide the study efforts for the SR 152 Corridor.

The Partnership seeks to amend the MOU to expand its current membership of Santa Clara and San Benito Counties to include participation by representatives of Merced County.

DISCUSSION:

The Partnership was formed to address SR152 within Santa Clara and San Benito Counties. At the request of the California Transportation Commission (CTC), the project was expanded to focus on the improvement of an east-west Trade and Mobility Corridor on State Route (SR) 152 between US Route (US) 101 and SR 99 (location map attached) through the counties of Santa Clara, San Benito, Merced and Madera.
At the April 14, 2010 Partnership meeting, it was recommended that the Partnership be expanded to include both Merced and Madera Counties. It was further recommended that the Partnership should initially be expanded to include Merced County Association of Governments (MCAG) and that meetings with staff be held before an agreement was sought. Subsequent to meetings with MCAG staff, a draft MOU was prepared to include MCAG (MOU and roster attached) and presented to the Partnership at their December 1, 2010 meeting, whereupon they recommended proceeding with taking the necessary actions to have MCAG join the Partnership. The MOU was presented to the MCAG Board of Directors at their December 16, 2010 meeting and was unanimously approved.

The MOU will provide authority for MCAG's Board of Directors to appoint two representatives to the Partnership. Caltrans will remain a non-voting ex-officio member of the Partnership. Staff will return to the VTA Board in the future should the Partnership seek approval to include Madera County. SBCOG is scheduled to approve execution of the amended MOU at their February 17, 2011 Board Meeting.

**ALTERNATIVES:**

The VTA Board of Directors could choose not to approve the MOU as amended. The transportation partnership would remain a two-county agreement and would be focused on realigning the west end of the SR152 corridor. CTC granted funding to the corridor based on study of the entire corridor from US101 to SR99, including Merced County therefore maintaining the existing two-county MOU raises the risk of losing CTC support and could make it more difficult to attract future partners and funding to make improvements in the corridor.

**FISCAL IMPACT:**

There is no financial impact resulting from this action.

Prepared by: Darrell Vice
Memo No. 2923
Memorandum of Understanding
between the
Council of San Benito County Governments
the
Santa Clara Valley Transportation Authority
and the
Merced County Association of Governments
to create the
SR152 Mobility Partnership
and to conduct
State Route 152 Realignment and Trade Corridor Studies

The Council of San Benito County Governments (SBCOG), the Santa Clara Valley Transportation Authority (VTA), and the Merced County Association of Governments (MCAG) jointly propose to establish a new alignment for State Route 152 (SR 152) from US 101 to the interchange of SR 152 and State Route 156 (SR 156). The SBCOG, VTA and MCAG will study the feasibility of a public-private partnership for the SR 152 Trade Corridor from SR 99 to US 101.

The SBCOG, San Benito County Board of Supervisors, City Councils of Hollister and San Juan Bautista, through adopted resolution, all support a SR 152 realignment that begins at a point near the San Felipe Road/SR 152 intersection and continues west to a point near the Pajaro River or Bloomfield Road at Highway 25 where it enters San Benito County.

The SBCOG, VTA and MCAG understand that the SR 152 Realignment Studies will accommodate traffic demands forecasted at least 25 years into the future and evaluate including one (1) lane in each direction designated as the preferred regional truck route.

The SBCOG, VTA and MCAG understand that the California Transportation Commission has committed $5 million of Interregional Funds on the condition that VTA provides $5 million matching funds to conduct the appropriate studies to determine the new alignment for SR 152 between US 101 and SR 156 and analyze financing options for the project including the feasibility of a public private partnership or toll road within the stretch between US 101 to SR 99.

VTA understands that the SBCOG and MCAG are under no obligation to provide any funding for the current phase of the project which includes the preparation of the environmental document and project report. VTA, SBCOG and MCAG agree to jointly and collectively seek additional funding as necessary for future phases of the project.

The SR 152 Realignment and Trade Corridor Studies will receive policy oversight/direction by the six member SR 152 Mobility Partnership. Two members shall be from San Benito County, one member shall be appointed by the SBCOG, one member shall be appointed by the San Benito County Board of Supervisors, two members shall be appointed by the VTA, and two members shall be appointed by MCAG.

VTA shall provide the appropriate professional staff and consultant services to conduct and manage the studies in consultation with the SBCOG and MCAG staff.
The California Department of Transportation may provide one non voting ex-officio member to the SR 152 Mobility Partnership from District 4 and provide appropriate staff representatives from Districts 4, 5, 6 and 10 to assist with the studies.

The SR 152 Mobility Partnership members and staffs of VTA, SBCOG and MCAG will conduct outreach to the Madera County Transportation Commission and the City of Chowchilla to include those organizations in the study efforts.

Should the Trade Corridor study support the viability of a public private partnership or toll road, the SR 152 Mobility Partnership will explore creating a Joint Powers Authority (JPA) or other appropriate governance/oversight entity for the corridor.

The SBCOG, VTA and MCAG agree that the goal is to complete the Studies within the term of this MOU.

Any member party may terminate this Memorandum of Understanding, with or without cause, at any time. In order to terminate this Memorandum of Understanding, the terminating party shall give advance written notice to the other member parties. The termination shall be effective no earlier than 30 days from the date of the written termination notice. This Memorandum of Understanding shall commence on October 15, 2009, and end on October 15, 2013 unless sooner terminated as specified herein.

NOW, THEREFORE, the parties have executed this MOU as follows:

COUNCIL OF SAN BENITO COUNTY     SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
By:______________________________ By:______________________________
Anthony Botelho, Chair Michael T. Burns, General Manager
APPROVED AS TO LEGAL FORM APPROVED AS TO LEGAL FORM
San Benito County Counsel’s Office VTA General Counsel
By:______________________________ By:______________________________
Shirley L. Murphy, Deputy Kevin D. Allmand
County Counsel General Counsel

MERCED COUNTY ASSOCIATION OF GOVERNMENTS
By:______________________________
Jesse Brown, Executive Director
APPROVED AS TO LEGAL FORM
By:______________________________
Robert T. Haden, Counsel
SR 152 Mobility Partnership Policy Board
Roster
January 2011

Merced County Representatives

    Supervisor Jerry O'Banion, Merced County
    Mayor Mike Villalta, City of Los Banos

San Benito County Representatives

    One member to be appointed by San Benito Board of Supervisors
    One member to be appointed by SBCOG

VTA Representatives

    Mayor Al Pinheiro, City of Gilroy
    Supervisor Mike Wasserman, Santa Clara County
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
   Board of Directors

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: Universal Pass for Life Improvement and Transportation (UPLIFT) Transit Pass Program for Homeless Individuals

Policy-Related Action: Yes
Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to execute a contract with the County of Santa Clara to provide 1,850 quarterly transit stickers for use by homeless and at risk of being homeless individuals in the amount of $111,000 per year. The contract will be effective April 1, 2011 for a period not to exceed three years.

BACKGROUND:

In November 2007, the Board of Directors authorized the General Manager to negotiate and execute a contract with the County of Santa Clara to provide Eco Pass type transit passes for the homeless. VTA and the County negotiated the Universal Pass for Life Improvement and Transportation (UPLIFT) transit pass agreement as a pilot program. The program requires the County to administer eligibility and requires passes to be issued only to individuals receiving case management services from shelters. The role of the shelters is critical in ensuring the benefits of the program are provided to those in need, and to leverage the value of the transit passes by packaging them with other services. The passes are in the form of stickers valid for a quarter and affixed to the Homeless Management Information Card with photo identification issued to the individuals.
DISCUSSION:

The UPLIFT transit pass program is intended to help transition once homeless individuals to permanent housing. The County has communicated its desire to continue the program for an additional 3 years and has also requested the ability to issue passes to individuals who are at risk of being homeless, provided they are recipients of case management services. The County will continue to administer the program providing overall coordination and guidance, with the shelters providing intake, distribution, and case management services. All other terms and conditions of the existing contract will apply.

ALTERNATIVES:

The Board could choose to end the program and not renew the contract with the County of Santa Clara.

STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

The Administration and Finance Committee received this item as part of its January 20, 2011 meeting. The committee agreed to move the item to the Board of Directors for approval.

FISCAL IMPACT:

VTA will continue to receive $111,000 per year in fare revenues for the duration of the contract.

Prepared by: Ali Hudda, Deputy Director of Accounting
Memo No. 2901
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
   Board of Directors

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: FY 2012 & FY 2013 Biennial Budget Assumptions

FOR INFORMATION ONLY

BACKGROUND:

In order to facilitate the preparation of the FY 2012 and FY 2013 Biennial Budget, several major assumptions relating to the economy, revenues, service levels, and other factors that affect costs are proposed. In addition to the general assumptions listed below, the biennial budget will be developed using the Expenditure Prioritization, Key Financial Principles and Deficit Reduction Targets as approved by the Board of Directors.

The FY 2012 and FY 2013 Recommended Budget will be published and distributed in April 2011 with Board of Directors’ action scheduled for June 2011.

DISCUSSION:

Staff will use these working budget assumptions as guidelines to develop the recommended FY 2012 and FY 2013 budgets. These assumptions also represent the financial constraints on VTA’s operations and the service and expenditure levels planned for these two years. The final assumptions used in the FY 2012 and FY 2013 Recommended Budget may change as additional information is received.

1. Wages and Benefits:
   - All currently negotiated contracts expire before or during the next biennial budget cycle.
     AFSCME-June 2011
     SEIU-June 2011
Currently negotiated wage increase for ATU of 3% effective June 11, 2012 will be reflected as well as provisions for step increases for ATU employees in pay progression.

Reflect no wage increase for AFSCME, SEIU, and TAEA. Budgeting of additional costs, if any, for new contracts will be addressed upon contract ratification by the Board.

Funding for merit increases for non-represented employees, if any, will be managed through vacancy savings.

Projected health insurance premium increase of 9% for FY 2012 and 10% for FY 2013 based on employee benefits broker’s estimate.

Pension and Retiree Health contributions as a percentage of wages:

<table>
<thead>
<tr>
<th>Plan</th>
<th>FY12</th>
<th>FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATU Pension</td>
<td>18.0%</td>
<td>18.0%</td>
</tr>
<tr>
<td>CalPERS-Employer portion</td>
<td>13.349%</td>
<td>13.8%</td>
</tr>
<tr>
<td>CalPERS-Employee portion (paid by VTA)</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Retirees’ Other Post Employment Benefits (OPEB) Trust</td>
<td>11.7%</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

All other benefits projected to increase at rate of inflation where appropriate.

2. VTA Investment Portfolio interest rate:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>1.86%</td>
</tr>
<tr>
<td>FY13</td>
<td>2.37%</td>
</tr>
</tbody>
</table>

3. Sales tax growth:

Based on the most recent information, including FY 2011 1st QTR actual sales tax data received December 15th; projected growth rates for sales tax revenue have been updated as follows.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Recommended Growth Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>6.88%</td>
</tr>
<tr>
<td>FY12</td>
<td>3.49%</td>
</tr>
<tr>
<td>FY13</td>
<td>5.78%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Moody’s Analytics (2010) - Trend</th>
<th>Pessimistic</th>
<th>Most Likely</th>
<th>Optimistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>6.30%</td>
<td>7.25%</td>
<td>7.66%</td>
</tr>
<tr>
<td>FY12</td>
<td>2.15%</td>
<td>3.13%</td>
<td>3.56%</td>
</tr>
<tr>
<td>FY13</td>
<td>4.80%</td>
<td>5.78%</td>
<td>6.21%</td>
</tr>
</tbody>
</table>
The FY 2011 recommended growth assumption is based on projections from Beacon Economics provided in September 2010, adjusted for actual first quarter FY 2011 receipts.

The FY 2012 recommended growth assumption is based on Moody’s Analytics’ baseline trend forecast adjusted upward slightly to correct for a mismatch between economic recovery timing projections of Moody’s vs. Beacon.

The FY 2013 recommended growth assumption is based on Moody’s baseline trend forecast.

As updated information becomes available, including actual 2nd QTR sales tax receipts and updated forecasts from Beacon Economics, the projected growth rates for all three fiscal years will be finalized prior to distribution of the FY 2012 and FY 2013 Recommended Budget.

4. Measure A Operating Assistance:

18.45% of Measure A Sales Tax Revenues.

5. Low sulfur diesel fuel price:

Diesel prices are highly unpredictable. While the volatility over the last two years has lessened greatly from the fluctuations seen in 2008, diesel prices have varied from a low of $1.28 (including tax) in February of 2009 to a high of $2.69 this fall. The average price per gallon paid in FY 2010 was $2.31. Current year-to-date FY 2011 average through 12/13/10 is $2.56. Due to the volatility of the item, the price per gallon assumption for FY 2012 and FY 2013 will be determined as close to the publication of the Recommended Budget as possible.

6. Fares:

There are no plans to increase fares at this time.

7. Bus and Light Rail Ridership:

Overall, FY 2010 system ridership (bus and rail) decreased by 7.8% from the previous year. Bus ridership totaled 32.0 million, a 7.3% decrease and light rail ridership 9.7 million, a 1.7% decrease. Fiscal Year 2011 system ridership through November is down 4.4% from FY 2010 levels. However, the trend of declining ridership may be slowing somewhat. Although November average weekday system ridership showed a decline of 2.9%, this was vastly improved from the average decline over the previous 18 months of 6.4%.

VTA’s ridership is heavily correlated with employment levels in the County. Since the beginning of FY 2010 Santa Clara County unemployment has averaged 11.5%. The average for the previous 24 months was 6.9%. However, there is cause for cautious optimism on this front as the October 2010 unemployment rate was down to 10.6%, the first time the jobless rate dipped below 11% since May 2009. Our economist, Beacon Economics, projects employment to rise by 2.45% and 2.31% in FY 12 and FY 13, respectively with unemployment levels at 8.6% by the end of FY 12 and 7.7% by the end of FY13.
Based on the factors above, current projected growth rates for ridership are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Ridership Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>-3.0%</td>
</tr>
<tr>
<td>FY12</td>
<td>0.0%</td>
</tr>
<tr>
<td>FY13</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

8. **Total Miles & Hours for Bus & LR and Fleet Size:**
Current service levels including the recently introduced Express Light Rail service.

9. **State Transit Assistance (STA) funding level:**
Beginning in FY 2012, the state diesel sales tax rate will be increased to 6.75% in conjunction with a corresponding drop in the per-gallon diesel fuel excise tax to ensure that consumers feel no impact at the pump. High-speed rail/transit bond debt service will have first call on the revenues generated by the diesel sales tax. Any remaining revenues will be split 75% to STA and 25% to intercity rail and other miscellaneous state transit programs. The intent is to ensure, at a minimum, an annual STA Program of $350 million. According to the latest MTC estimates, VTA’s share of a $350 million program would be approximately $13.6 million in FY 2012.

10. **Federal Operating Grants Preventative Maintenance funding level:**
Although the Federal Transit Administration (FTA) Section 5307 grant program is designed primarily to fund capital acquisitions, funds can also be awarded for preventive maintenance activities in support of operations. Due to the recent economic downturn, VTA has used 100% of available Section 5307 funds for preventive maintenance the last three years to offset the loss of Sales Tax Revenues and STA funding. Beginning in FY 2012 VTA will begin a gradual reduction of this practice towards the goal of reaching historical levels (35%) by FY 2018. The proposed Section 5307 funding split for operations support and capital replacement is as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>% Operations Support</th>
<th>% Capital Replacement</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>FY13</td>
<td>80%</td>
<td>20%</td>
</tr>
</tbody>
</table>

11. **Capital Program funding level:**
The FY 2012 and FY 2013 VTA Transit Capital Program will be structured to optimize the use of grant funds to the greatest extent possible. Debt Reduction Funds will be used to provide any required local matching funds for grants. Projects not eligible for grants will be prioritized based on pre-determined scoring criteria that give the greatest emphasis to maintaining the existing infrastructure, support functions, and service network. The level of local funding available for non-grant eligible projects will be
limited to the positive operating balance in excess of the 15% Operating Reserves goal, if any.

12. Operating Reserves funding level:

Operating Reserves will be designated at 15% of Recommended Budget expenditures. Any positive operating balance in excess of the 15% goal will be designated to the Debt Reduction Fund for use in funding the local portion of future year capital expenditures.

13. Harvey M. Rose, LLC Recommendations:

The October 2010 Harvey Rose report commissioned by Working Partnerships, USA included recommendations for VTA in the areas of projections, capital project funding, reserve funding, and pension costs. The table below reflects the Harvey Rose recommendations as well as the VTA staff recommendations as they relate to the assumptions used for the FY 2012 and FY 2013 Biennial Budget.

<table>
<thead>
<tr>
<th>Harvey Rose, LLC Recommendation</th>
<th>Budget Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present a range of forecasts for Board consideration</td>
<td>The sales tax growth rates presented in #3 above include the staff recommendation as well as the pessimistic, most likely and optimistic projections.</td>
</tr>
<tr>
<td>Use FTA Section 5307 and 5309 funds for preventive maintenance</td>
<td>Begin gradual return to mix of 35% preventive maintenance (operations support) and 65% capital replacement for Section 5307 funds.</td>
</tr>
<tr>
<td>Increase use of Measure A funds for VTA operating costs</td>
<td>Maintain current policy to fund at 18.45% level</td>
</tr>
<tr>
<td>Set Workers’ Compensation and General Liability confidence levels at 50% instead of 90%</td>
<td>Workers’ Compensation and General Liability confidence levels at 60% based on historic claims experience*</td>
</tr>
</tbody>
</table>
| Release surplus in Workers’ Compensation and General Liability Reserves | - Consider funding holiday for FY12 & FY13  
- Use any excess Workers’ Compensation and General Liability Reserves to make one-time payment to OPEB/Pension funds to reduce unfunded or other liabilities* |
| Eliminate Compensated Absence Reserve | a) Use any excess Compensated Absence Reserve to make one-time payment to OPEB/Pension funds to reduce unfunded or other liabilities* or,  
b) Eliminate need for Compensated Absence Reserve |
| Pre-pay annual pension contribution | Pre-pay pension and/or OPEB contributions to reduce interest charges |

*These assumptions will be used to begin the budget preparation but are subject to change depending on need and conditions at the time the budget is adopted.
ADVISORY COMMITTEE DISCUSSION/RECOMMENDATION:

The Committee for Transit Accessibility received this item as part of its January 12, 2011 meeting. The committee passed a motion that VTA should discontinue paying the Employee CalPERS contribution (7%). The committee asked to be provided the current vacation cap levels and the amount of unfunded liabilities. The committee chair requested that the budget information be presented to the advisory committee chairs before being brought to the committees.

The Citizens Advisory Committee (CAC) received this item as part of its January 12, 2011 meeting. The committee asked how the level of Measure A Operating Assistance was derived. The committee requested confirmation that any increase in the Measure A Operating Assistance level would be brought before the CAC in advance of presentation to the Board of Directors.

The Policy Advisory Committee received this item as part of its January 13, 2011 meeting. The committee asked about the historic accuracy of ridership projections and why the overall economic projections have changed since the information provided to the Ad Hoc Financial Recovery Committee. A member of the committee expressed concern that the projections seem optimistic and inquired whether there is a “Plan B”.

STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

The Administration and Finance Committee received this item as part of its January 20, 2011 meeting. The committee inquired what the worst case scenario might be for the STA funding. The General Manager indicated that there is a potential for the STA funding to be reduced to zero depending on the actions of the legislature. The committee expressed concern over the potential for future increases in the CalPERS contribution rate. The committee inquired as to the sensitivity of Sales Tax growth. Staff reported that a 1% change in the growth assumption equates to a $1.5M change in 1976 Half-Cent Sales Tax Revenues. When including all the Sales Tax-based revenues (1976 Half-Cent, TDA and 2000 Measure A Operating Assistance), the change would be $2.5M.

Staff reported that the next ATU Pension Plan Actuarial Report due in April will include a sensitivity analysis on the investment rate assumption. In addition to the current 8% assumption, a 7.75% and 7.5% scenario will be presented. The General Manager reported that the contribution rate for the Final Budget will reflect a reduction in the investment rate assumption.

The General Manager reported that staff is preparing a preliminary plan to make changes to the Express Bus service, including adding amenities to the buses, in order to increase ridership. In conjunction with these improvements, staff is exploring the possibility of increasing the Express Bus Fare from the current $4.00 to $5.00.

Prepared By: Carol Lawson, Fiscal Resources Manager, Budget Memo No. 2786
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
   Board of Directors

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: Actuarial Valuation of VTA’s Other Post Employment Benefits (OPEB) as of July 1, 2010

BACKGROUND:

VTA provides retiree health care as a post employment benefit to its employees as provided for in the collective bargaining agreements and the resolution of benefits for non-represented employees. VTA has been performing actuarial valuations of this obligation since 1996 to determine the financial condition and contribution requirements of the Plan. VTA has been prefunding its share of retiree health benefits and has accumulated $119.7 Million in assets as of June 30, 2010.

DISCUSSION:

EFI Actuaries, a firm specializing in actuarial services, has prepared the actuarial valuation report of VTA’s Other Post Employment Benefits Plan as of July 1, 2010. The plan’s unfunded actuarial accrued liability (UAAL) is $106.3 Million and funded ratio is 53%, as compared to $121.1 million and 46.3% respectively as of July 1, 2008. The assumed rate of return on investments is 7.75%.

The current funding policy includes a level percentage of payroll amortization methodology, with a remaining period of 18 years as of July 1, 2010. Under this approach, the amortization payment is expected to increase each year in line with the expected growth in the total payroll-currently 3.25% each year.

Under level percentage of payroll amortization, the current payment toward the UAAL may be less than the interest of the unfunded liability if the amortization period is greater than a period of about 17 years. This is sometimes known as negative amortization.
To avoid the possibility of negative amortization, EFI Actuaries have suggested that VTA consider an alternate funding policy wherein the UAAL is amortized as a level dollar amount. Under level dollar amortization, the UAAL amortization payment is calculated to be the same dollar amount each year. With this methodology there will always be a “principle” payment made towards the unfunded liability each year, regardless of the length of the remaining amortization period, thus negating the potential for negative amortization.

This method is consistent with the amortization method used by the VTA-ATU Pension Plan and will not result in any negative amortization. Staff concurs with the suggestion.

EFI Actuaries have also computed VTA’s Annual Required Contribution (ARC) under GASB 45, which will require VTA to contribute $16.1 Million in FY2011, as compared to $15.1 million in FY 2010. This represents an increase of $1.0 Million primarily due to the change in amortization method. The contribution amount is included in the approved FY 2011 VTA Transit Enterprise Operating Budget.

**STANDING COMMITTEE DISCUSSION/RECOMMENDATION:**

The Administration and Finance Committee received this item as part of its January 20, 2011 meeting. The committee inquired about the impact of a declining workforce on the contribution rate. The actuary responded that as cost would be spread over a smaller payroll base, the rate as a percentage of payroll could be higher. The committee also inquired as to the reason for the change in the amortization method. The actuary responded that the current method has the potential for negative amortization and results in a higher unfunded liability in the near future.

Prepared By: Ali Hudda, Deputy Director of Accounting
Memo No. 2876
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
   Board of Directors

THROUGH: General Manager, Michael T. Burns

FROM: Executive Policy Advisor, Jim Lawson

SUBJECT: Approve Amendment to the Bylaws of the Caltrain Centralized Equipment Maintenance & Operations Facility (CEMOF) Monitoring Committee

Policy-Related Action: Yes Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Approve an Amendment to the Bylaws of the Caltrain Centralized Equipment Maintenance & Operations Facility (CEMOF) Monitoring Committee reducing the minimum number of meetings from quarterly to once annually and the reporting from quarterly to periodic.

BACKGROUND:

Caltrain’s Centralized Equipment Maintenance & Operations Facility (CEMOF) accommodates inspections, maintenance, repairs, train washing and storage and is the “nerve center,” of the commuter railroad, where dispatchers direct and monitor train traffic between San Francisco and Gilroy.

Built on the site of the old Southern Pacific maintenance yard north of the Diridon Station, the 20-acre facility includes the central control facility, water treatment plant and storage tracks. A 250-foot tunnel allows workers and equipment to cross the yard and it's operating tracks safely. On-site fueling allows trains to fuel at the facility and eliminates the need for daily fuel truck deliveries. Approximately 100 mechanical department employees and 120 train crew members are based at CEMOF. The facility was opened in September of 2007.

The CEMOF Monitoring Committee is an advisory committee established by the San Jose City Council in cooperation with Caltrain and the Santa Clara Valley Transportation Authority (VTA). The primary responsibility of the committee members is to provide ongoing communication with the community regarding the design, implementation and operation of the maintenance facility. At this point the Committee's responsibility is to report on any impacts to
the neighborhood caused by operations at the facility. Recently there have been minimal issues.

The committee is comprised of seven members, one each representing the HP Pavilion, College Park, Garden Alameda and Shasta-Hanchett Park neighborhoods associations, Caltrain, City of San Jose and VTA.

DISCUSSION:

Now that CEMOF is fully functional and operating smoothly, the Committee members believe that they can accomplish their work with a reduced meeting schedule. To implement the new schedule, the CEMOF Monitoring Committee unanimously approved the following changes to their bylaws at their October 2010 meeting: (a) change the reporting requirement from quarterly to periodic or after each meeting; and (b) modify the requirement that the Committee will meet at least four times each calendar year to no less than once each calendar year.

As a member of the Committee, VTA is required to approve any amendments to the bylaws. The Peninsula Corridor Joint Powers Board (Caltrain) approved the amendment at their December meeting and the City of San Jose is scheduled to consider the amendment in January 2011.

ALTERNATIVES:

The Board could elect not to approve the amendment or modify the amendment. The CEMOF Monitoring Committee and the Caltrain Board has already approved the amendment and any modifications requested by the VTA Board would require VTA staff to return to the other parties for their concurrence with the changes.

FISCAL IMPACT:

There is no fiscal impact to VTA.

STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

The Transit Planning and Operations Committee reviewed this item at their January 20, 2011 meeting. Director Liccardo questioned the need to continue the CEMOF Monitoring Committee. Staff responded that there is an 800 number for residents to log any issues and the committee members felt it was appropriate to continue on a very limited basis to assure a reporting method.

Prepared by: Scott Haywood
Memo No. 2891
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
    Board of Directors

THROUGH: General Manager, Michael T. Burns

FROM: Chief Engineering & Construction Officer, Mark S. Robinson

SUBJECT: Freight Railroad Relocation – Amendment to Environmental Design Services
         Contract with Winzler & Kelly

Policy-Related Action: No  Government Code Section 84308 Applies: Yes

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to execute a contract amendment with Winzler & Kelly, in an
amount not-to-exceed $167,800, for environmental design services necessary to complete 100%
 design and perform design services during construction of the Alum Rock Fish Passage
mitigation site for Freight Railroad Relocation activities for a total contract amount of $401,200,
and extend the contract through April 30, 2013. This contract is 100% funded by the 2000
Measure A Program.

BACKGROUND:

In December 2002, VTA purchased right-of-way from the Union Pacific Railroad (UPRR) for
use as a transportation corridor extending approximately 15 miles from Fremont to San Jose. To
fulfill VTA’s obligations under the Purchase and Sale Agreement with UPRR, VTA has initiated
Freight Railroad Relocation (FRR) activities to eliminate ongoing freight operations on VTA
property and clear the corridor for future SVRT Program improvements.

The initial FRR activities involved relocating the freight line in the City of Milpitas in the
Berryessa Creek area and included flood control improvements at the creek. The environmental
impacts of these activities are being mitigated by the Wrigley Creek Improvements Project
consisting of realigning the linear channel to a more natural meandering creek, and creating
floodplain and riparian area. Construction of the Wrigley Creek improvements is underway and
scheduled to be completed in March, 2011.
The next phase of FRR activities will involve improvements at Mission Boulevard and Warren Avenue in the City of Fremont. These activities will impact Toroges, Agua Caliente and Agua Fria Creeks. To mitigate these impacts, VTA has identified for improvements the Alum Rock Fish Passage site (Attachment A).

**DISCUSSION:**

In September, 2010, VTA secured the services of Winzler & Kelly to advance the design of the Alum Rock Fish Passage improvements and assist in discussions with the Regional Water Quality Control Board (RWQCB), the permitting agency for environmental mitigation of creek impacts. The initial Winzler & Kelly contract, for $233,400, was executed under the General Manager’s signature authority. This amendment of $167,800 brings the total contract amount to $401,200, which exceeds the General Manager’s signature authority.

Agreement has been reached with the RWQCB on the extent of the improvements required at the Alum Rock Fish Passage site to mitigate the remaining FRR impacts. To complete the design and provide design services during construction, an amendment to the Winzler & Kelly contract is required in the amount of $167,800. The term of the contract will also be amended to run through April 30, 2013, when the Alum Rock Fish Passage improvements are scheduled to be completed. The contract is structured as time and materials contract and will provide approximately 930 hours of environmental design services.

The Winzler & Kelly team includes three subconsultants. Their information is included in Attachment B.

**ALTERNATIVES:**

As an alternative, the VTA Board could request staff select another design firm to fulfill the services needed. However, since Winzler & Kelly will be completing the 65% design under their current contract, the selection of another firm would result in delays in completing the 100% design and costly penalties by RWQCB.

**FISCAL IMPACT:**

This action will authorize up to $167,800 additional expenditures for environmental design services. Appropriation for this expenditure is included in the FY10 2000 Measure A Transit Improvement Program Fund Capital Budget.

**SMALL BUSINESS ENTERPRISE (SBE):**

The original contract had no specific Small Business Enterprise (SBE) goal, but the contractor has committed to attain 14.7% SBE participation.

**STANDING COMMITTEE DISCUSSION/RECOMMENDATION:**

The Transit Planning and Operations Committee, meeting as a Committee of the Whole, considered this item on January 20, 2011. Following a brief presentation from staff, and there
being no questions, the Committee recommended the item be placed on the Consent Agenda for the February 3, 2011 Board of Directors meeting.

Prepared by: Jim Costantini, Deputy Director
Memo No. 2929
Project 13

Rebuild of the Old Mill Dam (Project 13) and expansion of floodplain on east bank immediately downstream of historic foot bridge, L (Project 10).

Project 5

Repair of north wall (Project 5) and expansion of floodplain on east bank immediately downstream of historic foot bridge, L (Project 10).

Create a fish passageway.

PROJECT 13

PROJECT 5

PROJECT 3 & 10

PROJECT SITE PLAN

ATTACHMENT A
## ATTACHMENT B
List of Prime and Sub-Consultants
Alum Rock Fish Passage

<table>
<thead>
<tr>
<th>Prime</th>
<th>Winzler &amp; Kelly</th>
<th>Steve Allen</th>
<th>San Jose</th>
</tr>
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<tbody>
<tr>
<td>Sub-Consultants</td>
<td>Fisher Geotechnical (Geotechnical) – SBE</td>
<td>Raymond Fisher</td>
<td>Half Moon Bay</td>
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<td></td>
<td>BGT Land Surveying (Surveying) – SBE</td>
<td>Bryan G. Taylor</td>
<td>Foster City</td>
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<td></td>
<td>Michael Love &amp; Associates (Hydrologic/Hydraulic Analysis) - SBE</td>
<td>Michael Love</td>
<td>Eureka</td>
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BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
   Board of Directors

THROUGH: General Manager, Michael T. Burns

FROM: Chief Engineering & Construction Officer, Robinson, Chief CMA Officer, Ristow

SUBJECT: 1996 Measure B Transportation Improvement Program Progress Report - December 2010

FOR INFORMATION ONLY

BACKGROUND:

Please find attached the Progress Report for the 1996 Measure B Transportation Improvement Program for December 2010.

This is the fourth annual report since the execution of Amendment 20 to the Master Agreement between the County of Santa Clara and VTA for the implementation of the Measure B Transportation Improvement Program (MBTIP). The report is based on the Program’s fiscal status as of October 31, 2010 and other key activities through December 31, 2010. It reflects changes in the Program’s finances and project development since the December 2009 Measure B Progress Report.

STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

The Transit Planning and Operations Committee, meeting as a Committee of the Whole, received this item on January 20, 2011. Staff provided a brief presentation highlighting that the program of projects has been completed and that only a short list of administrative items remain. Committee member Liccardo suggested that a public announcement be made on the accomplishments and success of the program. The Committee recommended the item be placed on the Consent Agenda for the February 3, 2011 Board of Directors meeting.

Prepared By: John Rowe
Memo No. 2752
1996 Measure B Transportation Improvement Program

December 2010
Progress Report
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<td>Bicycle Program Programmed Funds by Jurisdiction</td>
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<td>Signal Synchronization Projects Funding Plan</td>
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<td>Level of Service Projects Funding Plan</td>
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<td>1996 Measure B Fund Swap Cost Status</td>
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SECTION 1
PROGRAM FINANCIAL STATUS
SECTION 1

PROGRAM FINANCIAL STATUS

This Progress Report is an informational update of the 1996 Measure B Program prepared by staff and provided to the Valley Transportation Authority (VTA) Board of Directors, the County Board of Supervisors, other key stakeholders and the public. The report is based on the Program’s fiscal status as of October 31, 2010 and other key activities through December 31, 2010. It reflects changes in the Program’s finances and project development since the December 2009 1996 Measure B Progress Report.

MBTIP Completion Agreement

Amendment 20 to the Master Agreement between the County of Santa Clara and VTA for the implementation specific elements of the 1996 Measure B Transportation Improvement Program (MBTIP) was executed in June 2007. That amendment (hereinafter referred to as the MBTIP Completion Agreement) included the following significant terms:

- VTA was paid the value of all approved 1996 MBTIP Project budgets, less the MBTIP funds already paid by the County to VTA, and the net remaining 1996 Measure B funding for Fund Swap Projects and Ancillary Programs administered by VTA.

- A lump sum amount of approximately $4.0 million was also paid to VTA by the County to cover the closeout effort associated with incomplete MBTIP projects.

- Swap Fund Implementation Letter 2004-01 was revised to eliminate the last two payment installments and, in exchange, all residual sales tax collected after March 31, 2006 are being forwarded by the County, as received, to VTA in consideration for VTA assuming the financial risk for the $7.23 million of highway landscaping projects identified in the related Implementation Letter.

- VTA has an obligation to the County to complete the following elements:
  1) To pay the currently identified costs to complete authorized MBTIP Projects, including Fund Swap funded Projects and Ancillary Programs.
  2) To pay future potential costs, identified or unidentified, associated with authorized MBTIP Projects, even if they exceed the currently approved budgets of those projects.
  3) To pay for completion of highway landscaping projects previously identified in Swap Fund Implementation Letter 2004-01.
MBTIP Completion Agreement (Continued)

- If additional savings and/or residual sales tax revenue is realized, VTA will apply funds according to the following priorities:
  1) To reimburse VTA the amount of $1.05 million, representing one-half of the difference between the actual and estimated VTA indirect costs of non-rail MBTIP projects applied as approved in Amendment No. 18 to the Master Agreement through fiscal year 2005.
  2) To pay to the County Roads and Airports Department the amount of $1.5 million for Expressway projects.
  3) To reimburse VTA the amount of $1.05 million, representing one-half of the difference between the actual and estimated VTA indirect costs of non-rail MBTIP projects applied as approved in Amendment No. 18 to the Master Agreement through fiscal year 2005.
  4) To fund additional Caltrain projects and/or Pavement Management projects, at the discretion of the VTA Board.

Sales Tax and Other Revenues

From inception through September 2009, the 1996 Measure B Program has received a total of $1.34 billion in sales tax revenues. $1.33 billion was collected by the Board of Equalization (BOE) through March 2006 (through the expiration of the tax) and received by the County through June 2006. An additional $8.56 million was collected as residual sales tax revenues and received since June 2006.
Changes since December 2009

A detailed re-forecasting of all elements of the Program-Wide, Rail, CODE and Highway Programs has been completed as part of this report. These changes are summarized in Figure 1.1 on the next page.

Since the December 2009 Progress Report, the 1996 MBTIP projected ending fund balance has increased by $0.8 million, from $3.8 million to $4.6 million. This increase is the result of a $0.8 million increase in revenues with no increase in expenditures.

The revenue increase is due to an additional $0.8 million in residual sales tax receipts, collected after the ½ cent sales tax expired in March 2006, as well as a negligible increase in projected interest earnings.

Changes to program expenditures resulted in a net zero overall change as project savings were re-deployed to projects that are still underway. Additionally, $1.4 million of closeout funds were utilized as follows, leaving an unused balance of $2.4 million:

- $0.9 million was used to settle the Route 85/101 Interchange right-of-way condemnation lawsuit retrial and pay for associated attorney fees.
- $0.25 million was used to settle a lawsuit filed by PG&E against VTA. The lawsuit claimed that the new Route 152 alignment impaired PG&E’s ability to access its gas pipeline for maintenance.
- $0.25 million was used to fund delays in Santa Clara Valley Habitat Conservation Plan development into FY12. This work is being managed by Santa Clara County, with budget contributions from a number of local municipalities and agencies, including VTA.

Finally, previously cut Level of Service/Signal Synchronization funding was restored in the amount of $1.96 million. (This represents a reversal of cuts to the programs that were implemented in 2003 due to the economic downturn.) These funds were transferred from Santa Clara County PMO and Administrative reserves in order to fund two Level of Service projects: Almaden Expressway and Oregon Expressway.
Figure 1.1
Summary of Revenue and Expenditure Plan Changes since December 2009

<table>
<thead>
<tr>
<th></th>
<th>Progress Report FY 2010 Dec-09 (in $1,000)</th>
<th>Progress Report FY 2011 Dec-10 (in $1,000)</th>
<th>Variance Dec-09 vs. Dec-10 (in $1,000)</th>
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<td><strong>Revenue</strong></td>
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<td>Sales Tax - County (1/2 Cent Sales Tax)</td>
<td>1,335,720</td>
<td>1,335,720</td>
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<td>Sales Tax - Residuals</td>
<td>7,769</td>
<td>8,556</td>
<td>786</td>
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<td>Interest Income - County</td>
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<td>Interest Income</td>
<td>1,306</td>
<td>1,310</td>
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<td>Bond Proceeds - County</td>
<td>134,267</td>
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<td>Other Funding (see below)</td>
<td>508,935</td>
<td>508,935</td>
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<td><strong>Total Revenue</strong></td>
<td>$2,062,902</td>
<td>$2,063,693</td>
<td>$790</td>
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<td><strong>Expenditures</strong></td>
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<td>Highway</td>
<td>504,523</td>
<td>505,673</td>
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<td>Rail (Less Caltrain Service Improvements)</td>
<td>839,028</td>
<td>839,034</td>
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<td>Caltrain Service Improvements</td>
<td>70,710</td>
<td>70,704</td>
<td>(6)</td>
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<td>Ancillary Programs - (Pavement Mgmt, Bike)</td>
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<td>Ancillary Programs - County (LOS/Signal Synch)</td>
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<td>CODE</td>
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<td>Program Closeout</td>
<td>3,800</td>
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<td>Debt Service - County</td>
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<td><strong>Total Expenditures</strong></td>
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<td>Revenue Less Expenditures</td>
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<td>$4,627</td>
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<td><strong>Other Funding</strong></td>
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<td>Miscellaneous - County Roads &amp; Airports</td>
<td>400</td>
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<td><strong>Rail Program</strong></td>
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<td>Federal/State/Milpitas - Tasman</td>
<td>100,598</td>
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<td>VTA, Campbell, Fed/State - Vasona</td>
<td>93,584</td>
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<td>VTA Low Floor Vehicle Contribution</td>
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<td>VTA 2001 Series A Sales Tax Revenue Bonds</td>
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<td>CODE - Campbell Contribution</td>
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<td><strong>Subtotal Rail Program</strong></td>
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<td>State - Route 880 Widening – Brokaw Bridge</td>
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<td>State- 85/87 Interchange</td>
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<td>State - Route 101 (S) Widening</td>
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<td>State - Route 85/101N HOV Connector Ramps</td>
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<td>State/Milpitas/Meas B Swap - Route 237 / 880 Interchange</td>
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<td>State/San Jose - Routes 85/101 (S)</td>
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<td>Meas B Swap - Route 87 Planting</td>
<td>2,100</td>
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<td>Gilroy/Federal - Route 152 Improvements</td>
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<td>Mitigation Site - Butterfly Habitat</td>
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<td><strong>Subtotal Highway Program</strong></td>
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<td><strong>Total—Other Funding</strong></td>
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Net Program Balance

- $3,837
- $4,627
- $790

1 The 237/880 Interchange Project budget includes $62,500 paid directly from Santa Clara County to the City of Milpitas.
Outstanding Issues

The efforts of the 1996 Measure B Program continue to be focused on the following areas:

1. Completing 1996 Measure B Projects currently funded for construction
2. Achieving administrative and financial closeout of completed 1996 Measure B Projects

A number of projects are either still underway or in the closeout phase. As a result, closeout challenges still remain, as summarized in Figure 1.2 below and discussed in greater detail in Section 2.

**Figure 1.2**

**MBTIP Closeout Challenges**

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<td>No outstanding items</td>
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<td><strong>Highway Program</strong></td>
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<tr>
<td>Route 87 HOV (S) Contractor Claim</td>
<td>Jun-11</td>
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<tr>
<td><strong>Program-Wide Issues</strong></td>
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<tr>
<td>Maintain Combined Biological Mitigation Site</td>
<td>Mar-16</td>
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</table>

As a result of these remaining closeout challenges, staff is not recommending advancing any of the savings priorities enumerated in the MBTIP Closeout Agreement at this time.

Staff will be re-evaluating the potential availability of funds to the priorities within the MBTIP Closeout Agreement at least semi-annually. While staff will provide the Progress Report to the VTA Board of Directors and County Board of Supervisors annually, at this time staff does not anticipate funds will be identified until at least mid-2011 to be applied to any of the additional, optional priorities set forth in the MBTIP Closeout Agreement.

Overall, with just over $2 billion in transportation projects and programs being delivered to the Voters, the 1996 Measure B Program is progressing towards achieving overall (construction, real estate, acceptance, legal, financial, administrative, etc.) closeout.
SECTION 2

PROGRAM SUMMARY AND COST REPORT
SECTION 2

PROGRAM SUMMARY AND COST REPORT

A. PROGRAM-WIDE ISSUES

Collection of regular sales tax for the 1996 Measure B Program ended March 30, 2006. However, residual sales tax revenues continue to be collected based on amended merchant tax returns or from audits of merchants conducted by the Board of Equalization (BOE).

The emphasis has continued to be on controlling the expenditures of the 1996 Measure B Projects currently underway and on achieving administrative and financial closeout of projects already completed. As mentioned in Section 1, the MBTIP Completion Agreement between Santa Clara County and VTA was executed in June 2007, a major step towards closing out the program. Furthermore, all of the major construction contracts to be let by VTA on both the rail and highway programs have been awarded. Forecasts have been re-evaluated on all rail and highway projects.

Closeout of the rail projects continues. Changes in forecasted costs are the result of small savings from closed out Caltrain projects being transferred to the one ongoing project – Vasona Light Rail.

Forecast costs on the Highway Program were affected by a transfer of $1.15 million of closeout funds to:

- Settle the Route 85/101 Interchange right-of-way condemnation lawsuit retrial and pay for associated attorney fees - $0.9 million
- Settle a Route 152 Improvements lawsuit filed by PG&E against VTA related to access to its gas pipeline for maintenance - $0.25 million.

Additionally, $0.25 million of closeout funds were transferred to fund delays in Santa Clara Valley Habitat Conservation Plan development into FY12.

Finally, previously cut Level of Service/Signal Synchronization funding was restored in the amount of $1.96 million. (This represents a reversal of cuts to the programs that were implemented in 2005 due to the economic downturn.) These funds were transferred from Santa Clara County PMO and Administrative reserves in order to fund two Level of Service projects: Almaden Expressway and Oregon Expressway.
Program-Wide Biological Mitigation Program

Consolidated Biological Mitigation Project (CBMP)

The Consolidated Biological Mitigation Project includes the preservation, creation, and enhancement of wetlands, riparian, and shaded riverine aquatic habitat at two sites on land owned by Santa Clara County Parks and Recreation (County Parks). These two sites are referred to as the Tennant Road site and the Riverside Drive site.

Under the Phase I contract, the noxious, invasive reed Arundo donax (Arundo) was removed from the mitigation areas in and along Coyote Creek in 2001 and the maintenance period was concluded in August 2003.

Under the Phase II contract, riparian plants were collected from within 10 miles of the mitigation sites and grown in 2002/2003, then planted in 2003/2004, with a three-year plant establishment period. Wild pigs and gophers impacted several planting areas, and replanting was performed in February 2005. Also, sycamore plantings that were discovered to be hybrids were removed and replaced with native oak acorns in 2005. Finally, Arundo re-sprouts were removed in both the original removal areas and the new riparian planting areas.

Phase III of the project, Mitigation Monitoring and Maintenance began in March 2007. The created wetland at Riverside Drive, the shaded riverine aquatic (SRA) habitat at both sites, and the riparian habitat at Tennant Road are developing well. However, the riparian habitat at Riverside Drive is not meeting the success criteria due to several reasons including the installation and subsequent removal of hybrid sycamore trees, animal browse, gopher damage, insect damage, irrigation/maintenance practices, and poor soil conditions.

VTA, environmental consultant H.T. Harvey & Associates, and staff from the California Department of Fish and Game (CDFG) and the Regional Water Quality Control Board (RWQCB) met in late-2008 and mid-2009 to discuss ways to address the Riverside Drive riparian areas. Given the history of the site and the monitoring observations over the past five years, it was determined that the target habitat be redefined as a type more appropriate for site conditions, which are quite different compared to the Tennant Road riparian areas. The Riverside Drive site appears to be more suitable for a combination of Coast Live Oak Riparian Forest and Valley Oak Woodland habitats.

VTA and H.T. Harvey & Associates prepared a memo to CDFG and RWQCB summarizing the project history and describing revisions to the habitat goals, monitoring approach and timeline (adding two additional monitoring years for the Riverside Drive riparian areas), and final success criteria for the Riverside Drive site. In addition, H.T. Harvey recommended that monitoring cease for the created wetland at Riverside Drive, the SRA habitat at both sites, and the riparian habitat at Tennant Road. CDFG agreed with the cessation of monitoring for these areas on September 20, 2010.

H.T. Harvey & Associates will report the results of the revised mitigation monitoring approach at the Riverside Drive riparian sites in the Year 7 monitoring report to be submitted to the regulatory agencies in January 2011. VTA will continue to work with CDFG and others to assure the project is a success.
Coyote Ridge Butterfly Habitat Management Project

The Coyote Ridge Butterfly Habitat Management Project provides long-term management of a number of special-status plant and animal species, including the bay checkerspot butterfly, on approximately 548 acres located on Coyote Ridge in south San Jose. Purchase and management of this habitat was a condition of the Biological Opinion issued by the U.S. Fish and Wildlife Service on February 26, 2001 as compensation for threatened and endangered species impacts from VTA’s construction of the 101 Widening, 85/101 South Interchange, and Consolidated Biological Mitigation Site Projects. VTA purchased the Coyote Ridge property in January 2005 using Measure B swap funds. A Resource Management Plan (RMP) was submitted in August 2005 and accepted by the U.S. Fish and Wildlife Service. The RMP documents how the property will be managed in perpetuity and includes a monitoring and adaptive management program to ensure the long-term survival of the rare and sensitive biological resources on the property including the bay checkerspot butterfly. Monitoring reports are prepared annually to summarize the results of monitoring activities during the previous calendar year. The Year 4 report for 2010 is due in March 2011.

Santa Clara Valley Habitat Conservation Plan

In addition to the requirement for butterfly habitat purchase, the U.S. Fish and Wildlife Service permit for the 101 Widening, 85/101 South Interchange, and Consolidated Biological Mitigation Site Projects included the requirement that a Habitat Conservation Plan (HCP) be prepared for the southern portion of Santa Clara County. The Local Partners working on Santa Clara Valley HCP include the City of San Jose, County of the Santa Clara, Santa Clara Valley Water District, City of Gilroy, and City of Morgan Hill, and VTA. The HCP was initiated in July 2005 and the field inventories and mapping have now been completed. Work is now focusing on developing biological goals and objectives for species and conservation principles. The HCP process is scheduled to be completed in late 2011/early 2012. The cost for the HCP is being shared among the Local Partners.

In 2010, the overall budget for the HCP budget increased by $0.25 million from $0.9 million to $1.15 million to fund delays in plan development of approximately one year, additional effort by legal counsel to write the Implementing Entity Agreement, additional burrowing owl conservation strategy investigations, the extension of project management services, and an increase in printing and mailing costs.

Cost Status

The December 2010 Progress Report Budget for Program-wide Biological Mitigation is $7.6 million, an increase of $0.25 million from last year, due to increased Habitat Conservation Plan costs. Contract commitments through October 2010 total $7.0 million, an increase of $0.4 million from last year. Actual expenditures to date total $6.7 million, which represents a $0.6 million increase since December 2009.
B. RAIL PROGRAM

Rail Program Schedule Status

The summary schedule for the Rail Program is presented in Figure 2.1. The Zanker to I-880 segment of the Tasman East Light Rail Project was opened for revenue service on May 17, 2001. The opening of the remainder of the Tasman East Light Rail Project, which includes the light rail system between the I-880/Milpitas Station and the Hostetter Station, was held on June 23, 2004 concurrent with the opening of the Capitol Light Rail Project. The Vasona Light Rail Project was opened for revenue service on October 1, 2005. Final administrative closeout is planned for spring 2011, due to ongoing right-of-way transfer efforts.

Delivery of the 30 low-floor light rail vehicles was completed in May 2003.

All projects in Caltrain Service Improvements Program have achieved final administrative closeout.

The Fremont South Bay Commuter Rail Project schedule in Figure 2.1 reflects only the right-of-way acquisition support activity, per the June 2002 Joint Board Action which limited the Project to this scope. Real estate acquisition was completed as part of the Silicon Valley Rapid Transit Corridor Project in 2002.

All of the approved Community Oriented Design Enhancements (CODE) projects have been installed and the project has been closed out.

Figure 2.1
Rail Program Schedule

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<tr>
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<td>2. Capitol Light Rail Project</td>
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<td>3. Vasona Light Rail Project</td>
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<td>4. Low-Floor Light Rail Vehicles</td>
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<td>5. Caltrain Improvements</td>
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<tr>
<td>6. Fremont South Bay Commuter Rail</td>
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</tbody>
</table>

Legend:  
- Project Time Elapsed  
- Project Time Remaining  
- Environmental Clearance  
- ROW Acquired  
- Design Complete  
- Begin/Complete Construction  
- Begin/Complete Vehicle Manufacture  
- Final Administrative Closeout
Rail Program Cost Status

Figure 2.2 presents the program funding, budget, commitments, actual costs and forecast cost at completion information for each of the Rail Program projects through October 2010. The December 2009 Progress Report budget was $916.2 million.

Contract commitments through October 2010 total $916.0 million, an increase of $0.2 million over the previous year. Actual expenditures to date total $916.0 million, which represents a $3.2 million increase over the previous year.

The Rail Program forecast cost at completion is $916.2 million, as shown in Figure 2.2, unchanged from the December 2009 budget. A small amount of closeout savings were transferred from the California Avenue Pedestrian Undercrossing to the ongoing Vasona Light Rail Project.

<table>
<thead>
<tr>
<th>Project</th>
<th>Measure B Funds</th>
<th>Other Funds</th>
<th>Dec-09 Budget</th>
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<tbody>
<tr>
<td>Tasman East</td>
<td>72.1</td>
<td>200.6</td>
<td>272.6</td>
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<td>Capitol</td>
<td>111.6</td>
<td>44.7</td>
<td>156.3</td>
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<td>Vasona</td>
<td>163.0</td>
<td>150.0</td>
<td>313.0</td>
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<tr>
<td>Low Floor Vehicles</td>
<td>90.0</td>
<td>3.8</td>
<td>93.8</td>
</tr>
<tr>
<td>Caltrain Improvements</td>
<td>43.7</td>
<td>27.0</td>
<td>70.7</td>
</tr>
<tr>
<td>Fremont/South Bay</td>
<td>3.2</td>
<td>0.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Comm. Orient. Des. Enhance.</td>
<td>6.3</td>
<td>0.1</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>490.0</strong></td>
<td><strong>426.2</strong></td>
<td><strong>916.2</strong></td>
</tr>
</tbody>
</table>

Progress since December 2009

- Final administrative closeout of the Caltrain Palo Alto and California Avenue Station Pedestrian Underpass projects was achieved in March 2010.

- On the Vasona Light Rail Project, work continued on right-of-way closeout items.

Remaining Activities to Complete

- Continue administrative and financial closeout of completed projects, including turnover of right-of-way to third parties on the Vasona Project. Remaining items are right-of-way transfers to the City of San Jose for a Pacific Gas and Electric easement across Bascom Park and Ride and two easements along Southwest Expressway for UP RR. The only other ROW issue is the resolution of the Diridon Yard easements from PCJPB.
Closeout Schedule

Figure 2.3 below shows the anticipated project closeout date for each project in the Rail Program. Shaded projects have already been closed. Projects cannot be closed until all expenditures cease and a final accounting of project costs is prepared.

On the Rail Program, once a project is opened to the public, efforts to address and close contractor claims, transfer right-of-way to third parties, and mitigate post construction impacts must be completed before attaining final project closeout.

<table>
<thead>
<tr>
<th>Project</th>
<th>Anticipated Project Closeout Date</th>
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<tbody>
<tr>
<td>Tasman East</td>
<td>Jun-09</td>
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<tr>
<td>Capitol</td>
<td>Apr-09</td>
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<tr>
<td>Vasona</td>
<td>May-11</td>
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<tr>
<td>Low Floor Vehicles</td>
<td>Jun-07</td>
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<tr>
<td>Caltrain Improvements</td>
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<tr>
<td>Sunnyvale Parking</td>
<td>Jun-06</td>
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<tr>
<td>Lawrence Bus/Parking</td>
<td>Jun-06</td>
</tr>
<tr>
<td>Palo Alto Transit Center</td>
<td>Aug-08</td>
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<td>San Martin Parking</td>
<td>Mar-10</td>
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<tr>
<td>Santa Clara Bus/Parking</td>
<td>Jun-07</td>
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<tr>
<td>Tamien to Lick</td>
<td>Aug-08</td>
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<td>California Ave. Ped U/P</td>
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<tr>
<td>Palo Alto Ped U/P</td>
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<td>FY03 Capitol Contribution</td>
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<td>Fremont/South Bay</td>
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<td>CODE</td>
<td>Apr-09</td>
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C. HIGHWAY PROGRAM

Highway Program Schedule Status

The Summary Schedule for the Highway Program is presented in Figure 2.4.

Figure 2.4
Highway Program Schedule

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<td>1. Route 880 Widening</td>
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<td>2. Route 101 Widening</td>
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<td>3. Route 85/101(S) Interchange</td>
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<td>6. Route 237/880 Interchange</td>
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<td>10. Route 152 Safety Improvements</td>
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Legend:  
- Project Time Elapsed
- Planting Schedule TBD
- Environment Clearance
- Design Complete
- ROW Engineering
- Complete ROW Engineering
- ROW Acquisition
- Final Administrative Closeout (Measure B Funded Portion)

Note: Schedule does not include project close-out activities

Two highway planting contracts completed the three-year plant establishment period this year: Route 85/101 North Interchange (in July 2010), and Route 17 (in October 2010).

The contract for planting on Route 87 HOV began in August 2008, with planting installation completed in October 2009. The plant establishment period for this contract will expire in October 2012. Route 237/880 Interchange planting is on hold pending securing supplemental funding.

Two projects achieved final administrative closeout in 2010: Route 87 HOV Lanes (North) in March 2010 and Route 85/101 South Interchange in June 2010.

Highway Program Cost Status

Figure 2.5 presents the program funding, budget, commitments, actual costs and forecast cost at completion information for each of the Highway Program projects through October 2010. The December 2009 Progress Report budget was $504.5 million.

Contract commitments through October 2010 total $505.0 million, an increase of $1.5 million over the previous year. Actual expenditures to date total $504.7 million, which represents a $2.7 million increase since December 2009.
Figure 2.5
Highway Program Cost Status

The Highway Program forecast cost at completion is $505.7 million, as shown in Figure 2.5, a $1.15 million increase from the December 2009 budget. Individual project variances resulted from a program re-forecast that was prepared as part of the preparation of this document. A discussion of the reasons for the changes in forecast costs for the various Highway Program budgets follows:

- **Route 85/101 Interchange (South):** Forecast cost decreased by $0.09 million with final administrative closeout of the project.
- **Route 85/101 Interchange (North):** Forecast cost increased by $0.96 million due to costs associated with defending against and ultimately settling a right-of-way condemnation re-trial.
- **Route 17 Improvements:** Forecast cost increased by $0.09 million due to inspection costs associated with the plant establishment period of the highway planting contract.
- **Route 87 HOV Lanes (North):** Forecast cost decreased by $0.06 million with final administrative closeout of the project.
- **Route 152 Improvements:** Forecast cost increased by $0.25 million with the settlement of a lawsuit filed by Pacific Gas and Electric over access to its gas pipeline for maintenance.

**Notes:**
1. Route 237/880 Interchange budget and forecast includes $62,500 paid directly from Santa Clara County to the City of Milpitas.
2. Route 87 HOV Lanes (South) forecast includes $2.1 million in Measure B Swap funds for highway planting along the entire Route 87 Corridor.
3. Route 87 HOV Lanes (North) forecast includes $1.25 million in Measure B Swap funds for highway construction closeout.
Progress since December 2009

- On Route 85/101 (South) Interchange, final administrative closeout was achieved in June 2009.
- Route 85/101 (North) Interchange completed its plant establishment phase in July 2010. Additionally, a right-of-way condemnation re-trial appeal was settled.
- Route 17, Project E completed its plant establishment phase in October 2010.
- On Route 87 HOV Lanes (North), final administrative closeout was achieved in March 2010.
- Route 152 Improvements, Project B2 was opened to traffic in March 2007. VTA and Pacific Gas & Electric (PG&E) settled a lawsuit. PG&E had claimed that the new Route 152 alignment impairs its ability to access its gas pipeline for maintenance.

Remaining Activities to Complete

- On Route 85/87 Interchange, right-of-way transfer and final project closeout is all that remains. ROW transfer to Caltrans has been delayed by a dispute with Caltrans over aerial easement language.
- On the Route 85/101 (North) Interchange, a number of right-of-way parcels remain to be transferred to their final owners before final administrative closeout can be achieved.
- On the Route 237/880 Interchange, the 1996 Measure B funded portion of work has achieved final administrative closeout. (Highway Planting will be carried out under a new, non-1996 Measure B funded project, which is on hold pending identification of funding for construction.)
- On Route 17, Project E only final administrative closeout remains to be achieved.
- Route 87 HOV Lanes (South) was opened to traffic in May 2007. The Measure B-funded project comprising the design portion of work achieved final administrative closeout in March 2009. The construction contractor has since filed a sizeable government code claim. Caltrans is administering this contract, and VTA is assisting in the claim defense.
- Route 87 (North and South) Highway Planting began in August 2008, and was completed in October 2009. The three-year plant establishment phase will end in October 2012.
- On Route 152 Improvements, right-of-way transfers and final administrative closeout are all that remains to be completed. Transfer of right-of-way on Route 152, Project B1 to Caltrans is delayed pending resolution with the Santa Clara Valley Water District (SCVWD) of language in the Joint Use and Maintenance Agreement and draft transfer documents.
Closeout Schedule

Figure 2.6 below shows the anticipated project closeout date for each project in the Highway Program. Shaded projects have already been closed. Projects cannot be closed until all expenditures cease and a final accounting of project costs is prepared.

On the Highway Program, once a project is opened to the public, efforts to address and close contractor claims, transfer right-of-way to third parties, and mitigate post construction impacts must be completed before attaining final project closeout.

**Figure 2.6**

Highway Program Closeout Schedule
*(Shaded Projects Have Been Closed)*

<table>
<thead>
<tr>
<th>Project</th>
<th>Anticipated Project Closeout Date</th>
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<tbody>
<tr>
<td>Route 880 Widening</td>
<td>Jul-09</td>
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<tr>
<td>Route 101 Widening</td>
<td>Jun-06</td>
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<td>Route 85/101 (S) Interchange</td>
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<td>Route 17 Improvements</td>
<td>Mar-11</td>
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<td>Route 87 (N) HOV Lanes</td>
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<tr>
<td>Route 85 Noise Mitigation</td>
<td>Oct-07</td>
</tr>
</tbody>
</table>
D. PAVEMENT MANAGEMENT PROGRAM

Program Highlights

Program has been completed.

Program Cost Status

As shown in Figure 2.7, all of the $90 million in Pavement Management funds have been disbursed to jurisdictions.

Figure 2.7
Pavement Management Program Disbursements by Jurisdiction (in $1,000’s)

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Total Program Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campbell</td>
<td>$1,620</td>
</tr>
<tr>
<td>County Roads &amp; Airports</td>
<td>27,000</td>
</tr>
<tr>
<td>Cupertino</td>
<td>1,801</td>
</tr>
<tr>
<td>Gilroy</td>
<td>1,416</td>
</tr>
<tr>
<td>Los Altos</td>
<td>1,178</td>
</tr>
<tr>
<td>Los Altos Hills</td>
<td>329</td>
</tr>
<tr>
<td>Los Gatos</td>
<td>1,224</td>
</tr>
<tr>
<td>Milpitas</td>
<td>2,311</td>
</tr>
<tr>
<td>Monte Sereno</td>
<td>147</td>
</tr>
<tr>
<td>Morgan Hill</td>
<td>1,099</td>
</tr>
<tr>
<td>Mountain View</td>
<td>3,047</td>
</tr>
<tr>
<td>Palo Alto</td>
<td>2,504</td>
</tr>
<tr>
<td>San Jose</td>
<td>35,493</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>4,214</td>
</tr>
<tr>
<td>Saratoga</td>
<td>1,258</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>5,359</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$90,000</strong></td>
</tr>
</tbody>
</table>

Progress Since December 2009

Program was completed in a prior period.

Remaining Activities to Complete

None
E. BICYCLE PROGRAM

Program Highlights

VTA developed the Countywide Bicycle Plan as part of the Valley Transportation Plan 2020 (VTP 2020). In conjunction with the Countywide Bicycle Plan, a Bicycle Expenditure Program (BEP) was established. The projects included in the BEP were updated in the VTP 2030 and in the VTP 2035 and a thirty-year program was established, now projected at $165 million. The Bicycle Expenditure Program, which includes $12.2 million from the 1996 Measure B Bicycle Program, provides a portion of the funding necessary to implement projects in the BEP and Countywide Bicycle Plan.

Program Cost Status

The 1996 MBTIP allocated $12.2 million to the Bicycle Program as of the December 2009 Semi-Annual Report and that amount has not changed over the last year.

The Bicycle Program has programmed approximately $11.9 million of the $12.2 million program total.

Progress since December 2009

Construction continued on the following project:

- Saratoga: De Anza Trail PG&E Alignment (Joe's Trail)

Construction was completed on the following project:

- Santa Clara County Roads & Airports Department: Foothill Expressway and Loyola Drive shoulder widening in Los Altos

Prior to December 2009, the following projects were completed:

- Campbell: Pedestrian-Bike Bridge Replacement-Los Gatos Creek Trail at Camden Ave
- Campbell: Hamilton Avenue Widening Feasibility Study
- Cupertino: De Anza Trail Feasibility Study
- Cupertino: Mary Avenue Bicycle / Pedestrian overcrossing of I-280
- Los Altos: Stevens Creek Trail Feasibility Study
- Los Altos Hills: Segment 1 - Moody Road / El Monte Road Improvements
- Los Altos: Adobe Creek bridge replacement
- Los Altos Hills: Segment 3 - Moody Road / El Monte Road Improvements
Progress since December 2009 (Continued)

- Milpitas: Bike Lanes on Piedmont Avenue
- Milpitas: UPRR Bicycle/Pedestrian Overcrossing Feasibility Study
- Milpitas: Coyote Creek Trail between Dixon Landing Road and State Route 237
- Monte Sereno: Highway 9 Feasibility Study
- Morgan Hill: West Little Llagas Creek Trail: Phase 2-Wildlife Trail
- Morgan Hill: West Little Llagas Creek Trail: Phase 3 - LaCrosse Drive to Watsonville Road
- Palo Alto: Homer Avenue Undercrossing of the Caltrain tracks
- San Jose: Los Gatos Creek Trail (Park to Santa Clara) Feasibility study
- Santa Clara: River Oaks Pedestrian-Bike Bridge over Guadalupe River
- Santa Clara: San Tomas Aquino Creek Trail between Scott Boulevard and Monroe St.
- Santa Clara County: Almaden Expressway bike/pedestrian project
- Sunnyvale: Borregas Avenue Bicycle / Pedestrian overcrossings
- Pilot Bike Parking Project

Remaining Activities to Complete

Funding will be sought for the design and construction of the following project:

- San Jose: Los Gatos Creek Trail (Park to Santa Clara)

Figure 2.8 on the next page presents the Bicycle Projects to which Measure B funds have been programmed through December 2009, as well as the funds remaining to be programmed.
### Figure 2.8

**Bicycle Program Programmed Funds by Jurisdiction (in $1,000’s)**

<table>
<thead>
<tr>
<th>Sponsor</th>
<th>Project Title</th>
<th>Status</th>
<th>Measure B Programmed Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Campbell</strong></td>
<td>Hamilton Avenue Widening Feasibility Study</td>
<td>Completed</td>
<td>$12.0</td>
</tr>
<tr>
<td></td>
<td>Bike Bridge Replacement - Los Gatos Creek Trail at Camden</td>
<td>Completed</td>
<td>$124.4</td>
</tr>
<tr>
<td><strong>County Roads &amp; Airports</strong></td>
<td>Foothill Expwy and Loyola Drive Shoulder Widening</td>
<td>Completed</td>
<td>$50.0</td>
</tr>
<tr>
<td></td>
<td>Almaden Expressway Bike/Pedestrian Project</td>
<td>Completed</td>
<td>$80.0</td>
</tr>
<tr>
<td><strong>Cupertino</strong></td>
<td>Mary Avenue at I-280 Bicycle/Pedestrian Overcrossing</td>
<td>Completed</td>
<td>$5,885.2</td>
</tr>
<tr>
<td></td>
<td>De Anza Trail Feasibility Study</td>
<td>Completed</td>
<td>$157.7</td>
</tr>
<tr>
<td><strong>Los Altos</strong></td>
<td>Adobe Creek Bridge Replacement</td>
<td>Completed</td>
<td>$35.8</td>
</tr>
<tr>
<td></td>
<td>Stevens Creek Trail Feasibility Study</td>
<td>Completed</td>
<td>$80.0</td>
</tr>
<tr>
<td><strong>Los Altos Hills</strong></td>
<td>Moody Rd./El Monte Rd. Bike Improvements - Segments 1-3</td>
<td>Completed</td>
<td>$400.0</td>
</tr>
<tr>
<td><strong>Milpitas</strong></td>
<td>UPRR Bicycle/Pedestrian Overcrossing Feasibility Study</td>
<td>Completed</td>
<td>$194.1</td>
</tr>
<tr>
<td></td>
<td>Coyote Creek Trail, Between Dixon Landing and SR 237</td>
<td>Completed</td>
<td>$160.4</td>
</tr>
<tr>
<td></td>
<td>Bike Lanes on Piedmont Avenue</td>
<td>Ongoing</td>
<td>$41.3</td>
</tr>
<tr>
<td><strong>Morgan Hill</strong></td>
<td>West Little Llagas Creek Trail</td>
<td>Completed</td>
<td>$300.0</td>
</tr>
<tr>
<td><strong>Palo Alto</strong></td>
<td>Homer Avenue Undercrossing of the Caltrain Tracks</td>
<td>Completed</td>
<td>$950.5</td>
</tr>
<tr>
<td><strong>San Jose</strong></td>
<td>Los Gatos Creek Trail (Park to Santa Clara)</td>
<td>Ongoing</td>
<td>$500.0</td>
</tr>
<tr>
<td><strong>Saratoga</strong></td>
<td>De Anza Trail PG&amp;E Alignment (Joe's Trail)</td>
<td>Ongoing</td>
<td>$380.0</td>
</tr>
<tr>
<td><strong>Monte Sereno</strong></td>
<td>Highway 9 Feasibility Study</td>
<td>Completed</td>
<td>$15.0</td>
</tr>
<tr>
<td><strong>Sunnyvale</strong></td>
<td>Borregas Avenue Bike/Pedestrian Overcrossing</td>
<td>Completed</td>
<td>$285.0</td>
</tr>
<tr>
<td><strong>VTA</strong></td>
<td>Pilot Bicycle Parking Program</td>
<td>Completed</td>
<td>$130.0</td>
</tr>
<tr>
<td><strong>VTA/Santa Clara</strong></td>
<td>River Oaks Ped/Bike Bridge Over the Guadalupe River</td>
<td>Completed</td>
<td>$2,140.9</td>
</tr>
</tbody>
</table>

Total Programmed: $11,922  
Remaining to be Programmed: $297  
Total Budget: $12,219

1. The majority of completed projects have completed financial closeout; the remainder will be closed in 2011.
2. These MBTIP funds will be programmed by VTA to projects in the Bicycle Expenditure Program.
F. EXPRESSWAY SIGNAL SYNCHRONIZATION PROGRAM

The County Roads & Airports Department has identified expressway signal synchronization projects to improve capacity and operations. In addition, they have prepared an expenditure plan for the proposed improvements. Figure 2.9 presents funding information, including MBTIP participation, for the Signal Synchronization Projects.

Figure 2.9

Signal Synchronization Projects Funding Plan (in $1,000’s)

<table>
<thead>
<tr>
<th>Description</th>
<th>Project Status</th>
<th>Other Measure B Total Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Planning</td>
<td>Completed</td>
<td>$3 $6 $9</td>
</tr>
<tr>
<td>Controller Upgrades Phase I &amp; II</td>
<td>Completed</td>
<td>379 449 828</td>
</tr>
<tr>
<td>Fiber Optic Cable Proc I &amp; II</td>
<td>Completed</td>
<td>1 752 753</td>
</tr>
<tr>
<td>Traffic Ops Center Upgrades</td>
<td>Completed</td>
<td>2 429 431</td>
</tr>
<tr>
<td>Lawrence Expwy Segment</td>
<td>Completed</td>
<td>117 1,947 2,064</td>
</tr>
<tr>
<td>Central Expwy Segment</td>
<td>Completed</td>
<td>129 2,933 3,062</td>
</tr>
<tr>
<td>Install FO Cable Conduit on Capitol &amp; Almaden Expwys</td>
<td>Completed 23</td>
<td>131 154</td>
</tr>
<tr>
<td>CCTV Camera Procurement I &amp; II</td>
<td>Completed</td>
<td>3 330 333</td>
</tr>
<tr>
<td>Signal Synch Program Management</td>
<td>Ongoing</td>
<td>69 140 209</td>
</tr>
<tr>
<td>General Design Consultant</td>
<td>Completed</td>
<td>158 3,460 3,618</td>
</tr>
<tr>
<td>San Tomas/Montague Expwy Segment</td>
<td>Completed</td>
<td>254 3,175 3,429</td>
</tr>
<tr>
<td>Oregon/Page Mill Expwys Segment</td>
<td>Completed</td>
<td>141 2,691 2,832</td>
</tr>
<tr>
<td>Almaden Expwy Segment</td>
<td>Completed</td>
<td>143 3,000 3,143</td>
</tr>
<tr>
<td>Foothill Expwy Segment</td>
<td>Completed</td>
<td>179 2,350 2,529</td>
</tr>
<tr>
<td>Lawrence to Almaden Link Segment</td>
<td>Completed</td>
<td>110 1,522 1,632</td>
</tr>
<tr>
<td>Montague Expwy Segment</td>
<td>Completed</td>
<td>14,886 512 15,398</td>
</tr>
<tr>
<td>Foothill Expwy &amp; Page Mill Signal Upgrade</td>
<td>Completed 0</td>
<td>100 100</td>
</tr>
<tr>
<td>San Tomas Expwy &amp; Hwy 17 Signal Upgrade</td>
<td>Ongoing 0</td>
<td>132 132</td>
</tr>
<tr>
<td>Central Expwy (San Tomas-De La Cruz)</td>
<td>Completed 6,067</td>
<td>360 6,427</td>
</tr>
<tr>
<td>Central Expwy (ITS West Corridor Proj Cost Share)</td>
<td>Completed 1</td>
<td>88 89</td>
</tr>
<tr>
<td>Traffic Monitoring and Advisory System</td>
<td>Construction 0</td>
<td>610 610</td>
</tr>
<tr>
<td>Contingency</td>
<td>Ongoing</td>
<td>0 15 15</td>
</tr>
</tbody>
</table>

TOTAL $22,665 $25,132 $47,797

1 The contingency amount is held until after all projects are accepted and complete project closeout occurs.

Project Milestones

All signal synchronization of the major expressway segments under the Measure B Program have been completed. Only minor equipment installation, system integration and clean-up items remain to be completed.

Project Development Issues

None.
G. LEVEL OF SERVICE INTERSECTION IMPROVEMENT PROGRAM

The County Roads & Airports Department identified an initial list of intersection improvement projects for the Level of Service (LOS) Program to be included in the 1996 Measure B Program. During the development of the Base Case Plan, Roads & Airports reevaluated the LOS program based on current traffic data and a cost/benefit analysis of the projects to formulate a LOS program that would solve as many critical expressway intersection delays as possible.

Project Milestones

With the exception of the Program Management tasks, Contingency, and the projects listed below, all work under the Measure B Level of Service Program has been completed.

- Final engineering for the Almaden Expressway project between Branham Lane and Blossom Hill Road is underway. The Environmental document has been approved, and the purchase of right-of-way required for the project is complete. Construction is planned for the summer of 2011.

- The Oregon Expressway Level of Service project is in preliminary engineering. Construction is planned for the summer of 2011.

Project Development Issues

In November 2010, the Board of Supervisors approved a budget modification that reprogrammed contingency funds of $1.16 million from the Level of Service and $0.30 million from Signal Synchronization programs, respectively, and did not represent an increase in the total budget for these programs.

In addition, previously cut Level of Service/Signal Synchronization funding was restored in the amount of $1.96 million. (This represents a reversal of cuts to the programs that were implemented in 2003 due to the economic downturn.) These budget modifications freed up $3.42 million in funding that was allocated to two Level of Service projects: Almaden Expressway ($2.80 million) and Oregon Expressway ($0.62 million). Both projects were identified in Tier 1A of the Comprehensive County Expressway Planning Study and identified as priorities.

Figure 2.10 on the next page presents funding information, including MBTIP participation, for the Signal Synchronization Projects.
### Figure 2.10

**Level of Service Projects Funding Plan (in $1,000’s)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Project Status</th>
<th>Other Funding</th>
<th>Measure B Funding</th>
<th>Total Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen. Expwy. Intersection Project</td>
<td>Completed</td>
<td>$11</td>
<td>$24</td>
<td>$35</td>
</tr>
<tr>
<td>Magdalena Av/Foothill Exp Ped Fac Imprv</td>
<td>Completed</td>
<td>1,206</td>
<td>20</td>
<td>1,226</td>
</tr>
<tr>
<td>San Tomas Expwy. &amp; Campbell Avenue</td>
<td>Completed</td>
<td>133</td>
<td>856</td>
<td>989</td>
</tr>
<tr>
<td>San Tomas Expwy. &amp; Hamilton Avenue</td>
<td>Completed</td>
<td>1,203</td>
<td>927</td>
<td>2,130</td>
</tr>
<tr>
<td>Capitol Expwy. &amp; McLaughlin Avenue</td>
<td>Completed</td>
<td>15</td>
<td>39</td>
<td>54</td>
</tr>
<tr>
<td>Almaden Expwy. &amp; Hwy. 85 Off Ramp</td>
<td>Completed</td>
<td>50</td>
<td>126</td>
<td>176</td>
</tr>
<tr>
<td>Central Expwy. &amp; Bowers Avenue</td>
<td>Completed</td>
<td>19</td>
<td>143</td>
<td>162</td>
</tr>
<tr>
<td>Almaden Expwy, Blissm Hill to Branham</td>
<td>Ongoing</td>
<td>3,721</td>
<td>4,329</td>
<td>8,050</td>
</tr>
<tr>
<td>Level of Service Program Management</td>
<td>Ongoing</td>
<td>82</td>
<td>170</td>
<td>252</td>
</tr>
<tr>
<td>San Martin &amp; Monterey Hwy¹</td>
<td>Completed</td>
<td>428</td>
<td>237</td>
<td>665</td>
</tr>
<tr>
<td>Foothill Expressway</td>
<td>Completed</td>
<td>69</td>
<td>1,418</td>
<td>1,487</td>
</tr>
<tr>
<td>Montague Expressway Improvement Project</td>
<td>Completed</td>
<td>7,408</td>
<td>2,900</td>
<td>10,308</td>
</tr>
<tr>
<td>Central Expwy. @ Lafayette &amp; De La Cruz</td>
<td>Completed</td>
<td>2,880</td>
<td>3,547</td>
<td>6,427</td>
</tr>
<tr>
<td>Oregon Expwy US101 - SR82</td>
<td>Ongoing</td>
<td>2,900</td>
<td>627</td>
<td>3,527</td>
</tr>
<tr>
<td>Contingency²</td>
<td>Ongoing</td>
<td>0</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$20,125</strong></td>
<td><strong>$15,413</strong></td>
<td><strong>$35,538</strong></td>
</tr>
</tbody>
</table>

1. Does not include $672,000 in Measure B funding provided to VTA for completion of San Martin road widening - one of the Caltrain Service Improvements projects.

2. The contingency amount is held until after the finalization of federal earmarks and all projects are accepted and complete project closeout occurs.
H. FUND SWAP PROJECTS

To date, fund swap programs related to the Tasman East, Vasona, and Capitol Light Rail Extensions and the State Route 237/880 Interchange Stage C project have been approved. These programs captured federal grants and sales tax revenue bond proceeds for the projects and released 1996 Measure B funds for locally approved projects. VTA has collected all grant revenue and sales tax bond proceeds required for the Swap Program. The locally approved projects include 100 Low-floor Light Rail Vehicles, Pavement Management Projects, Route 152/156 Interchange Construction, Route 101/U.S. 85 Interchange North HOV Direct Connectors, Downtown/East Valley Light Rail Extension and Vasona Phase II.

In 2004, VTA and the County entered into a fund swap agreement numbered 2004-01. Part one of that agreement provided $22.5 million in STIP funding to the 237/880 Interchange Project in exchange for an equal amount of MBTIP funding to be added to the swap program. Part two of the agreement provided for MBTIP funds reimbursing VTA for $7.23 million of costs incurred for landscaping on MBTIP highway projects. Residual sales tax receipts, collected after the 1996 Measure B sales tax expired in the third quarter of FY06, would fund the reimbursement.

As part of the MBTIP Completion Agreement, VTA assumed the financial risk for completing highway landscaping in exchange for all residual sales tax revenues. In exchange, all residuals sales tax revenues are forwarded from the County to VTA and have been applied to the Swap Program, up to a total value of $7.23 million. (Beyond that amount, residual sales tax revenues are applied to the savings priorities outlined in the MBTIP Completion Agreement.) As of October 31, 2010, the cumulative total of residual sales tax received was $8.56 million. Therefore, VTA has received its full $7.23 million compensation for highway landscaping costs, with $1.33 million of residual sales tax proceeds to date and all future such revenues going to the benefit of the 1996 Measure B Program as a whole.

Figure 2.11 on the next page presents the forecast cost at completion for each of the Fund Swap Projects through December 2009. The following Swap fund programming actions were made by the VTA Board since the December 2009 Progress Report:

- $1.0 million was programmed for the Project Readiness Initiative to assist Santa Clara County jurisdictions with jump starting the project development readiness of local projects to become better prepared to compete for state and federal funds.
- $1.0 million was programmed to be used for costs associated with placing a measure on the Nov-10 ballot to enact a $10 increase in the fees of motor vehicle registration for transportation-related projects (2010 Measure B).

$2.8 million in Swap Program funds remains un-programmed at this time.

As noted, Figure 2.11 does not include the Vasona Light Rail Project ($1.6 million for the Winchester Extension), nor does it include the Route 85/U.S. 101 North Interchange HOV Direct Connector Project ($25 million). These projects and the total funding associated with them are reported elsewhere in this report.
## Figure 2.11

1996 Measure B Fund Swap Cost Status ($’s in millions) See Notes – Next Page

<table>
<thead>
<tr>
<th>Project 1</th>
<th>Current Measure B Swap Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vasona/VTA Operations Fund Swap</td>
<td>7.2</td>
</tr>
<tr>
<td>Caltrain Palo Alto/TVM Swap</td>
<td>0.5</td>
</tr>
<tr>
<td>County Storm Damage &amp; Pavmnt Mgmt</td>
<td>28.4</td>
</tr>
<tr>
<td>TEA-21 Pavmnt Mgmt Program</td>
<td></td>
</tr>
<tr>
<td>Old SR-85 Relinquishment (Saratoga)</td>
<td>0.9</td>
</tr>
<tr>
<td>I-680 HOV Lanes - Phase 1 Aux. Lane</td>
<td>3.0</td>
</tr>
<tr>
<td>STIP Equity - Gilroy St. Teresa Blvd. Ext.</td>
<td>3.0</td>
</tr>
<tr>
<td>Montague Expressway</td>
<td>3.2</td>
</tr>
<tr>
<td>US 101 / Bailey Road Interchange</td>
<td>4.5</td>
</tr>
<tr>
<td>Gateway Studies</td>
<td>1.1</td>
</tr>
<tr>
<td>VTA Fund Swap Grant Administration</td>
<td>1.3</td>
</tr>
<tr>
<td>TDA Article 3 Pavmnt Supp - County</td>
<td>0.06</td>
</tr>
<tr>
<td>TDA Article 3 Pavmnt Supp - Campbell</td>
<td>0.05</td>
</tr>
<tr>
<td>Dixon Landing Road Pre-Const. Acts.</td>
<td>0.4</td>
</tr>
<tr>
<td>Downtown/East Valley LRT. CE, PE, ENV</td>
<td>5.7</td>
</tr>
<tr>
<td>Caltrain Railroad Crossings in Sunnyvale</td>
<td>0.1</td>
</tr>
<tr>
<td>1984 Measure A Project Close-Out Costs</td>
<td>0.1</td>
</tr>
<tr>
<td>Dumbarton Rail Corridor Study</td>
<td>0.2</td>
</tr>
<tr>
<td>Countywide Expressway Study</td>
<td>2.0</td>
</tr>
<tr>
<td>Countywide Plan, Program, Monitor</td>
<td>1.8</td>
</tr>
<tr>
<td>CDT Planning Program</td>
<td>1.4</td>
</tr>
<tr>
<td>SR-152/SR-156 ENV &amp; Design</td>
<td>6.7</td>
</tr>
<tr>
<td>US 101 Habitat Mitigation</td>
<td>4.4</td>
</tr>
<tr>
<td>I-880/DLR Supplemental Funding</td>
<td>0.1</td>
</tr>
<tr>
<td>SR-25 ENV Review Process</td>
<td>2.2</td>
</tr>
<tr>
<td>I-680 SoundWall at Jacklin Rd., Milpitas</td>
<td>0.6</td>
</tr>
<tr>
<td>VTP 2030 Project Cash Flow</td>
<td>6.0</td>
</tr>
<tr>
<td>I-880 Landscaping</td>
<td>1.0</td>
</tr>
<tr>
<td>SR-85/US 101 North Landscaping</td>
<td>2.2</td>
</tr>
<tr>
<td>SR-87 Landscaping</td>
<td>2.1</td>
</tr>
<tr>
<td>SR-87 N HOV Closeout</td>
<td>1.250</td>
</tr>
<tr>
<td>Monte Sereno Road Rehabilitation</td>
<td>0.1</td>
</tr>
<tr>
<td>I-880 Corridor Study</td>
<td>0.5</td>
</tr>
<tr>
<td>Downtown Platform Retrofit</td>
<td>2.5</td>
</tr>
<tr>
<td>US-101/Mathilka Ave/SR-237 IC PSR</td>
<td>0.3</td>
</tr>
<tr>
<td>Calaveras Blvd Widening PSR</td>
<td>0.2</td>
</tr>
<tr>
<td>SR-237 IC’s w/SR-85 &amp; Middlefield</td>
<td>0.5</td>
</tr>
<tr>
<td>US-101/SR-25 Interchange</td>
<td>1.0</td>
</tr>
<tr>
<td>US-101 North San Jose Corridor</td>
<td>0.5</td>
</tr>
<tr>
<td>HOT Lanes Demo Project</td>
<td>2.3</td>
</tr>
<tr>
<td>Mary Ave. Bike/Ped. Bridge</td>
<td>3.4</td>
</tr>
<tr>
<td>Ahmad Expressway Improvements</td>
<td>1.5</td>
</tr>
<tr>
<td>SR 156/Barnheisel Road</td>
<td>0.4</td>
</tr>
<tr>
<td>SR 237 Express Connector</td>
<td>6.0</td>
</tr>
<tr>
<td>Project Readiness Initiative</td>
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</tr>
<tr>
<td>2010 Measure B</td>
<td>1.0</td>
</tr>
<tr>
<td>TBD Projects</td>
<td>2.8</td>
</tr>
<tr>
<td>100 Additional Low Floor Vehicles</td>
<td>198.3</td>
</tr>
</tbody>
</table>

Grand Total $ 328.7
Figure 2.11 (Continued)
1996 Measure B Fund Swap Cost Status

NOTES:

1. This table excludes Vasona Winchester Extension ($1.6 million), and the US-101 / SR 85 Interchange (North) HOV Direct Connectors ($25.0 million) projects.
   These project amounts are reported as part of the Vasona Light Rail Project and the US-101 / SR 85 Interchange (North) HOV Direct Connectors Project, respectively, in the Rail and Highway Programs.
2. TEA-21 Pvmnt Mgmt Fund Exchange for the County - Cycle 1, Cycle 2 and RABA - VTA
   BOD actions of 2/4/99, 1/6/00, and 12/14/00 respectively
3. TEA-21 Pvmnt Mgmt Fund Exchange for all cities - Cycle 1, Cycle 2 and RABA - VTA
   BOD actions of 2/4/99, 1/6/00, and 12/14/00 respectively
4. Includes $1 million from VTA BOD action of 8/3/00 and $300,000 from VTA BOD action of 12/14/00
5. Includes $175,000 from VTA BOD action of 8/3/00 and $225,000 from VTA BOD action of 4/5/01
6. Includes $1 million from VTA BOD action of 6/7/01 and $1 million from VTA BOD action of 9/5/02
7. Includes $245,000, $204,000 and $1.4 million from VTA BOD actions on 10/5/00, 12/14/00, and 6/7/01 respectively
8. Added by VTA BOD as of 3/7/02
9. Includes $3 million from VTA BOD action as of 8/4/05
10. Added by VTA BOD as of 6/3/04
11. Added by VTA BOD as of 12/2/04
12. Added by VTA BOD as of 3/3/05 & 4/6/06
13. Added by VTA BOD as of 3/30/05
14. From Winchester Savings; Added by VTA BOD as of 8/4/05
15. Added by VTA BOD as of 8/4/05
16. Amended by VTA BOD; Gateway Studies completed for $1.85M, Calaveras programmed from $150K remainder
17. Added by VTA BOD 1/15/06
18. VTA BOD actions on 6/5/03 & 8/31/06
19. Added by VTA BOD 11/2/06
20. Added by VTA BOD 11/1/07
21. Added/Reduced by VTA BOD 12/13/07
22. Added/Reduced by VTA BOD 12/11/08
23. Added by VTA BOD 3/4/10
24. Added by VTA BOD 6/3/10
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
   Board of Directors

THROUGH: General Manager, Michael T. Burns

FROM: Auditor General, Greg Thomas

SUBJECT: SVRT Contract Compliance Internal Audit

FOR INFORMATION ONLY

BACKGROUND:

The VTA Board of Directors in January 2009 approved the contract with Deloitte & Touche, LLP (D&T) to provide Auditor General and internal audit services to VTA.

In August 2010, the Board approved the FY11 Internal Audit Work Plan recommended by the Auditor General. That same month, Deloitte & Touche, LLP, in its capacity as VTA’s Internal Audit, initiated the second item identified in this plan: Silicon Valley Rapid Transit (SVRT) Project Contract Compliance. The audit was performed in accordance with the Standards for Consulting Services issued by the American Institute for Certified Public Accountants.

DISCUSSION:

The Silicon Valley Rapid Transit (SVRT) project, now known as the Bay Area Rapid Transit (BART) Silicon Valley Project, is a 16-mile extension of the existing BART system to San Jose, Milpitas and Santa Clara, which will be delivered through a phased approach. The first phase, the Berryessa Extension, is a 10-mile, two-station extension beginning in Fremont at the future BART Warm Springs Station and proceeding through Milpitas, the location of the first station, to the second station in the Berryessa area of north San José. VTA continues the design and engineering for the second 6-mile phase of the project that includes a 5.1 mile-long subway tunnel through downtown San Jose, and ends at grade in Santa Clara near the Caltrain Station. Construction on the second phase of the project will commence as additional funding is secured.
The joint venture of Hatch Mott McDonald (HMM) and Bechtel is under contract to VTA to provide consultant design, engineering and project management services on the SVRT Project. The contract’s effective date was February 9, 2004. Through May 2010, expenditure commitments on this contract were approximately $124 million.

The purpose of this internal audit was to conduct a contract compliance audit of the HMM/Bechtel contract to gain an understanding of how this contract is currently being managed, and identify areas for improvement in its organization, deliverables, milestones, and cost reporting. The audit focused exclusively on the Berryessa Extension phase.

Internal Audit completed its review and the results of this audit are presented in Auditor General Report No. 2010-02 (see Attachment B). This report describes in detail the objectives established for this audit, its scope, and the approach used by the internal audit team. The report presents the internal audit team’s observations, the risk rating associated with each observation as well as an overall risk rating to the VTA organization, and the Auditor General’s recommendation for addressing each observation. The report also includes VTA management’s response to each observation, and the steps that have or will be taken to address the Auditor General’s recommendations. Attachment A summarizes the audit’s objectives and scope, the internal audit team’s observations and recommendations, and VTA management’s response.

An overall risk rating of Medium was issued, based on four individual observations rated Medium and six rated Low. No high risk issues were identified. However, the large size, complexity and financial magnitude of the SVRT project was factored into both the individual and overall risk ratings, and this factor helped to push the overall risk rating from Low to Medium. VTA agreed with these findings, and all recommendations have been targeted for implementation by June 30, 2011.

Recommendations for improvement contained in this report are presented for the consideration of VTA management, which is solely responsible for the effective implementation of any corrective action plans.

**STANDING COMMITTEE DISCUSSION/RECOMMENDATION:**

The Audit Committee considered this item at its November 4, 2010 meeting.

Director Gage asked if there were any legal issues with VTA signing these contracts after the effective date. General Manager Michael Burns and General Counsel Kevin Allmand responded there weren’t any since they were working under the authorization of the Board.

Director Gage inquired if it is VTA or the prime consultant that hires subconsultants, and whose responsibility it is for ensuring subconsultants perform to standards. VTA staff and Auditor General staff member Denise Martini indicated that the prime contractor, not VTA, contracts with subconsultants and therefore has responsibility for ensuring performance.

Directors Gage and Herrera asked if VTA contracts require subconsultants to carry insurance. Tom Smith, VTA Contracts & Materials Manager, responded that the VTA contract is with the prime consultant, that it requires the prime to carry appropriate levels of insurance for the work.
they are doing, but does not require subcontractors to the prime to carry insurance. Instead, the prime has the option of requiring insurance from their subcontractors or not.

Director Page asked if the labor rate increases were primarily percentage based, and if due to these increases, would subsequent increases be inflated comparatively due to the higher base amount. Ms. Martini responded that the rate adjustments are percentage based and therefore cumulative, and that those specific increases, although higher than specified within the contract, are allowed as exceptions under the contract upon review and consideration by VTA. It was VTA’s decision, and management determined there was good reason to increase them an amount greater than indicated in the contract. It was noted that in 2009, VTA instituted a policy of allowing zero consultant rates increases with only limited exceptions on a case by case basis. The data examined for this audit was for a period prior to implementation of this policy.

Director Page also asked about the level of effort required to clean up the reporting on Work Directives. Ms. Martini responded that it would be minimal, essentially just being more careful and thorough in preparing the monthly progress reports, such as indicating whether an item is an estimate or an actual.

The Committee unanimously agreed to forward this report to the Board of Directors, and that it be placed on the Consent Agenda for the February 2011 Board meeting.

Prepared By: Greg Thomas, Auditor General
Memo No. 2711
Santa Clara Valley Transportation Authority

Audit Committee Meeting, Agenda Item No. 8

‘SVRT Program Contract Compliance Internal Audit

November 4, 2010

Auditor General’s Office
Greg Thomas, Principal
Denise Martini, Director
Michael Kling, Senior Manager
Marius Anelauskas, Senior Associate
### Audit Objectives & Scope

**Objectives**
- Evaluate contract compliance related to Contract organization, deliverables and milestones;
- Evaluate whether consultant team was reporting deliverables and cost information in accordance with the Contract requirements;
- Identify potential areas of improvement in managing and monitoring the services provided under the Contract.

**Scope**
- HMM / Bechtel Original Contract
- HMM / Bechtel Contract Amendments
- HMM / Bechtel Contract Invoices
- Monthly Cost Reports
- HMM / Bechtel Contract Work Directives
- Monthly Work Directive Cost Reports
- Quarterly FTA Updates
- Various SVRT Policies and Procedures
- Invoice Review and Processing
- SDBE Requirements
- Contract Amendment Processing
- Monthly Reporting Process

### Observations

<table>
<thead>
<tr>
<th>Observations</th>
<th>Recommendations</th>
<th>Mgmt. Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Contract Amendments <em>(Risk Rating: Low)</em></td>
<td>Amendments to the Contract were signed by VTA after the effective date, as specified within the Amendment.</td>
<td>Although funds are approved by the VTA Board of Directors prior to expenditure, Management should ensure appropriate documentation of approval in the administration of funds.</td>
</tr>
</tbody>
</table>

* See Appendix on Page 5 for risk rating definitions and Overall Risk Rating resulting from work performed.
## SVRT Program Contract Compliance Internal Audit

<table>
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<tr>
<th>Observations</th>
<th>Recommendations</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>2a. Invoices (Risk Rating: Medium)</strong>*</td>
<td>Management should finalize the updated procedure for the internal review of invoices, and include definition of roles, responsibilities, and signature requirements of Contract Administration and Contract Attest functions.</td>
<td>VTA concurs. The existing procedures are being updated to reflect the recommendations made in the SVRT Soft Cost Audit and will be finalized by November 30, 2010. The current forms, including the invoice approval sheet, are also being updated and will be finalized by November 30, 2010.</td>
</tr>
<tr>
<td>No formal policy observed relating to signature requirements for Contract Attest and Contract Administration. Identified instances where Contract Attest approved invoices without Contract Administration Approval.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2b. Invoices (Risk Rating: Low)</strong>*</td>
<td>Management should assess invoice approval process, and identify opportunities to streamline this process. Furthermore, Management should consider establishing a tracking methodology to flag invoices approaching Contract due dates.</td>
<td>VTA concurs and has implemented all of the recommendations. The invoice approval process has been streamlined and turnaround times for various levels of invoice approvals have been established. A tracking mechanism has been implemented.</td>
</tr>
<tr>
<td>Identified invoices where payments were made past the due date of 30 days.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3. Labor Rates (Risk Rating: Medium)</strong>*</td>
<td>Management should consider adherence to the established labor rate escalation guidelines as specified within the Contract.</td>
<td>VTA concurs with the recommendation. VTA contracts allow exceptions to the limitation on rate adjustments upon review and consideration by VTA. In 2009, VTA instituted a policy of allowing zero consultant rates increases with only limited exceptions on a case by case basis. The date examined for this audit was for a period prior to implementation of this policy.</td>
</tr>
<tr>
<td>Observed one year during which annual consultant rate increases were higher than those specified within the Contract. Higher rates are allowed as exceptions under the Contract; however, rate increases were higher for 30 out of 33 personnel.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This report is intended solely for the information and use of management and the Audit Committee of the Santa Clara Valley Transportation Authority and is not intended to be used by anyone other than these specified parties.
## SVRT Program Contract Compliance Internal Audit

<table>
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<tr>
<th>Observations</th>
<th>Recommendations</th>
<th>Mgmt. Response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4a. Work Directives (WD) – Monthly Reports</strong> <em>(Risk Rating: Low)</em>&lt;sup&gt;*&lt;/sup&gt;</td>
<td>Identified discrepancies between invoice amounts and the WD monthly reports of costs incurred to date. Noted descriptive reporting in December 2009 and January 2010 included substantially less detail than specified in the VTA policies/requirements.</td>
<td>Management should consider making it clear costs reported in WD Monthly Report are not actual costs but an estimate/forecast. Management should verify descriptions of progress for each month are sufficient to understand prior month’s work in order to make any necessary adjustments.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>VTA concurs. The regular reporting for WD’s will be adjusted to clarify forecast versus actual statements of cost info. Also, monthly progress descriptions will be reviewed and modified as necessary to help ensure sufficient levels of detail and clarity. Recommendations will be completed by March 2011.</td>
</tr>
<tr>
<td><strong>4b. Work Directives (WD) – Budgets</strong> <em>(Risk Rating: Low)</em>&lt;sup&gt;*&lt;/sup&gt;</td>
<td>Noted one instance where final WD value was above established value.</td>
<td>Management should consider implementing strategies to keep expenditures within estimated amounts stated in WD. Management should also consider developing a requirement for exceptions, which would describe the need to include appropriate documentation of approval within the WD amendment or close-out documentation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>VTA concurs. Management will investigate strategies to keep expenditures within estimated amounts in WD. Current procedures will also be modified so necessary exceptions are documented in WD amendment or close-out documentation. Recommendations will be completed by March 2011.</td>
</tr>
<tr>
<td><strong>5. Deliverables</strong> <em>(Risk Rating: Low)</em>&lt;sup&gt;*&lt;/sup&gt;</td>
<td>Identified instances where WD deliverables were not clearly delineated in the WD forms, which include a “Deliverables” section. In particular, it was noted that one WD that did not specify deliverables within the “Deliverables” section, although WD suggested specific requirements.</td>
<td>Management should consider requiring additional detail within WDs to establish clear WD deliverables. In addition, Management should consider formally using some type of roadmap or matrix to track all major deliverables that are prepared as part of the Contract to allow for transparency as well as a paper trail for work that is being completed by the consultant team.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>VTA concurs. Management will adjust the work directive process to incorporate close-out and reconciliation documentation of actual costs and the completion of work. This will be completed by June 2011.</td>
</tr>
</tbody>
</table>
## SVRT Program Contract Compliance Internal Audit

<table>
<thead>
<tr>
<th>Observations</th>
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</thead>
<tbody>
<tr>
<td>6. SVRT Program/Project Roles and Responsibilities <em>(Risk Rating: Low)</em></td>
<td>Management should consider filling open position as soon as possible. If the open position is filled by an employee under the existing Contract, VTA Management should structure project admin. process such that any adjustments to Contract or scope of work are subject to review or approval by a VTA management employee at same level or above the Contract employee.</td>
<td>VTA concurs. This position was filled effective September 7, 2010.</td>
</tr>
<tr>
<td>Noted open SVRT Berryessa Extension Project Director position. At the time of analysis, the Deputy Director SVRT Program was filling the open position as the SVRT Berryessa Extension Project &quot;Acting&quot; Project Director. As a result, he was working in two roles simultaneously.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Subconsultants <em>(Risk Rating: Medium)</em></td>
<td>Management should consider establishing a formal process for tracking status of suspension / debarment certifications. Additionally, Management should consider performing periodic evaluations of subconsultants billed to invoices against the approved subconsultant list.</td>
<td>VTA concurs. VTA will consider enhancing contract language that defines the responsibility of the Prime as it relates to suspension/debarment certification. Management will also assess the best method to ensure contract compliance. Both of these efforts will be completed by June 2011.</td>
</tr>
<tr>
<td>Noted instances where subconsultants included in invoices were not included in list of subconsultants specified in Contract or current amendment at time of invoice. Additionally, although no debarred or suspended vendors were observed, certifications were not kept on file.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Certificates of Insurance <em>(Risk Rating: Medium)</em></td>
<td>Management should consider establishing a policy to perform periodic evaluations of insurance for prime consultants as well as subconsultants. Furthermore, Management should consider using a tracking sheet, matrix and filing process to track compliance or exceptions and certificates for various insurance types for the prime and subconsultants.</td>
<td>VTA will review the current process of tracking the receipt of insurance certificates for prime consultants and ensure that continuing insurance coverage is reported. This effort will be completed by December 31, 2010. VTA’s contractual relationship is with the prime contractor and the insurance clause in the contract requires them to carry adequate coverage for all contingencies including subcontractor contingencies.</td>
</tr>
<tr>
<td>Several instances were noted where subconsultant insurance coverage was below Contract or did not include all insurance types. An organized filing system was not observed for tracking the necessary documentation to support the insurance requirements of the subconsultants.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Risk ratings have been assigned to each observation to provide VTA Management with a better understanding of the risk and potential impact of each observation. In addition, an Overall Risk Rating has been provided herein to help Management understand the overall risk and impacts of the observations. For this report, the risk ratings take into consideration the immense size, complexity and financial commitments of the SVRT Program.

The risk rating definitions are:

- **High** – Significant control weakness presents a high likelihood of the event occurring potentially exposing VTA to significant financial loss, unauthorized access to key data, business or service interruption, and/or an impact to the VTA brand or public perception. This control weakness should be addressed promptly. If not addressed or corrected, it could expose VTA to significant financial or other loss, or otherwise significantly impair its reputation.

- **Medium** – Significant control weakness presents a possibility the event will occur potentially exposing VTA to moderate levels of financial loss, short term disruption to operations, short term impact to VTA brand or public perception and/or not making full use of human or system resources. This control weakness should be addressed in the near term.

- **Low** – Control weakness, if corrected or mitigated, will further strengthen the system of internal control. Likelihood of occurrence and impact if the event did occur are rated as low.

- **Other Opportunities (No Rating)** – Opportunity to improve efficiency or profitability of operations, but does not indicate an internal control weakness.

The Overall Risk Rating below resulting from the work performed is provided as an estimate to help Management understand the overall risk and impacts of the observations.

**Overall Risk Rating:** Medium

The Medium rating, which represents an estimated level of risk exposure to the VTA organization, was developed by evaluating ten different observations individually and collectively and then taking into account the large size, complexity and financial magnitude of the SVRT project. The Medium rating is based upon four individual observations rated Medium and six individual observations rated Low. No high risk issues were identified.
AUDITOR GENERAL REPORT No. 2010-02

TO: Chair Audit Committee, Don Gage
Santa Clara Valley Transportation Authority

THROUGH: General Manager, Michael Burns

FROM: Auditor General

DATE: October 18, 2010

SUBJECT: Silicon Valley Rapid Transit Program – Hatch Mott McDonald (“HMM”) / Bechtel Contract Compliance Internal Audit

Enclosed is our report for the Silicon Valley Rapid Transit Program HMM / Bechtel Contract Compliance Internal Audit.

Our internal audit was performed in accordance with the terms of our engagement letter between Santa Clara Valley Transportation Authority and Deloitte & Touche LLP for Auditor General Services, Contract No. S09022 dated January 9, 2009, and in accordance with the Standards for Consulting Services issued by the American Institute of Certified Public Accountants. This report is intended solely for the information and use of Management and the Audit Committee of the Santa Clara Valley Transportation Authority (VTA) and is not intended to be used by anyone other than these specified parties. Recommendations for improvement are presented for Management’s consideration. Management is responsible for the effective implementation of corrective action plans.

Please contact Greg Thomas, Principal, in the VTA Auditor General’s office, if you have any questions.
AUDITOR GENERAL REPORT No. 2010-02

Silicon Valley Rapid Transit Program Contract Compliance Audit

October 18, 2010

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V. RESULTS ................................................................................6

This report is intended solely for the information and internal use of Santa Clara Valley Transportation Authority, and should not be used or relied upon by any other person or entity.
I. EXECUTIVE SUMMARY

The Santa Clara Valley Transportation Authority’s ("VTA") Silicon Valley Rapid Transit ("SVRT" or "SVRT Program") Project is a 16-mile extension of the Bay Area Rapid Transit District system ("BART") from a future Warm Springs station in Fremont to the cities of San Jose, Milpitas and Santa Clara in Santa Clara County.

Internal Audit (IA) performed a contract compliance internal audit of SVRT’s HMM / Bechtel Joint Venture consultant contract (Contract # S03099) (the “Contract”) with the following objectives:

- Evaluate and assess contract compliance related to Contract organization, deliverables and milestones;
- Evaluate and assess whether the consultant team was reporting deliverables and cost information in accordance with the Contract requirements; and
- Identify potential areas of improvement in managing and monitoring the services provided under the Contract.

The contract compliance internal audit work focused on the SVRT Program’s Silicon Valley Berryessa Extension Project ("Berryessa Extension" or "Berryessa Extension Project"), which is a portion of the 16-mile extension of the SVRT Project that is currently in progress. At the time of our work, the Berryessa Extension Project was in the midst of preparing for entry into the FTA New Starts Final Design phase.

Based on the internal audit work performed, controls designed to help ensure effective contract management processes, such as proper approval and monitoring, need strengthening. Our overall assessment of the relative risk related to the identified control weaknesses is Medium. The Medium rating, which represents an estimated level of risk exposure to the VTA organization, was developed by evaluating ten different observations individually and collectively and then taking into account the large size, complexity and financial magnitude of the SVRT project. The Medium rating is based upon four individual observations rated Medium and six individual observations rated Low. No high risk issues were identified. VTA agreed with these findings, and all recommendations will be targeted for implementation by June 30, 2011.

Based on our Contract compliance internal audit work, observations were identified related to contract amendments, invoices, labor rates, work directives, deliverables, SVRT Program/Project Roles and Responsibilities, subconsultants, and certificates of insurance. Some of the key observations include the following:

- **Contract Amendments**
  - Effective Date - We identified several instances where amendments to the Contract were signed by VTA after the effective date as specified within the amendment.

- **Invoices**
  - Review Process – There was no formal VTA policy observed for how VTA personnel review and approve Contract invoices.
  - Timing of Invoice Approval Process - For several of the invoices that were evaluated, payments were made past the due date of 30 days.
The contract compliance internal audit work focused on the SVRT Program’s Silicon Valley Berryessa Extension Project (“Berryessa Extension” or “Berryessa Extension Project”), which is the portion of the entire 16-mile extension of the SVRT Project that is currently in progress. At the time of our work, the Berryessa Extension Project was in the midst of preparing for entry into the FTA New Starts Final Design phase. Specifically, this internal audit included an evaluation and assessment of contract compliance related to Contract organization, deliverables and milestones; an evaluation and assessment of whether the consultant team was reporting deliverables and cost information in accordance with the Contract requirements; and identification of potential areas of improvement in managing and monitoring the services provided under the Contract.
III. OBJECTIVE, SCOPE & APPROACH

A. Objective
The objectives of the Contract compliance internal audit of the HMM / Bechtel Contract were to:

- Evaluate and assess Contract compliance related to
  - how the Contract is organized,
  - whether deliverables are provided by HMM / Bechtel per the Contract, and
  - how the Contract is administered by VTA;

- Evaluate and assess whether the HMM / Bechtel consultant team was reporting deliverables and cost information in accordance with the Contract requirements; and

- Identify potential areas of improvement for VTA in managing and monitoring the services provided under the Contract.

B. Scope
The analysis included an assessment of HMM / Bechtel’s compliance with the Contract and VTA’s administration of the Contract. We evaluated the Contract information and documentation, Contract amendments, VTA policies and procedures, Contract cost information and Contract deliverables.

C. Approach
The approach to fieldwork, conducted in August 2010, included the following:

- Read and analyzed relevant SVRT project documents and policies and procedures.

- Conducted interviews and follow-up discussions with VTA and consultant personnel who are involved in either managing the consultant work or providing the services to VTA to gain an understanding of the Contract and the work associated with the Contract.

- Conducted interviews and follow-up discussions with VTA and consultant personnel to gain an understanding of the VTA Contract compliance policies and procedures used to manage performance of the Contract.

- Evaluated and assessed Contract compliance attributes to determine if they were consistent with Contract requirements.

- Read and analyzed cost data from October 2009 through May 2010 and other project documents related to the Contract from March 2003 through May 2010.

- Developed observations and recommendations for improvement and discussed observations with VTA Management prior to issuing report.

IV. RATINGS
Risk ratings have been assigned to each observation to provide VTA Management with a better understanding of the risk and potential impact of each observation. In addition, an Overall Risk Rating has been provided herein to help Management understand the overall risk and impacts of the observations. For this report, the risk ratings take into consideration the magnitude of the immense size, complexity and financial commitments of the SVRT Program and its Berryessa Extension component.
The VTA risk rating definitions are:

- **High** – Significant control weakness presents a high likelihood of the event occurring potentially exposing VTA to significant financial loss, unauthorized access to key data, business or service interruption, and/or an impact to the VTA brand or public perception. This control weakness should be addressed promptly. If not addressed or corrected, it could expose VTA to significant financial or other loss, or otherwise significantly impair its reputation.

- **Medium** – Significant control weakness presents a possibility the event will occur potentially exposing VTA to moderate levels of financial loss, short term disruption to operations, short term impact to VTA brand or public perception and/or not making full use of human or system resources. This control weakness should be addressed in the near term.

- **Low** – Control weakness, if corrected or mitigated, will further strengthen the system of internal control. Likelihood of occurrence and impact if the event did occur are rated as low.

- **Other Opportunities (No Rating)** – Opportunity to improve efficiency or profitability of operations, but does not indicate an internal control weakness.

The risk ratings resulting from the work performed are provided to help Management understand the relative risk and potential impact of the observations.

**Overall Risk Rating**

Our overall assessment of the relative risk related to the identified control weaknesses is Medium.

*Overall Risk Rating: Medium*

The Medium rating, which represents an estimated level of risk exposure to the VTA organization, was developed by evaluating ten different observations individually and collectively and then taking into account the large size, complexity and financial magnitude of the SVRT project. The Medium rating is based upon four individual observations rated Medium and six individual observations rated Low. No high risk issues were identified.

V. **RESULTS:**

The following sections summarize the internal audit observations, each individual area’s risk rating, recommendations from the Auditor General’s office, and Management’s responses. The results of our field work have been reported and are delineated below in the sections entitled Contract Amendments, Invoices, Labor Rates, Work Directives, Deliverables, SVRT Program/Project Roles and Responsibilities, Subconsultants, and Certificates of Insurance.

1. **Contract Amendments**

   An evaluation of the Contract amendments was conducted to assess consistency in approval methodology, timing, and board approval of funds allocated through Contract amendments. We evaluated the Contract, as well as 29 amendments to the Contract, and noted the following with respect to the effective date of the Contract Amendments:

   a. **Effective Date** - We noted 16 cases (55% of Amendments) where the Amendments to the Contract were signed by VTA after the effective date, as specified within the Amendment. Per discussion with client personnel, late signatures may have occurred
because final negotiations to the Amendments may have occurred after the required start date of the work associated with each of the Amendments. Additionally, according to VTA personnel, approval by the VTA Board of Directors was received prior to the effective dates of any Amendments which authorized specific contract funding or provisions. In one case, we noted an Amendment that was dated several months after the specified effective date, thus retroactively implementing changes to the Contract.

Recommendation:
Management should verify that Contract amendments are appropriately signed prior to the effective date of each Contract amendment. Although funds are approved by the VTA Board of Directors prior to expenditure, Management should ensure appropriate documentation of approval in the administration of funds. Additionally, VTA management should evaluate the practice of establishing Contract amendments which amend Contract terms retroactively. Formal policies should be developed to help ensure timely acceptance of Contract amendments.

Risk Rating: Low

Management Response:
VTA concurs. Management will be committing additional contract management and project management resources to the SVRT Program, and will do so by June 2011. These additional resources will review the contract amendment processes and establish clear guidelines with project staff to assure timely execution of contract amendments.

2. Invoices
An evaluation of the invoices from October 2009 – May 2010 was conducted to identify Contract and policy compliance, including invoice review and certification, payment timing, and backup documentation. We noted the following with respect to the review process and payment timing:

a. Review Process – The existing VTA procedure for how VTA personnel review Contract invoices is out-of-date and not fully comprehensive. It is currently undergoing revision and augmentation. The following summarizes our understanding of how Contract Attest and Contract Administration work together to review Contract invoices:
   i. There is a summary level draft process in place for invoice review, currently being evaluated and updated by VTA.
   ii. Contract Attest determines any issues relating to invoice backup documentation, and identifies any necessary short payment.
   iii. Contract Administration works with HMM / Bechtel and Contract Attest to facilitate delivery of necessary documentation for full or partial invoice payment. No formalized process was observed in this area.
   iv. There was no formal policy observed relating to signature requirements for Contract Attest and Contract Administration. Of nine invoices evaluated, six instances were identified where Contract Attest approved the invoice without Contract Administration Approval. Two instances were identified where Contract Administration approved the invoice without Contract Attest Approval. The invoice approval sheet does not include signature areas for both Contract Attest and Contract Administration.
Recommendation:
Management should consider finalizing the updated procedure for the internal review of invoices. This procedure should include definition of roles, responsibilities, and signature requirements of Contract Administration and Contract Attest functions. Furthermore, Management should re-evaluate the current format of the invoice approval sheets, and create separate signature areas for Contract Attest and Contract Administration.

Risk Rating: Medium

Management Response:
VTA concurs. The existing procedures are being updated to reflect the recommendations made in the SVRT Soft Cost Audit and will be finalized by November 30, 2010. The current forms, including the invoice approval sheet, are also being updated and will be finalized by November 30, 2010.

b. Timing of Invoice Approval Process - In six out of the eight invoices that were evaluated, payments were made past the due date of 30 days. We noted the following:
   i. On average, the late invoices were paid 6.7 days past the 30 days specified by Contract.
   ii. On average, the time from approval by Contract Attest / Contract Administration until approval by VTA Project Controls was 20.8 days.
   iii. Following VTA Project Controls approval, invoices were signed by VTA Berryessa Extension PM within an average of two days.

Recommendation:
Management should assess the invoice approval process, and identify opportunities to streamline this process. Furthermore, Management should consider establishing a tracking methodology to flag invoices that are approaching the due dates as established by the Contract.

Risk Rating: Low

Management Response:
VTA concurs and has implemented all of the recommendations. The invoice approval process has been streamlined and turnaround times for various levels of invoice approvals have been established. A tracking mechanism has been implemented to help ensure that the invoice approval process is completed in a timely manner and exceptions identified and flagged for escalation.

3. Labor Rates
An evaluation of the labor rate escalation, dated April 30, 2008 and December 31, 2007 for Bechtel and HMM, respectively, was conducted to determine the compliance of labor rate escalation with requirements set forth in the Contract. We noted the following:

   a. Escalation/Adjustments – We tested the labor rate adjustments for April 30, 2008 for the Bechtel consultants and for December 31, 2007 for the HMM consultants. The
Bechtel rate increases were within the Contract allowances. HMM rate increases were higher than those specified within the Contract. The rate increases ranged from 1.04% to 11.76% with an average rate increase of 6.1%, compared to the rate increase allowed by Contract of 4.84%. For non-promoted personnel, the average rate increase was 5.4%. Higher rates are allowed as exceptions under the Contract; however, rate increases for 30 out of 33 personnel, including 25 non-promotion personnel shown on the HMM rate sheet, exceeded the Contract allowances. The fiscal impact of the adjustments was not calculated as part of this analysis.

**Recommendation:**
Management should consider adherence to the established labor rate escalation guidelines as specified within the Contract. Additionally, for cases where an exception from the specified labor escalation rate is executed, Management should consider including a memorandum to file documenting reasons for the exception(s).

**Risk Rating:** Medium

**Management Response:**
VTA concurs with the recommendation. VTA contracts allow exceptions to the limitation on rate adjustments upon review and consideration by VTA. It should be noted that in 2009, VTA instituted a policy of allowing zero consultant rates increases with only limited exceptions on a case by case basis. The data examined by this audit report are for a period occurring before this policy was instituted.

The Bechtel consultants represent approximately half of the total direct labor component for this HMM/Bechtel joint-venture contract, and the audit findings indicate that this component was within the contract allowances. The HMM consultant requested exceptions to the contract allowances were based on employment classification changes (promotions) and recognition of new professional credentials. In other cases, specific rationale provided by HMM was reviewed and considered for approval by VTA management. The 5.4% indicated in the audit observations relates only to the HMM personnel. When evaluated across both Bechtel and HMM, the aggregate rate increase is significantly lower, being within one-half of one percent of the contract allowance.

In all cases, exceptions are evaluated and approved using managerial discretion when rate adjustments are determined to be in VTA’s best interest. However, it is agreed that the rationale supporting VTA approval of the rate changes could have been more specifically documented.

The Contracts Department will update its procedures manual to help ensure that as part of the amendment process, documentation is included in the contract file memorializing the approval by both Project Management and Contracts Management regarding all rate escalations, including the exceptions. These changes will be implemented by June 2011.
4. Work Directives

An analysis of the Work Directives ("WD") and associated reporting and budgeting requirements was conducted to assess compliance with the Contract. The WD methodology and the process for managing SVRT deliverables were revised last year, based on Auditor General recommendations intended to improve soft cost management. Although additional enhancements are suggested below, the new WD methodology has improved the effectiveness of soft cost management. The Work Directive methodology is a new process that has been put into place, and although there are several opportunities for improvement noted below, it has been beneficial to the project team.

We observed the following with respect to the monthly reports and budgets:

a. Monthly Report

i. Invoice Amounts – Of the three WD monthly reports sampled, there were two instances noted where there was a discrepancy between invoice amounts and the WD monthly reports of costs incurred to date. In discussions with the SVRT Project team, we were informed that this is because, the WD monthly report includes an estimate of costs incurred as it is used as a tool to make decisions about needed work, not to report actual cost information.


Recommendation:
Management should consider making it clear that the costs reported in the WD Monthly Report are not actual costs but an estimate or forecast of that month’s costs to complete the described activities. In addition, Management should verify that the descriptions of progress for each month should meet the WD requirements and are sufficient to understand the prior month’s work in order to make any necessary adjustments in work activities or staffing.

Risk Rating: Low

Management Response:
VTA concurs. The regular reporting for Work Directives will be adjusted to clarify the forecast versus actual statements of cost information. Also, monthly progress descriptions will be reviewed and modified as necessary to help ensure sufficient levels of detail and clarity. Both of these changes will be implemented by March 2011.

b. Budgets – Out of the seven completed WDs that were evaluated, we noted that in one instance (WD-103), the final value was above the approved value. The WD was authorized for $3,196,000, but the final spend was $3,272,446, an addition of $76,446 at the time of closeout. The other completed WDs we tested were closed out below approved values.
Recommendation:
Management should consider implementing strategies to keep expenditures within the estimated amounts stated in the Word Directive. Management should also consider developing a requirement for exceptions, which would describe the need to include appropriate documentation of approval within the WD amendment or close-out documentation.

Risk Rating: Low

Management Response:
VTA concurs. It should be noted that Work Directives are management tools operating within explicit contract Task Order limitations, and are used to evaluate progress and overall costs as the work progresses. Although there are no explicit Contract requirements that prohibit Word Directives from being exceeded, Management will investigate potential strategies to keep expenditures within the estimated amounts stated in the Work Directive. Also, current procedures will be modified so that necessary exceptions are documented in the WD amendment or close-out documentation. Both these recommendations will be completed by March 2011.

5. Deliverables
An analysis of the deliverables associated with the original Contract, as well as individual Work Directives, was conducted to verify compliance with the scope of deliverables specified within the Contract. We observed the following with respect to Contract deliverables, WD deliverables and deliverable roadmaps:

a. Contract Deliverables – All deliverables tested were located. Several deliverables were in “Draft” or “In Progress” status as the SVRT Project team was in the process of preparing various types of documentation for submittal and subsequent acceptance into the FTA New Starts Final Design phase.

b. Work Directive Deliverables – Deliverables for each of the WDs were not always clearly delineated in the WD forms, which include a “Deliverables” section. In particular, we noted that WD108-111 did not specify deliverables within the “Deliverables” section, although the WD descriptions suggested specific reporting requirements. Additionally, we tested six deliverables as required in WD106 and confirmed the existence of each of the six deliverables.

c. Deliverable Roadmap – The SVRT project team has developed an informal Deliverables Roadmap or matrix of the documentation that is being prepared to be submitted to the FTA in order to apply for approval to enter into FTA “New Starts Final Design” phase. This Roadmap is being used by the SVRT Project team to track the deliverables that need to be submitted to FTA.

Recommendation:
Management should consider requiring additional detail within the WDs to establish clear deliverables for each WD. Although several of the WDs evaluated are considered “Level of
Effort” project components, there are certain written deliverables associated with this “Level of Effort” work that could be specified and tracked by VTA management. In addition, Management should consider formally using some type of roadmap or matrix to track all of the major deliverables that are prepared as part of the HMM / Bechtel contract to allow for transparency as well as a paper trail for the work that is being completed by the consultant team.

**Risk Rating:** Low

**Management Response:**
VTA concurs. Management will adjust the work directive process to incorporate close-out and reconciliation documentation of actual costs and the completion of work. This will be completed by June 2011.

6. **SVRT Program/Project Roles and Responsibilities**

An analysis of the SVRT Program organizational charts was conducted to understand the roles, responsibilities and lines of authority and reporting that occurs between VTA and the HMM / Bechtel Contract team. We observed the following with respect to an open Project Director Position for the SVRT Berryessa Extension Project:

a. **Open SVRT Berryessa Extension Project Director Position** – There is currently an open SVRT Berryessa Extension Project Director position. At present, the Deputy Director SVRT Program has been filling the open position as the SVRT Berryessa Extension Project “Acting” Project Director. As a result, he has been working in two roles. Based on discussions with VTA Management, a Project Director is anticipated to be placed in the open position in the near future. VTA Management is currently considering filling the Project Director position with an employee under the existing Contract.

**Recommendation:**
Management should consider filling the open Project Director Position for the SVRT Berryessa Extension Project as soon as possible. If the Open Position is filled by an employee under the existing Contract, VTA Management should structure the project administration process such that any adjustments to the Contract or scope of work are subject to review or approval by a VTA management employee at the same level or above the contract employee within the organizational structure.

**Risk Rating:** Low

**Management Response:**
VTA concurs. This position was filled effective September 7, 2010.

7. **Subconsultants**

An analysis of the administrative requirements associated with the subcontractors utilized by HMM / Bechtel was performed to assess compliance with the Contract. As the Project moves further into the design and construction phases, and additional subconsultants are used, the importance of administrative management of subconsultants should continue to be emphasized.
We observed the following with respect to approved subconsultants and debarment and suspension:

a. **List of Approved Subconsultants** – Within the eight invoices tested, we noted three instances where the subconsultants included within the invoices were not included in the list of subconsultants specified in the Contract or current amendment at the time of the invoice.

b. **Debarment and Suspension**
   i. We randomly selected 10 subconsultants and checked company names against the national prohibited vendor database. No exceptions were noted.
   ii. We requested certification of debarment and suspension of subconsultants from HMM / Bechtel, per Contract requirements. Although no debarred or suspended vendors were observed, certifications were not kept on file by HMM / Bechtel.

*Recommendation:*
Management should consider establishing a formal process for tracking status of suspension / debarment certifications. Additionally, Management should consider performing periodic evaluations of subconsultants billed to invoices against the approved subconsultant list, to help ensure Contract compliance.

*Risk Rating: Medium*

*Management Response:*
VTA concurs. VTA will consider enhancing contract language that defines the responsibility of the Prime as it relates to suspension/debarment certification. Management will also assess the best method to ensure contract compliance. Both of these efforts will be completed by June 2011.

8. **Certificates of Insurance**
   An analysis of the insurance requirements of the Contract and associated documentation was performed to assess compliance of HMM / Bechtel and their subconsultants. As the Project moves further into the design and construction phases, the importance of compliance with insurance requirements should continue to be emphasized. We noted the following with respect to HMM / Bechtel insurance and subconsultant insurance:

a. **HMM / Bechtel Insurance** – We observed evidence of insurance required by Contract for HMM / Bechtel. However, we did not observe a process to retain the necessary documentation that describes the insurance coverage of the prime consultant.

b. **Subconsultant Insurance** – We sampled 17 subconsultants to assess proof of insurance. Several instances were noted where coverage was below the amount required by Contract. Additionally, the proof of insurance observed did not include all insurance types. We did not observe an organized filing system for tracking the necessary documentation to support the insurance requirements of the subconsultants.
**Recommendation:**
Management should consider establishing a policy to perform periodic evaluations of insurance for prime consultants as well as subconsultants. Furthermore, Management should consider using a tracking sheet, matrix and filing process to track compliance requirements and certificates for various insurance types for the prime and subconsultants. Additionally, Management should consider establishing a process for approval of exceptions to the insurance requirements for subconsultants as well as a tracking sheet or matrix to track compliance requirements for various insurance types for subconsultants that the prime consultant could develop and maintain on a periodic basis. VTA Management and HMM / Bechtel should work closely together to develop specific roles and responsibilities for tracking of documentation, and approval of exceptions.

**Risk Rating:** Medium

**Management Response:**
VTA will review the current process of tracking the receipt of insurance certificates for prime consultants and ensure that continuing insurance coverage is reported. This effort will be completed by December 31, 2010. VTA’s contractual relationship is with the prime contractor and the insurance clause in the contract requires them to carry adequate coverage for all contingencies including subcontractor contingencies.
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: General Manager, Michael T. Burns

FROM: Chief Administrative Officer, Bill Lopez

SUBJECT: Employees of the Month for February 2011

FOR INFORMATION ONLY

BACKGROUND:

Linda Durham, Human Resources Analyst in the Administrative Services Division at River Oaks, is the Administration Award Winner for February. Linda has nearly 10 years of service with VTA. As a member of the Substance Abuse Prevention unit, Linda helps VTA comply with federal drug and alcohol regulations. Linda’s management recognizes that she is a key contributor in administering the Substance Abuse Rehabilitation Loan Program, and in monitoring safety sensitive contractors. Linda helps create a supportive work environment at VTA and is truly deserving of this award. Congratulations to Linda Durham, Administration Employee of the Month for February!

Salinderjit Singh, Chaboya Division Coach Operator, is February’s Operations Award Winner. Throughout his 10 years at VTA, Salinderjit has consistently met the high performance standards of his job. He is known by his peers as a courteous, friendly, and conscientious Operator, who enjoys serving the community. Recognized by his supervisors for his exceptional professionalism and making passenger safety a priority, Salinderjit sets a great example for his fellow employees, and is worthy of recognition. Congratulations to Salinderjit Singh, Operations Employee of the Month for February!

Mel Gonzales, Service Worker Foreperson at Guadalupe Division, is our Maintenance Employee of the Month for February. Mel has been with VTA for over 12 years. In his current assignment, Mel directs Service Workers in the servicing and cleaning of VTA’s light rail cars. Mel takes great pride in his work and emphasizes teamwork within his crew to ensure that light rail trains are kept in excellent condition for VTA passengers. As a well-respected foreperson with an outstanding work ethic, Mel upholds VTA’s standards of quality job performance. Congratulations to Mel Gonzales, Maintenance Employee of the Month for February!
Clipper Overview

February 3, 2011
What is Clipper?

- Electronic Smart Card
- Valid on Multiple Transit Systems
- Purchase passes and add electronic cash value
- Create an Account like FasTrak
- Ease of Transfer and system access
History

• Metropolitan Transportation Commission (MTC) Project
• Began in 1999
• Technological changes have impacted schedule
• Originally an ERG/Motorola Contractor was transfer to Cubic in 2009
• Project Managed by MTC
Transit Agency Users
Benefits

• Riders
  – One fare media for multiple agencies
  – Automatic Reload
  – Registration helps secure value
  – Convenience & Simplicity

• Transit Authorities
  – Less cash to manage
  – Potential ridership increase
Challenges Experienced By Other Agencies

- Cards not reading
- Equipment reliability
- Business rules
- Software problems
- System stability
VTA Launch

- Initial Launch February 16th, 2011
- Objective - Evaluate & stabilize the system
  - Regular Riders
  - Clipper Customers from other Agencies
- Marketing
  - Limited during Initial Launch
  - Full Scale upon System Stabilization

Clipper Poster

Clipper Brochure
• Tap card on Reader
• Fare Automatically Deducted
• Accepted on VTA Buses and Light Rail
• Accepts Passengers Transferring from other systems
Anticipated Challenges

• Compressed Schedule for Hybrid bus Install
• Equipment & installation reliability
• Timed vs. Geographic Agency Transfers
• Discrepancies are to Riders’ Advantage
Milestone to Full Deployment

- Day pass product available to passengers
- Clipper add value integrated into Ticket Vending Machines
- Transfers to non Clipper operators such as Santa Cruz Metro and Monterrey Salinas Transit
Clipper

http://www.vta.org/clipper/

Clipper Customer Service Center
Phone 877.878.8883
Fax: 925.686.8221
TDD/TTY: 711 or 800.735.2929
Email: custserv@clippercard.com
M – F: 6:00 am to 8:00 pm
Saturday – Sunday: 8:00 am to 5:00 pm
https://www.clippercard.com
MEMORANDUM

TO: VTA Board of Directors

FROM: Michael T Burns, General Manager

DATE: February 2, 2011

SUBJECT: Caltrain Funding

As you are all aware, Caltrain is reporting a projected $30 million operating shortfall for FY 2012, which if left unaddressed, would force a significant service reduction, possibly to weekdays only during commute periods. Caltrain provides excellent commuter rail service between Gilroy and San Francisco. It is a vital transportation service which must be preserved. Caltrain relies on funding contributions from its three partner agencies—SamTrans, San Francisco MTA and VTA, for both capital and operating funds. All three partner agencies are confronting their own fiscal challenges and sustainability issues. While VTA is fully prepared to meet our obligations for Caltrain, we cannot assume any financial burden which by agreement, fall to the other two counties. In fact, SamTrans has indicated that they will need to significantly reduce their contribution. Therefore, the other partners will reduce their contribution at the same rate.

To eliminate this structural funding problem, Caltrain is pursuing some form of a dedicated funding source for operations. Currently, there are no federal or state revenues on the horizon to fill the shortfall in the immediate future, and it is not likely that a new continuing revenue source could be secured in the near term. VTA is participating in an effort with the Silicon Valley Leadership Group and other stakeholders to conduct thorough polling and analysis to determine if the public would be supportive of a new tax or fee to provide a longer term solution to Caltrain's funding problem. However, any new voter-approved funding (which would require a 2/3 vote) would not be available to address this year's shortfall and the proposed service cuts.

For nearly 20 years, VTA has been a partner agency in Caltrain. We have seen it evolve from a system with a handful of trains to a robust service deploying a 98-train schedule. However, the funding crises that transit agencies are experiencing will force us to make some difficult decisions regarding Caltrain. The reality is that there is simply not enough funding available to advance all of our improvement and expansion plans in the short term. Nor is it practical or feasible to expect funding to dramatically increase, particularly given the political and fiscal realities at the local, state and federal levels. The time has come to prioritize our projects to determine what we can and cannot afford in order to preserve the maximum amount of Caltrain service going forward. Therefore, staff has suggested the following ideas and actions for Board
consideration. The Board may wish to adopt those within its authority and/or take a leadership role in promoting proposals for regional consideration. It is unlikely that any of these strategies alone will eliminate the projected operating deficit for FY 2012. However, implementing one or more of these strategies could provide much needed financial relief for Caltrain in the near term.

1) Dumbarton Rail (DB Rail) Funds – Funds identified for this project should be redirected to Caltrain. This recommendation is not a reflection on the merit of the DB Rail project, but with a capital shortfall of several hundred million dollars and a further need for additional operating funds, the region cannot afford this project at this time. Using the Regional Measure 2 operating funds dedicated to DB Rail would provide immediate financial relief for Caltrain, if allowable by current law.

2) Electrification – While we would all like to see an electrified Caltrain system, electrification is not financially feasible if a significant portion of the construction funds are expected from the three counties. With the High Speed Rail Authority focusing its efforts on the Central Valley, the timing for the peninsula segment is uncertain. Therefore, the three partners should explore redirecting funds identified for electrification to operations to the extent possible. In a June 2009 report to the California High-Speed Rail Authority, the region (including MTC) identified $191 million in local funding from the three partners for electrification. This funding, or a portion thereof, could go a long way toward sustaining Caltrain operations in the future. In Santa Clara County, use of Measure A funds for Caltrain operations would likely require voter approval. I assume the same is true for San Mateo and San Francisco. Ballot approval could be pursued as soon as a June special election.

3) Right-of-Way (ROW) Purchase – As part of a regional agreement, VTA previously agreed with SamTrans to pay a share of the Caltrain ROW purchase (approximately $7.1 million) assumed by SamTrans with gasoline sales tax spillover funds. However, spillover funds have been eliminated by the state. As a result, VTA and SamTrans will need to identify another revenue source for the ROW payment. While VTA cannot subsidize the other partner’s operating contribution, VTA could potentially reimburse SamTrans the ROW amount attributed to VTA ($7.1 million), provided that SamTrans direct the entire ROW reimbursement to their share of Caltrain operations. VTA and San Francisco would proportionally increase their contribution for operations, reducing the FY 2012 deficit by approximately $16 million.

While this scenario would not completely eliminate the projected 2012 shortfall and projected service cuts, it would allow Caltrain to retain much of its current service in the short term.

4) Sale of Property – Caltrain should conduct an analysis of its property (i.e. Diridon Station, parking lots, and any excess property) to determine if there would be interest from other parties to purchase any of these properties. Any revenue raised would be used for operations. This would be a onetime benefit to the operating budget.

5) Regional Discretionary Funding – Work with MTC to prioritize Caltrain operations for first call on regional discretionary funding to assist with operations.
Finally, several individuals have raised concerns that the Silicon Valley BART extension is taking funds from Caltrain. This is simply not the case. The Phase I BART extension to Berryessa is in the process to receive $900 million from the Federal New Starts Program. This funding, together with over $1 billion in cash on hand for the project from Measure A capital funding and over $150 million from the state’s Traffic Congestion Relief Program (TCRP), will complete the funding plan for the project’s construction. No Caltrain Measure A dollars are being diverted for the BART project. Additionally, the New Starts Program and TCRP funding can only be used for BART per federal and state requirements. For the operation and maintenance costs, VTA was successful in passing Measure B in 2008 with a 2/3 voter majority. Measure B provides the necessary operations funding for the BART extension and is not eligible for any other use, including Caltrain.

This memo proposes possible strategies for the partners and the region to consider. In some combination, these proposals could provide a short term and in most cases a onetime solution. We look forward to working with our partners on these and other strategies to keep Caltrain operating at a high level for all residents.

cc: Michael Scanlon, SamTrans
    Steve Heminger, MTC
Caltrain Funding Update

February 3, 2011
Caltrain Governance

• Peninsula Corridor Joint Powers Board
  – 3 Directors City/County San Francisco
  – 3 Directors SamTrans
  – 3 Directors Santa Clara County
    • Ken Yeager
    • Ash Kalra
    • Liz Kniss

• Management – SamTrans

• Service Contractor - Amtrak
Service Overview

– 77-mile route from SF to Gilroy
– 32 stations in 19 cities
– Weekday Service
  • 86 Weekday trains
  • 22 Baby Bullets
  • Five trains per peak commute hour
– Weekend Service
  • 36 trains on Saturday (4-train Baby Bullet pilot project)
  • 32 trains on Sunday (4-train Baby Bullet pilot project)
– Peak Service was 98 trains in 2009
Operating Budget Support

• FY 2010 Operating Budget - $ 97 million
• FY 2010 Partner Contributions
  – San Francisco  $ 7.0 million
  – San Mateo  $16.9 million
  – Santa Clara  $16.6 million
• Partner Support = 42% of operating budget
  (98 Train Service)
Operating Budget Support
Scenario A (FY 2012)

• FY 2012 Operating Budget - $102.9 million

• FY 2012 Partner Contributions
  – San Francisco $2.04 million
  – San Mateo $4.8 million
  – Santa Clara $4.6 million

• Partner Support = 11% of operating budget
  (86 Train Service)
Operating Budget Support
Scenario B (FY 2012)

• FY 2012 Operating Budget - $58 million

• FY 2012 Partner Contributions
  – San Francisco $2.04 million
  – San Mateo $4.8 million
  – Santa Clara $4.6 million

• Partner Support = 20% of operating budget
  (48 Train Service)
Projected Shortfall

- Scenario A: 86 Train Service - $30 million
- Scenario B: 48 Train Service - $4.7 million
Caltrain Summit
Silicon Valley Leadership Group

• Held January 21, 2011 at Stanford University
• Approximately 230 Attendees
  – Business, Political, Community Leaders
• Sean Elsbrend (Caltrain) reviewed funding shortfall
  – $25 million decrease forecast
  – Current year saved by Capital Swap
  – Described Efficiencies achieved
  – Showed comparisons – Other Commuter Rail
Caltrain Summit
Silicon Valley Leadership Group

- Steve Heminger (MTC)
  - Problems caused by economy & state
  - Need to save Caltrain, SamTrans, et al.
  - Demonstrate efficiencies for credibility
  - Regional Operation for Commuter Rail & Transit
Caltrain Summit
Silicon Valley Leadership Group

• Steve Heminger – (continued)
  – Showed Priority Development Areas
  – Claims 55% population growth on 3% of land
  – Showed regional increase in transit operating costs
  – Difference between direct & contracted service
    • SamTrans direct = $171 hr vs. contracted = $111 hr
  – Recommends move to contracted service
• Transit is critical to the region’s ability to manage growth and meet climate protection goals

• 55% of projected population growth through 2035 can be accommodated in PDAs covering only 3% of the region’s land area
Caltrain Summit
Silicon Valley Leadership Group

• Steve Heminger (continued)
  – Caltrain Electrification must wait
  – Reliable non-sales tax funding source is needed
Caltrain Summit
Silicon Valley Leadership Group

• Panel Discussion
• Assemblymember Jim Beall
• Mayor Chuck Reed, San Jose
• Dan McCoy , Genentech
• Prof. Elizabeth Deakin, UC Berkeley
• Stuart Cohen, TransForm
Silicon Valley Leadership Group
Panel Discussion

• Need for Caltrain
  – Fewer cars, less traffic, less greenhouse gas

• Ideas for Funding
  – Beall: Allow credits for businesses, money saved on fewer parking spaces can go to transit, more regional backing for commuter rail
  – Reed: Ballot measures unlikely near term, need to show voters we are “keeping our house in order,” need short term and long term solution
Silicon Valley Leadership Group Panel Discussion

• Ideas for Funding (continued)
  – McCoy: Caltrain important to business, supports VTA and Caltrain Shuttles
  – Deakin: Cost Control & Efficiencies necessary, non-volatile permanent source needed
  – Cohen: Need short/long term solutions, Must survive and grow.
Table Discussions
  - Recommended wide variety of ideas.
    • New tax, tolls, parking, Hot Lane revenue, etc.

Series of Community Meetings Planned

Requested Funds to Support Research & Polling
Save Caltrain Summit

• Recognized
  – Need for Long Term Solution
  – Pressing Need for Near Term Solution
• Group Committed to Raise Awareness
Save Caltrain Summit

• Organized by “Friends of Caltrain”
• Held January 29, 2011 at SamTrans
• Approximately 200 Attendees
  – “Grass Roots”
• Key Note Speakers
  – Congresswoman Jackie Speier
  – Director Michael Brune, Sierra Club
• Expressed support of Transit & New Tax
Save Caltrain Summit

• Panel Discussion “Caltrain Story”
  – Sue Lempert (MTC), Art Lloyd (SamTrans), Chuck Harvey (Caltrain), Sean Elsbrend (Caltrain), Terry Nagel (Burlingame)

• Panel Discussion – Sustainable Funding
  – Jessica Zenk (SVLG), Rebecca Long (MTC), Carli Paine (Transform), Shirley Johnson (SF Bike), Jim Bigelow (San Mateo Chamber)
Save Caltrain Summit

• Sustainable Funding
  – Repeated SVLG Summit ideas, suggested reform of governance structure, shift transportation dollars, use of Dumbarton Rail funds
Save Caltrain Summit

• Breakout Groups
  – New taxes, hot lane revenues, parking charges,
  – Recognized need for short term/long term solution

• Conclusion
  – Group will continue to Raise Awareness
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
    Board of Directors

THROUGH: N/A

FROM: Chairperson Margaret Abe-Koga

SUBJECT: Recognition of 2010 and Introduction of 2011 Advisory Committee Chairpersons

FOR INFORMATION ONLY

BACKGROUND:

VTA values and benefits from the thoughtful input and diverse perspective provided by its five advisory committees: Bicycle & Pedestrian Advisory (BPAC); Citizens Advisory (CAC); Committee for Transit Accessibility (CTA); Policy Advisory (PAC); and the Technical Advisory (TAC). These committees provide a wide spectrum of stakeholder groups with a forum for discussing proposed changes in VTA policy or priorities that potentially impact transit service and transportation projects throughout the county.

The efficient functioning of these committees and the ability to conduct dynamic, respectful discussions yielding productive input is the responsibility of each committee’s chairperson. The chairperson, who is elected by the membership, is responsible for presiding at their respective committee meetings and for representing their committee before the Board of Directors and VTA management. They facilitate their committee meetings in an impartial manner, focusing the discussion while taking the wide range of member perspectives into consideration. The challenging goal for the chairperson is to achieve support and individual responsibility for the collective decision. Leadership is a key component to guiding the discussions of the meeting in an organized and productive manner.

DISCUSSION:

The Board would like to take this opportunity to express its appreciation to the outgoing advisory committee chairpersons for their service to the Board of Directors and the community and for their dedicated leadership. Through the input of their committees, VTA is able to maximize the effectiveness of transportation services, programs and projects provided to the citizens of Santa Clara County. The individuals who served as their committee’s chairperson for 2010 are:
The Board would also like to extend a warm welcome to the 2011 advisory committee chairpersons, as recently elected by the membership of their respective committees, and to thank them for accepting this valuable responsibility. The 2011 advisory committee chairs are:

<table>
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<th>Advisory Committee</th>
<th>2010 Chairperson</th>
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<tbody>
<tr>
<td>Bicycle &amp; Pedestrian Advisory Committee (BPAC)</td>
<td>David Simons</td>
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<tr>
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<td>Aaron Morrow</td>
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<td>Jamie Matthews</td>
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<td>Technical Advisory Committee (TAC)</td>
<td>Rajeev Batra</td>
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Prepared By: Stephen Flynn, Sr. Management Analyst  
Memo No. 2651
FOR INFORMATION ONLY

The Santa Clara Valley Transportation Authority (VTA) Board of Directors has designated BART Silicon Valley as the priority project in the 2000 Measure A Program. The 16-mile extension of Bay Area Rapid Transit (BART) into Santa Clara County is being implemented under agreement with BART, by VTA’s Silicon Valley Rapid Transit Program. The project will be delivered in phases, and progress on the first phase is moving towards full funding and construction award.

The first phase, identified as the Silicon Valley Berryessa Extension (SVBX) Project, is a $2.1 billion, 10-mile, two-station (Milpitas and Berryessa) project. The SVBX project runs in the rail corridor that VTA purchased and extends the regional BART system from the future BART Warm Springs Station in Fremont to the Berryessa area of north San Jose.

Achievement of recent milestones include advancement into the Federal New Starts Program, authority to pursue design build as the project delivery method and receipt of federal environmental clearance. These accomplishments have resulted in an increase of project activities. To ensure the VTA Board of Directors is informed of key project activities, BART Silicon Valley staff will provide monthly program updates.

Significant BART Silicon Valley Project activities and progress during January 2010 include:

**FTA New Starts Activities**

FTA recently held a quarterly meeting with VTA. FTA has indicated that permission to enter Final Design will be granted in February 2011, putting the project on track to receive a Full Funding Grant Agreement in late 2011 or early 2012.
Real Estate Activities

The Property Development and Management team is on track with the appraisal process. Appraisals have been started for 10 properties and it is anticipated that offers likely will start to be made in late March or early April.

City and Agency Coordination

Staff continues to negotiate sub-agreements and cooperative agreements necessary to implement the current project design. Agreements with the City of San Jose tied to construction of project improvements and reimbursement for plan review have been drafted and are under review by the city. Additionally, master cooperative agreements with the City of Fremont and Santa Clara Valley Water District, and a cooperative agreement with SCVWD for work related to Upper Penitencia Creek have been drafted and are currently under review with the respective agencies.

Design Build Contract

VTA issued the Draft Request for Proposals for the C700 Line, Track, Stations, and Systems (LTSS) contract for industry and BART review on December 17, 2010 and solicited comments from the pre-qualified teams (KSG Constructors, Skanska-Shimmick-Herzog, Tutor Perini and Parsons SVBX, and Walsh/Flatiron/Comstock) and BART.

The Request for Proposals will be issued to pre-qualified teams on March 4, 2011. Responses to the Request for Proposals are anticipated to be submitted in late June, with Board authorization to award the C700 contract in September 2011.

California Public Utilities Commission (CPUC) Coordination

In November, VTA staff met with the City of Milpitas and CPUC staff regarding the Dixon Landing Road crossing of BART. The meeting was regarding CPUC’s letter dated September 1, 2010 on their preferred Dixon Landing Road configuration of a grade-separation with BART and Union Pacific. Based on VTA and Milpitas discussion at that meeting, CPUC requested a formal letter with supporting documentation be submitted for review and reconsideration.

A formal letter with supporting documentation was sent to CPUC by VTA on December 27, 2010. A CPUC response is expected prior to the February Board of Directors meeting and will be communicated to the Board upon availability.

Draft Supplemental Environmental Impact Report (DSEIR)

VTA released the DSEIR on November 1, 2010 to address proposed project changes since the certification of the 2007 Final SEIR. The public comment period for the DSEIR was open until December 17, 2010, and included a public meeting to highlight key design
changes that are being evaluated in the document. The Final SEIR is anticipated to be circulated to the public on February 7, 2011 and presented for Board certification at the March 2011 Board of Directors meeting.

Prepared By: Kevin Kurimoto
Memo No. 2836
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority  
    Board of Directors

THROUGH: General Manager, Michael T. Burns

FROM: Chief Operating Officer, Donald A. Smith Jr.

SUBJECT: Selection of Provider for Solar Purchase Power Agreement

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to execute a contract with SunPower Corporation for renewable power purchase and property leasing agreements at VTA’s North, Cerone and Chaboya Divisions.

BACKGROUND:

This proposed project was presented to the Transit Planning and Operations Committee as an informational item at its meeting on October 21, 2010. The Committee had several questions about the proposed project, projected costs and what other VTA facilities could be considered for solar power installations. Staff continued to work on the project. The following summarizes the process used to select the energy provider and the changes that VTA has requested to minimize the costs and maximize the savings and sustainability benefits realized by VTA if this project is authorized to proceed.

On March 29, 2010, the County of Santa Clara released a Regional Renewable Power Purchase Agreement Request for Proposals (RFP). VTA joined the County in the RFP, along with the cities of Cupertino, Milpitas, Mountain View, Morgan Hill, and Pacifica, the Town of Los Gatos and the South Bayside Waste Management Authority. Vendors were requested to submit proposals for five different categories of renewable power-generating system bundles to account for different system configurations and sizes. As part of the RFP, VTA identified and provided baseline information on the North Bus and Guadalupe Rail Divisions as potential sites for the Large Bundle category of 650 kilowatts or greater.

The RFP was structured in a two-step evaluation format, where interested parties were required
to submit their qualification as part of Step One, and if deemed qualified, a technical and pricing proposal as part of Step Two. On May 7, 2010, the County received Step One qualifications statements from 22 different teams. Twenty teams were determined to be qualified to submit technical and cost proposals under Step Two. The deadline for submittal was July 15, 2010. The evaluation committee included VTA’s Facilities Maintenance Manager along with representatives from the County, the City of Milpitas, Alameda County, and a consulting firm (Optonyx, Inc.) to consider technical details of the proposal; and a financial firm (KNN Public Finance) to review the financial details of the proposal.

Two VTA facilities and four Santa Clara County facilities were part of the Large Bundle category. Vendors submitting on the Large Bundle category consisted of Bloom Energy, Borrego Solar, Enfinity, SunEdison, SunPower, Tioga, and Vista Solar. On August 18, 2010, the evaluation committee interviewed the four short-listed firms for the Large and Rooftop Only Bundles. At the conclusion of the interviews, the committee finalized its decision on which proposers provided the best value. Using the selection criterion scoring matrix provided in the RFP, the selection committee completed its evaluations and selected SunPower for the Large Bundle category projects. No protests were filed.

Following the selection of SunPower for Large Bundle projects, additional studies were performed on the potential for the North and Guadalupe Divisions to produce solar power cost-effectively. The studies on placing bus canopies over the North Division bus parking area quantified projected financial and environmental benefits to VTA. However, further studies of the Guadalupe Rail Division revealed that the site was not a reasonable site for solar installation. In order to service the solar facilities at the Guadalupe Rail Division, a second electrical meter would be required at a substantial cost of approximately $600,000. Because of the additional cost, along with the long duration of construction to accommodate light rail vehicle operations and maintenance, VTA staff removed Guadalupe Rail Division as a potential site for solar installation. Subsequently, VTA staff assessed whether the Chaboya and Cerone Bus Divisions were suitable sites for hosting canopy solar electricity generation facilities, and determined that both sites provide both a financial benefit to VTA and a more sustainable operation.

Draft plans for the placement of the solar canopies at the three Divisions are attached hereto as Attachments A, B, and C.

**DISCUSSION:**

VTA has benefitted from the experience of having a pilot solar electric facility operating at the Cerone Bus division since May 2009. Based on the potential for reduced energy costs and positive environmental benefits, and as part of our ongoing sustainability program, VTA desires to expand solar electricity generation at VTA facilities.

In 2009, VTA paid electricity charges to Pacific Gas & Electric (PG&E) of approximately $185,000 annually for North Division; $300,000 annually for Cerone Division; and $155,000 annually for Chaboya Division. The PG&E rates are expected to rise by over 5% each year.

Projected energy costs for these three facilities, over the next 20 years is approximately $19 million. By entering into this agreement, VTA is projected to save $1.5 million over the course of 20 years (See Attachment D). A major component of the financial benefit results from the
California Solar Initiative rebates that VTA has applied for and reserved. Rebates of over $1,000,000 have been reserved for the North, Chaboya and Cerone Divisions and would be paid over the first 5 years of operation. VTA paid $60,000 to the California Solar Initiative as refundable deposits to reserve these credits if VTA goes forward with these projects. However, if VTA does not go forward, then these deposits are non-refundable. One of the conditions of the rebates is to be under contract with a vendor and to demonstrate progress towards meeting the milestones. The earliest milestone is for the North Division project to be under contract for installation by April 10, 2011. Moreover, the construction of this solar facility must be completed by February 12, 2012. If VTA is unable to meet these milestones, VTA risks forfeiting the deposits and losing the reservations. If VTA loses the reservations, VTA would then have to re-apply for rebates, pay the non-refundable deposit, and then reserve the credits. However, in that case, VTA would most likely be unable to obtain the same amount of rebates (due to tiering of credits under the California Solar Initiative), thereby making the solar power installation less economical or uneconomical as compared to obtaining energy from PG&E.

The SunPower agreement will be for a 20-year term at fixed kilowatt usage rates. The installation cost, ongoing maintenance and upkeep of the solar facilities will be the responsibility of SunPower. While it is unlikely that the solar facilities will produce more energy than will be consumed by the VTA facilities, any excess energy and economic benefits from excess energy will be realized by SunPower.

By this Board item, VTA seeks action from the Board to authorize the General Manager to execute a contract with SunPower Corporation (or its subsidiary created solely for the purpose of carrying out the terms of the contract) for renewable power purchase and property leasing agreements at VTA’s North, Cerone, and Chaboya Divisions. This authority would only be exercised if the rates to be negotiated with SunPower Corporation will result in a cost savings to VTA, after taking into account the rates currently paid by VTA to PG&E, the projected increases in PG&E rates, and the rebates that VTA would obtain through the California Solar Initiative. The agreements will involve SunPower Corporation (or its subsidiary) financing, purchasing materials, installing and maintaining solar facilities on VTA properties for a 20-year term. VTA, in turn, agrees to purchase the power generated for the 20-year term, at an agreed upon rate, resulting in a financial benefit to VTA and a more sustainable VTA operation.

Should negotiations with SunPower not be successfully completed by February 7, 2010, VTA will initiate discussions with another vendor from the RFP list that can demonstrate a financial benefit to VTA along with a more sustainable VTA operation.

**ALTERNATIVES:**

The Board of Directors could choose to continue to purchase electricity from PG&E. However, this option would likely result in progressively higher costs and a less sustainable operation. In addition, VTA would forfeit the $60,000 non-refundable deposit made to the State to reserve the California Solar Initiative credits for the three Divisions. VTA could alternatively choose to fund the design, purchase of materials, installation, and maintenance of the solar power generating facilities. However, this would involve a substantial initial expenditure of VTA funds in excess of $10 million, along with assuming the risk for equipment performance. The potential savings of ownership were determined not to outweigh the risks involved with ownership. VTA could alternatively negotiate with one of the other vendors that did not score as high in the
SMALL BUSINESS ENTERPRISE (SBE) PARTICIPATION:

No specific goal was established for this contract.

STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

The Transit Planning & Operations Committee considered this item on January 20, 2011. Member Liccardo asked if VTA had considered funding the project instead of a purchase power agreement. Staff responded that initially VTA had considered funding the project, but sufficient funds were not available and a purchase power agreement provided a good alternative. In addition, as a government agency, VTA could not take advantage of substantial tax credits and depreciation advantages available to private businesses.

Board Chair Abe-Koga asked about producing additional power and net metering to offset the usage at other VTA facilities. Assembly Bill 2466 was passed and is very restrictive on what credits are allowed. This bill only allows credit for the generation of electricity and not for the distribution. Therefore, only partial credit is allowed which makes the cost prohibitive to provide a benefit. Because of this and other conditions, to the best of our knowledge, no organization has yet applied for credits. As a result, VTA has sized the facilities to offset 100 percent of each facilities usage.

Board Chair Abe-Koga also asked about the status of the pilot Skyline solar facility at Cerone. Staff responded that Skyline continues to test different technologies and the facility has provided a small offset in electricity use. The Committee recommended the item be forwarded to the Board of Directors for consideration and that it be placed on the regular agenda.

FISCAL IMPACT:

These renewable power purchase and property leasing agreements are projected to save VTA $1.5M over the next 20 years. No VTA funds are required for financing, installing and maintaining the solar facilities under the power purchase agreement. Appropriation for VTA’s staff time to support the project review through initiation of operations is included in the FY11 Adopted VTA Transit Enterprise Fund Capital Budget. A portion of the initial staff support will be reimbursed from SunPower. Appropriation for ongoing staff support for oversight will be included in subsequent Biennial Capital or Operating Budgets.

Prepared by: Tom Fitzwater
Memo No. 2693
VTA02 – North Division (637.5 kW)
VTA03 – Chaboya (548.25 kW)
### SunPower System Information & Assumptions - VTA sites (1/13/2011)

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<th></th>
<th>VTA02 - North Div.</th>
<th>VTA03 - Chaboya</th>
<th>VTA04 - Cerone Parking</th>
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(1) Qualifications/scope clarifications to be included in exhibits to PPA document.
(2) Based on most recent 12 months of PG&E interval data; assuming rate switch to A6.
(3) 20 Year total utility costs without solar estimated at approximately $19 million.

* VTA retains ownership of all RECs (no value assigned)
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<tr>
<th>Year</th>
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<th>Utility Rate</th>
<th>Avoided Utility Costs</th>
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<th>PPA Savings (20-year term)</th>
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20 year NPV \(^1\)  
\[ \$ 442,318 \]

\(^1\) Discount rate = 4%
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$4,841,781 $ (4,159,005) $682,776

$390,226
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<th>Avoided Utility Costs</th>
<th>PPA</th>
<th>PPA Savings (20-year term)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,529,082</td>
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$8,513,014 $(7,293,178) $1,219,836 $698,849
<table>
<thead>
<tr>
<th>Output</th>
<th>Avoided Utility Costs</th>
<th>PPA</th>
<th>PPA Savings (20-year term)</th>
</tr>
</thead>
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<tr>
<td>3,377,042</td>
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<td><strong>$1,531,394</strong></td>
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<tr>
<td>Contractor Firm</td>
<td>Contractor Role</td>
<td>Name</td>
<td>Location</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------------------------------</td>
<td>--------------------</td>
<td>------------</td>
</tr>
<tr>
<td>SunPower Inc.</td>
<td>Founder, President Emeritus</td>
<td>Dr. Richard Swanson</td>
<td>San Jose, CA</td>
</tr>
<tr>
<td></td>
<td>Chief Executive Officer</td>
<td>Thomas H. Werner</td>
<td>San Jose, CA</td>
</tr>
<tr>
<td></td>
<td>Chief Technology Officer, Founder</td>
<td>Thomas Dinwoodie</td>
<td>San Jose, CA</td>
</tr>
</tbody>
</table>
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
   Board of Directors

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: Monthly Legislative History Matrix

FOR INFORMATION ONLY

BACKGROUND:

For your information, I am attaching our Monthly Legislative History Matrix, which describes the key transportation-related bills that are being considered by the California State Legislature during the 2011-2012 session. It indicates the status of these measures and any adopted VTA positions with regard to them.

DISCUSSION:

On January 3, Gov. Jerry Brown was sworn into office, and lawmakers returned to Sacramento to resume both the 2011-2012 regular legislative session and an emergency session on the state’s budget called by former Gov. Arnold Schwarzenegger. With the Legislative Analyst’s Office projecting an 18-month General Fund deficit of approximately $28 billion, Gov. Brown and the Legislature will spend most of January trying to come up with solutions to fix the problem. The new Governor has said he wants to address the state’s fiscal challenges within 60 days.

The Legislative Analyst’s Office estimates that $6 billion of the $28 billion deficit can be attributed to the current fiscal year, while the remainder is the projected shortfall for FY 2012. In terms of the current-year budget, the Legislative Analyst’s Office says about one-third of the solutions enacted last October will fall short. For example, it points out that California will likely receive only about $1.9 billion in new federal aid, significantly less than the $5.4 billion assumed in the current-year budget. At the same time, the Legislative Analyst’s Office believes because well over two-thirds of the FY 2011 solutions are one-time or temporary in nature, the state will face sizable annual budget problems through FY 2016, suggesting a difficult path ahead for Gov. Brown and legislative leaders. Of note is the fact that $8 billion in temporary sales, income and vehicle taxes are set to expire at the end of FY 2011.
What will happen to transportation during the budget discussions is unclear. In March 2010, Schwarzenegger and lawmakers enacted a complicated restructuring of state transportation funding sources. This three-bill “swap” package eliminated the state sales tax on gasoline and replaced it with a 17.3-cent increase in the per-gallon gasoline excise tax. The revenues from the gasoline excise tax increase were dedicated as follows: (a) to pay for debt service for highway bonds; and (b) to provide money for the State Transportation Improvement Program (STIP), local streets and roads, and the State Highway Operation and Protection Program (SHOPP). The distribution of these revenues was structured in such a way as to ensure that the STIP and local streets/roads would be allocated at least the same amount of money that they would have received had the old Proposition 42 gasoline sales tax not been eliminated.

In the case of public transit, the swap retained the sales tax on diesel fuel for the Public Transportation Account in order to provide ongoing funding for the State Transit Assistance Program (STA). Beginning in FY 2012, the state diesel sales tax rate will increase to 6.75 percent, in conjunction with a corresponding drop in the per-gallon diesel fuel excise tax to ensure that consumers feel no impact at the pump. Transit bond debt service (including debt service for high-speed rail bonds) will have first call on the revenues generated by the diesel sales tax. Any remaining revenues will be split 75 percent to STA, and 25 percent to intercity rail and other miscellaneous state transit programs.

The primary objective of the swap was to enable transportation revenues to be used to help close General Fund shortfalls. Through the complicated restructuring of state transportation funding sources, lawmakers were able to circumvent voter-approved restrictions that applied to gasoline sales tax revenues, as well as create a revenue stream that could be used to pay for debt service for highway-related general obligation bonds and to make loans to the General Fund.

However, on November 2, 2010, California voters approved two ballot measures that will impact the swap. Proposition 22, which was sponsored by a coalition consisting of the California Transit Association, the League of California Cities and the California Alliance for Jobs, puts in place stronger protections that are intended to prevent the state from taking, diverting or borrowing local government and transportation money to address General Fund deficits. Meanwhile, Proposition 26 makes it more difficult to increase revenues for transportation. This ballot measure generally says any action on the part of the state or a local government that increases any levy or charge paid by a taxpayer that does not result in a direct benefit to that taxpayer is a “tax” and, therefore, requires a two-thirds vote. Proposition 26 also prohibits the Legislature from engaging in the practice of raising one tax while simultaneously reducing another through a simple majority vote, an approach that lawmakers used to enact the transportation funding swap. Under Proposition 26, such “revenue-neutral” tax swaps require a two-thirds vote. Because these provisions are retroactive to January 1, 2010, and the transportation funding swap was enacted by a simple majority vote, the swap is in jeopardy unless the Legislature re-adopts it by a two-thirds vote before November 2, 2011.

Various legal opinions suggest that Proposition 22 prevents the state from borrowing transportation revenues for the General Fund, as was assumed in the FY 2011 spending plan. This means about $400 million in loans from the Highway Users Tax Account (HUTA) to the General Fund that have not yet been executed would be impacted by Proposition 22. Another
key legal assumption is that the budgeted use of transportation funds to offset General Fund debt
service costs related to transportation bonds is impermissible under Proposition 22, which would
subtract $400 million from the General Fund’s bottom line in FY 2011 and $1 billion annually
thereafter. In response, Gov. Brown, in his budget submittal to the Legislature on January 10,
put back on the table a proposal that was originally surfaced by Schwarzenegger that calls for
transferring vehicle weight fee revenues, which the Department of Finance believes are not
protected by Proposition 22, from the State Highway Account to the General Fund. This
maneuver would achieve an estimated $756 million in General Fund savings in FY 2011 and
$866 million in FY 2012. Revenues from the 17.3-cent increase in the state gas tax resulting
from the transportation funding swap would then be used for transportation programs to backfill
for the shifting of vehicle weight fee money to the General Fund.

In the case of Proposition 26, attorneys for the California State Association of Counties (CSAC),
the League of California Cities and the California Transit Association contend that if the
Legislature does not re-approve the transportation funding swap by a two-thirds vote before
November 2011, the 17.3-cent-per-gallon increase in the gasoline excise tax would disappear,
but the sales tax on gasoline would not come back. Likewise, the 1.75-percent increase in the
diesel sales tax would go away and the cut to the diesel fuel excise tax would not be restored.
The result would be a loss of $2.5 billion in funding beginning in November 2011.

In response, a coalition consisting of CSAC, the League of California Cities, the California
Transit Association, the California Alliance for Jobs, Transportation California, the Associated
General Contractors (AGC), and the Regional Council of Rural Counties is drafting a legislative
package for adoption in early 2011 that would: (a) reaffirm the transportation funding swap by a
two-thirds vote; (b) address the General Fund’s needs by supporting the proposed vehicle weight
fee shift; and (c) in light of Proposition 22 legal interpretations, revise the distribution of
revenues from the 17.3-cent gasoline excise tax and 1.75-percent diesel sales tax increases to
achieve the same fiscal results that were anticipated with the enactment of the transportation
funding swap. All of these elements are reflected in Gov. Brown’s recommended budget plan.

In terms of policy legislation, given that the deadline for introducing new bills is not until
February 18, only a couple of measures dealing with transportation have surfaced. One of note is
AB 31 (Beall), which requires the cities and counties in the Central Valley to prepare and adopt a
master plan for development of the areas surrounding their proposed high-speed rail stations.

Prepared By: Kurt Evans, Government Affairs Manager
Memo No. 2794
## LEGISLATIVE HISTORY
### 2011 – 2012 State Legislative Session
#### December 22, 2010

**State Assembly Bills**

<table>
<thead>
<tr>
<th>State Assembly Bills</th>
<th>Subject</th>
<th>Last Amended</th>
<th>Status</th>
<th>VTA Position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AB 3</strong>&lt;br&gt;(Miller)&lt;br&gt;Motor Vehicles: Confidential Home Addresses</td>
<td>Requires a person who requests the confidentiality of his or her home address to provide the Department of Motor Vehicles (DMV) with a current employment address for purposes of processing the service and collection of a traffic, parking or toll road violation.</td>
<td>As Introduced</td>
<td>Assembly Desk</td>
<td></td>
</tr>
<tr>
<td><strong>AB 31</strong>&lt;br&gt;(Beall)&lt;br&gt;High-Speed Rail: Local Master Plans</td>
<td>Establishes the High-Speed Rail Local Master Plan Pilot Program. Requires the cities and counties in the Central Valley that have an approved station for California’s high-speed rail system to participate in the program. Requires the planning agency of each participating jurisdiction to prepare and adopt a master plan for development of the areas surrounding its high-speed rail station. Requires the master plan to include incentives for encouraging investment and coherent growth in the areas surrounding the high-speed rail system. Requires each participating jurisdiction to collaborate with the California Air Resources Board (CARB) to develop incentives to encourage development while concurrently reducing greenhouse gas emissions.</td>
<td>As Introduced</td>
<td>Assembly Desk</td>
<td></td>
</tr>
<tr>
<td><strong>AB 57</strong>&lt;br&gt;(Beall)&lt;br&gt;State Highway System Planning</td>
<td>When carrying out long-term state highway system planning to identify future highway improvements, requires Caltrans to consult with metropolitan planning organizations (MPOs).</td>
<td>As Introduced</td>
<td>Assembly Desk</td>
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</table>
## State Senate Bills

<table>
<thead>
<tr>
<th>State Senate Bills</th>
<th>Subject</th>
<th>Last Amended</th>
<th>Status</th>
<th>VTA Position</th>
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</thead>
<tbody>
<tr>
<td>None Introduced Yet.</td>
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<tr>
<td>DAY</td>
<td>JANUARY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>-------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Statutes signed into law in 2010 take effect.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Legislature reconvenes.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>10</td>
<td>Budget must be submitted by the Governor to the Legislature on or before this date.</td>
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</tr>
<tr>
<td>21</td>
<td>Last day to submit bill requests to the Legislative Counsel’s Office.</td>
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</tr>
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</table>

<table>
<thead>
<tr>
<th>DAY</th>
<th>FEBRUARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Last day for new bills to be introduced.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>DAY</th>
<th>MARCH</th>
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<tbody>
<tr>
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<td>No Deadlines.</td>
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<thead>
<tr>
<th>DAY</th>
<th>APRIL</th>
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<tbody>
<tr>
<td>14</td>
<td>Spring Recess begins upon adjournment.</td>
</tr>
<tr>
<td>25</td>
<td>Legislature reconvenes from Spring Recess.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>DAY</th>
<th>MAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Last day for policy committees to hear and report fiscal bills introduced in their house of origin.</td>
</tr>
<tr>
<td>13</td>
<td>Last day for policy committees to hear and report to the floor non-fiscal bills introduced in their house of origin.</td>
</tr>
<tr>
<td>27</td>
<td>Last day for fiscal committees to hear and report to the floor bills introduced in their house of origin.</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>DAY</th>
<th>JUNE</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Last day for bills to be passed out of their house of origin.</td>
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<tr>
<td>15</td>
<td>Budget must be passed by midnight.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DAY</th>
<th>JULY</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Last day for policy committees to hear and report bills introduced in the other house.</td>
</tr>
<tr>
<td>15</td>
<td>Summer Recess begins upon adjournment, provided that the budget bill has been enacted.</td>
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</table>

<table>
<thead>
<tr>
<th>DAY</th>
<th>AUGUST</th>
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</thead>
<tbody>
<tr>
<td>15</td>
<td>Legislature reconvenes from Summer Recess.</td>
</tr>
<tr>
<td>26</td>
<td>Last day for fiscal committees to hear and report to the floor bills introduced in the other house.</td>
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</table>

<table>
<thead>
<tr>
<th>DAY</th>
<th>SEPTEMBER</th>
</tr>
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<tbody>
<tr>
<td>2</td>
<td>Last day to amend bills on the Assembly and Senate floors.</td>
</tr>
<tr>
<td>9</td>
<td>Last day for each house to pass bills. Interim Recess begins at the end of this day’s session.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DAY</th>
<th>OCTOBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Last day for the Governor to sign or veto bills passed by the Legislature before September 9, and in his possession after September 9.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>DAY</th>
<th>JANUARY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Statutes signed into law in 2011 take effect.</td>
</tr>
<tr>
<td>4</td>
<td>The 2011-2012 regular legislative session reconvenes.</td>
</tr>
</tbody>
</table>
CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:05 p.m. by Chairperson Reed in Room B-104, VTA River Oaks Campus, 3331 North First Street, San Jose, California.

1. ROLL CALL

<table>
<thead>
<tr>
<th>Attendee Name</th>
<th>Title</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ash Kalra</td>
<td>Board Member</td>
<td>Present</td>
</tr>
<tr>
<td>Liz Kniss</td>
<td>Chairperson</td>
<td>Excused Absence</td>
</tr>
<tr>
<td>Chuck Reed</td>
<td>Board Member</td>
<td>Present</td>
</tr>
<tr>
<td>Perry Woodward</td>
<td>Vice Chairperson</td>
<td>Absent</td>
</tr>
<tr>
<td>Nancy Pyle</td>
<td>Alternate Board Member</td>
<td>N/A</td>
</tr>
<tr>
<td>Pete McHugh</td>
<td>Alternate Board Member</td>
<td>Absent</td>
</tr>
<tr>
<td>George Shirakawa</td>
<td>Alternate Board Member</td>
<td>Absent</td>
</tr>
</tbody>
</table>

* Alternates do not serve unless participating as a Member.

A quorum was not present and a Committee of the Whole was declared.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

Chairperson Reed noted that Agenda Item 8., Elect Standing Committee Vice Chairperson, will be deferred to the next meeting.

On order of Chairperson Reed and there being no objection, the Committee of the Whole received the Orders of the Day.

CONSENT AGENDA

4. Deferred to the February 17, 2011 A&F meeting.

Regular Meeting Minutes of October 21, 2010
5. **Monthly Legislative History Matrix**

On order of Chairperson Reed and there being no objection, the Committee of the Whole received the Monthly Legislative History Matrix.

6. **Monthly Investment Report – November 2010**

On order of Chairperson Reed and there being no objection, the Committee of the Whole received the Monthly Investment Report-November 2010.

7. **2011 A&F Committee Meeting Schedule**

On order of Chairperson Reed and there being no objection, the Committee of the Whole received the 2011 A&F Committee Meeting Schedule.

**REGULAR AGENDA**

8. **Deferred to the February 17, 2011 A&F meeting.**

Elect Standing Committee Vice Chairperson

9. **Universal Pass for Life Improvement and Transportation (UPLIFT) Transit Pass Program for Homeless Individuals**

Ali Hudda, Deputy Director of Accounting, provided a report about the UPLIFT Transit Pass Program for homeless individuals.

Upon inquiry of the Committee of the Whole, Mr. Hudda noted that the County was unable to provide data regarding the program, but assured VTA that the Program was successful.

On Order of Chairperson Reed and there being no objection, the Committee of the Whole approved submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with the County of Santa Clara to provide 1,850 quarterly transit stickers for use by homeless and at risk of being homeless individuals in the amount of $111,000 per year. The contract will be effective April 1, 2011 for a period not to exceed three years.

**OTHER ITEMS**

10. **FY 2012 & FY 2013 Biennial Budget Assumptions**

Carol Lawson, Fiscal Resources Manager, provided a report highlighting the following: 1) wages and benefits; 2) investment portfolio interest rate; 3) sales tax growth; 4) Measure A operating assistance; 5) low sulfur diesel fuel price; 6) fares; 7) bus and light rail ridership; 8) total miles and hours for bus and light rail and fleet size; 9) State Transit Assistance (STA) funding level; 10) Federal Operating Grants Preventative maintenance funding level; 11) Capital Program funding level; 12) Operating Reserve funding level; and, 13) Harvey M. Rose, LLC recommendations.
The Committee of the Whole expressed concern on the flexibility of VTA’s biennial budget to adapt when the California legislature approves the State budget. Michael T. Burns, General Manager, explained that VTA will have an approved budget prior the passing of the State budget. He noted that on the revenue side, sales tax is the main source and awaits the passing of the sales tax swap from the legislature. He added that VTA also has a 15 percent reserve.

Mr. Burns stated that staff is conducting an analysis of the express bus service. The plan is to improve the service by adding amenities with a potential fare increase.

**On Order of Chairperson Reed** and there being no objection, the Committee of the Whole received the FY 2012 and FY 2013 Biennial Budget Assumptions.

11. **Actuarial Valuation of VTA’s Other Post Employment Benefits (OPEB) as of July 1, 2010**

Mr. Hudda provided a brief report on the Actuarial Valuation of VTA’s OPEB.

**On order of Chairperson Reed** and there being no objection, the Committee of the Whole received the Actuarial Valuation of VTA’s Other Post Employment Benefits (OPEB) as of July 1, 2010.

12. **Items of Concern and Referral to Administration**

There were no Items of Concern and Referral to Administration.

13. **Committee Work Plan**

Joseph Smith, Chief Financial Officer, noted that Mercer, VTA’s investment consultant, gave notice that they will terminate service by the end of March 2011. A Request for Proposal (RFP) was already issued and a report will be presented at the March 17, 2011 A&F meeting.

**On order of Chairperson Reed** and there being no objection, the Committee of the Whole reviewed the Committee Work Plan.

14. **Committee Staff Report**

There was no Committee Staff Report.

15. **Chairperson’s Report**

There was no Chairperson’s Report.

16. **Determine Consent Agenda for the February 3, 2011 Board of Directors Meeting**

**CONSENT:**

**Agenda Item #5.** Review the Monthly Legislative History Matrix.
**Agenda Item #9.** Authorize the General Manager to execute a contract with the County of Santa Clara to provide 1,850 quarterly transit stickers for use by homeless and at risk of being homeless individuals in the amount of $111,000 per year. The contract will be effective April 1, 2011 for a period not to exceed three years.

**Agenda Item #10.** Receive the FY 2012 and FY 2013 Biennial Budget Assumptions.

**Agenda Item #11.** Receive the Actuarial Valuation of VTA’s Other Post Employment Benefits (OPEB) as of July 1, 2010.

**REGULAR:**

None

17. **Announcements**

There were no Announcements.

18. **ADJOURNMENT**

On order of Chairperson Reed and there being no objection, the Committee meeting was adjourned at 12:37 p.m.

Respectfully submitted,

Michael Diareseco, Board Assistant  
VTA Office of the Board Secretary
NOTICE OF CANCELLATION

NOTICE IS HEREBY GIVEN that the Santa Clara Valley Transportation Authority Congestion Management Program and Planning Committee Meeting scheduled for Friday, January 21, 2011 at 12:00 p.m. has been cancelled.

The next meeting of the Santa Clara Valley Transportation Authority Congestion Management Program and Planning Committee is scheduled for Friday, February 18, 2011, at 12:00 p.m. at Conference Room B-104, Building B, 3331 North First Street, San Jose, California.

Tracene Y. Crenshaw, Board Assistant
VTA Office of the Board Secretary
CALL TO ORDER

The Regular Meeting of the Transit Planning and Operations (TP&O) Committee was called to order at 4:45 p.m. by Chairperson Pro Tem Abe-Koga in Conference Room B-104, Valley Transportation Authority (VTA), 3331 North First Street, San Jose, California.

1. ROLL CALL

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<thead>
<tr>
<th>Attendee Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Margaret Abe-Koga</td>
<td>Member</td>
<td>Present</td>
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<tr>
<td>Xavier Campos</td>
<td>Member</td>
<td>Absent</td>
</tr>
<tr>
<td>Rich Larsen</td>
<td>Chairperson</td>
<td>Absent</td>
</tr>
<tr>
<td>Sam Liccardo</td>
<td>Member</td>
<td>Present</td>
</tr>
<tr>
<td>Jamie Matthews</td>
<td>Alternate Member</td>
<td>Absent</td>
</tr>
<tr>
<td>Nancy Pyle</td>
<td>Alternate Member</td>
<td>Absent</td>
</tr>
</tbody>
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*Alternates do not serve unless participating as a Member.

A quorum was not present and a Committee of the Whole was declared.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

There were no Orders of the Day.

CONSENT AGENDA

4. Deferred to the February 17, 2011 TPO Meeting

REGULAR AGENDA

5. Report from the Committee for Transit Accessibility (CTA) Activities

There was no report from the Committee for Transit Accessibility.

6. Deferred to the February 17, 2011 TPO Meeting

Election of Committee Vice Chairperson for Calendar year 2011.

7. Deferred to the February 17, 2011 TPO Meeting

Approval of the 2011 Transit Planning and Operations Committee Schedule.

8. Centralized Equipment Maintenance and Operations Facility (CEMOF) Monitoring Committee

Jim Lawson, Senior Policy Advisor, provided an overview of the staff report.

The Committee of the Whole recommended forwarding the item for consideration at the February 3, 2011 VTA Board of Directors Regular Meeting: Approve an Amendment to the Bylaws of the Caltrain Centralized Equipment Maintenance & Operations Facility (CEMOF) Monitoring Committee reducing the minimum number of meetings from quarterly to once annually and the reporting from quarterly to periodic.

9. SunPower Agreement

Tom Fitzwater, Environmental Planning Manager, provided an overview of the staff report.

Chairperson pro tem Abe-Koga questioned legislation for generating excess power from one location to offset use at another location. Staff will review legislation and report to the Board.

The Committee of the Whole recommended forwarding the item for consideration at the February 3, 2011 VTA Board of Directors Regular Meeting: Authorize the General Manager to execute a contract with SunPower Corporation for renewable power purchase and property leasing agreements at VTA’s North, Cerone and Chaboya Divisions.

10. Alum Rock Fish Passage

Mark Robinson, Chief Engineering and Construction Officer, provided an overview of the staff report.

The Committee of the Whole recommended forwarding the item for consideration at the February 3, 2011 VTA Board of Directors Regular Meeting: Authorize the General Manager to execute a contract amendment with Winzler & Kelly, in an amount not-to-exceed $167,800, for environmental design services necessary to complete 100% design and perform design services during construction of the Alum Rock Fish Passage mitigation site for Freight Railroad Relocation activities for a total contract amount of
$401,200, and extend the contract through April 30, 2013. This contract is 100% funded by the 2000 Measure A Program.

OTHER ITEMS

11. **1996 Measure B Transportation Improvement Program Progress Report**

Mr. Robinson provided an overview of the report noting the construction activities are complete and several administrative issues need to be settled to conclude the Measure B Program.

Member Liccardo suggested sending a media release to announce projects were delivered as promised and tax dollars used well.

**On order of Chairperson Pro Tem Abe-Koga** and there being no objection, the 1996 Measure B Transportation Improvement Program Progress Report for December 2010 was received.

12. **Regional Bike Share Pilot Program**

John Ristow, Chief Congestion Management Planning Officer, provided an overview of the staff report. Mr. Ristow noted concerns with relying on regional agreement which will delay the process.

Mr. Burns added there are three options VTA could take to implement the program, including: 1) Continue with the regional project; 2) Approach Metropolitan Transportation Commission (MTC) and offer to serve as a pilot program and move forward in the County and continue to work on the regional program; or 3) Use allocated funds and proceed without regional participation.

Member Liccardo suggested exercising a variation of the second option and make a procurement decision with the regional partners while proceeding with pilot program.

**On order of Chairperson Pro Tem Abe-Koga** and there being no objection, an update on the Regional Bike Share Pilot Program was received.

13. **December 2010 Monthly Ridership and Fare Revenue Performance**

Joonie Tolosa, Operations Analysis Reporting and Systems Manager, provided an overview of the staff report.

Mr. Burns announced the American Public Transportation Association (APTA) will be conducting a peer review of VTA marketing programs to look at their effectiveness and tying them to ridership goals. Additionally, staff has undertaken a review of the express bus service. There are opportunities for new routes and upgrading the amenities on hybrid buses to attract riders.

**On order of Chairperson Pro Tem Abe-Koga** and there being no objection, the monthly Ridership and Fare Revenue Performance Report was received.
14. **Items of Concern and Referral to Administration**

There were no items of concern and referral to Administration.

15. **Committee Work Plan**

Dan Smith, Chief Operating Officer and TPO Staff Liaison, indicated in addition to the deferred items, an item to adopt an express bus business plan will be placed on the Workplan for February’s Agenda.

*On order of Chairperson Pro Tem Abe-Koga* and there being no objection, the Committee Work Plan was reviewed.

16. **Committee Staff Report**

Mr. Smith provided a written report. Mr. Burns highlighted the upgrades on the Airport Flyer and announced an upcoming event promoting the service.

*On order of Chairperson Pro Tem Abe-Koga* and there being no objection, the Committee Staff Report was received.

17. **Deferred to the February 17, 2011 TPO Meeting**

**Chairperson’s Report**

A. ACTION ITEM - Appoint an Ad-hoc Revenue Enhancement Committee (REC) as a subcommittee of the Transportation Planning and Operations (TP&O) Committee. The REC shall consist of two members of TP&O. The purpose of this subcommittee is to recommend measures that would provide a sustainable increase to the Santa Clara Valley Transportation Authority’s (VTA) transit operations revenue.

18. **Determine Consent Agenda for the February 3, 2011 Board of Directors Meeting**

**Consent Agenda:**

- **Agenda Item #8.**, Approve an Amendment to the Bylaws of the Caltrain Centralized Equipment Maintenance & Operations Facility (CEMOF) Monitoring Committee reducing the minimum number of meetings from quarterly to once annually and the reporting from quarterly to periodic.

- **Agenda Item #10.**, Authorize the General Manager to execute a contract amendment with Winzler & Kelly, in an amount not-to-exceed $167,800, for environmental design services necessary to complete 100% design and perform design services during construction of the Alum Rock Fish Passage mitigation site for Freight Railroad Relocation activities for a total contract amount of $401,200, and extend the contract through April 30, 2013. This contract is 100% funded by the 2000 Measure A Program.

- **Agenda Item #11.**, Receive the 1996 Measure B Transportation Improvement Program Progress Report for December 2010.
Regular Agenda:

Agenda Item #9., Authorize the General Manager to execute a contract with SunPower Corporation for renewable power purchase and property leasing agreements at VTA’s North, Cerone and Chaboya Divisions.

19. ANNOUNCEMENTS

There were no Announcements

20. ADJOURNMENT

On order of Chairperson Pro-tem Abe-Koga and there being no objection, the meeting was adjourned at 5:47 p.m.

Respectfully submitted,

Menominee McCarter, Board Assistant
Office of the Board Secretary
CALL TO ORDER

The Regular Meeting of the Committee for Transit Accessibility (CTA) was called to order at 1:03 p.m. by Chairperson Morrow in Building A, Auditorium, Valley Transportation Authority (VTA), 3331 North First Street, San Jose, California.

1. ROLL CALL

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<thead>
<tr>
<th>Attendee Name</th>
<th>Title</th>
<th>Status</th>
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<tbody>
<tr>
<td>Emma Eljas</td>
<td>Member</td>
<td>Present</td>
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<tr>
<td>Christina Fernandez</td>
<td>Staff Aide to Ex-Officio Board Liaison Reed</td>
<td>Absent</td>
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<tr>
<td>Sandra Gouveia</td>
<td>Member</td>
<td>Absent</td>
</tr>
<tr>
<td>David Grant</td>
<td>Member</td>
<td>Present</td>
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<tr>
<td>Katie Heatley</td>
<td>Ex-Officio Member</td>
<td>Present</td>
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<tr>
<td>Troy Hernandez</td>
<td>Member</td>
<td>Present</td>
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<tr>
<td>Dennis Kempel</td>
<td>Member</td>
<td>Present</td>
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<tr>
<td>Martin Lasich</td>
<td>Member</td>
<td>Absent</td>
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<tr>
<td>Laura Michels</td>
<td>Member</td>
<td>Present</td>
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<tr>
<td>Aaron Morrow</td>
<td>Chairperson</td>
<td>Present</td>
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<tr>
<td>Lechi Nguyen</td>
<td>Member</td>
<td>Present</td>
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<tr>
<td>Jeffrey Ovetz</td>
<td>Member</td>
<td>Present</td>
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<tr>
<td>David Robinson</td>
<td>Member</td>
<td>Present</td>
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<tr>
<td>Larry Saltman</td>
<td>Member</td>
<td>Present</td>
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<tr>
<td>Dilip Shah</td>
<td>Member</td>
<td>Present</td>
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<tr>
<td>Vicci Smith</td>
<td>Member</td>
<td>Absent</td>
</tr>
<tr>
<td>Barbara Stahl</td>
<td>Member</td>
<td>Present</td>
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2. INTRODUCTION OF AUDIENCE MEMBERS

Usman Husaini, Construction and Engineering; Carol Lawson, Fiscal Resources Manager; Kimberly Koenig, Fiscal Resources Manager; Ali Hudda, Deputy Director of Accounting; Joonie Tolosa, Operations Analysis and Reporting Manager; Sandra Weymouth, Board Secretary; Patrick Griffin, Public Affairs and Customer Information Manager; and, Alicia Carrillo, Interested Citizen.

3. PUBLIC PRESENTATIONS

Alicia Carrillo, Interested Citizen, expressed concern with Outreach’s service area, hours, and affordability.

Emma Eljas, Interested Citizen, expressed a need for the Committee to reinstate the Ridership report.
David Grant, Interested Citizen, expressed concern with Customer Service’s response to complaints about drivers.

Jeffrey Ovetz, Interested Citizen, expressed concern with drivers not following the posted schedules and the discontinuance of contact cards aboard vehicles.

Aaron Morrow, Interested Citizen, expressed concern with the morale of drivers and the treatment of customers. He requested the topic be agendized for a future meeting.

Emma Eljas, Interested Citizen, expressed concern with the Committee meeting quarterly and would like to have more workshops to discuss specific topics.

Patrick Griffin, Public Affairs and Customer Information Manager, addressed the Committee’s concerns and indicated he will look into the incidents.

4. **Board of Directors Report**

There was no Board of Directors report.

**BUSINESS REFERRED TO COMMITTEE BY THE BOARD OF DIRECTORS/GENERAL MANAGER**

Chairperson Morrow indicated items 5-8 would be heard and considered in one motion. Member Eljas requested **Agenda Item #8, January 10, 2011 Service Changes**, be placed on the Regular Agenda.

5. **Minutes of October 13, 2010**

M/S/C (Eljas/Grant) to approve the Minutes of October 13, 2010.

6. **Chief Operating Officer’s Report**

M/S/C (Eljas/Grant) to receive the Chief Operating Officer’s Report.

7. **First Quarter 2011 Transit Operations Performance Report**

M/S/C (Eljas/Grant) to receive the First Quarter 2011 Transit Operations Performance Report.

**REGULAR AGENDA**

8. **January 10, 2011 Service Changes**

Member Eljas questioned if any of the changes affect Outreach.

Jim Unites, staff Liaison indicated there are no changes to Outreach service.

**On order of Chairperson Morrow** and there being no objections, the Committee received a report on Service Changes effective January 10, 2011.

**NOTE:** M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.
9. **Nomination and Election of Chairperson for 2011**  
*M/S/C (Grant/Stahl)* to close nominations and elect Aaron Morrow as CTA Chairperson for 2011.

10. **Nomination and Election of CTA First Vice Chairperson for 2011**  
*M/S/C (Morrow/Grant)* to close nominations and elect Emma Eljas as CTA First Vice Chairperson for 2011.

11. **Nomination and Election of CTA Second Vice Chairperson for 2011**  
*M/S/C (Grant/Saltman)* to close nominations and elect Barbara Stahl as CTA Second Vice Chairperson for 2011.

12. **FY 2012 and FY 2013 Biennial Budget Assumptions**  
Joseph Smith, Chief Financial Officer, introduced the item and provided background on the biennial budget for FY 2012 and FY 2013.

Carol Lawson, Fiscal Resources Manager, provided the framework being used to develop the FY 2012 – 2013 budget highlighting: 1) No changes in Service levels or fare increases; 2) Ridership projections; 3) Sales tax revenues; 4) State funding; 5) Federal Operating Grants; and 6) Expenses for labor including wages, pensions, and health benefits.

Member Grant questioned the number of employees participating in California Public Employees' Retirement System (CalPERS) and questioned why VTA is continuing contributions.

Ms. Lawson indicated any changes to contributions would have to be a part of future negotiations, but it must be assumed in the budget because it is in the current contracts.

*M/S/C (Grant/Michels)* to approve submitting a recommendation to the Board of Directors to discontinue VTA’s portion of employee contributions to CalPERS.

Ms. Lawson provided the Committee with the AD-Hoc Financial Recovery Committee (Ad-Hoc FRC) priority list which include activities that: 1) Preserve the level of service; 2) Support transit service; 3) Support regional partnerships; 4) Increase operating funding; 5) Provide information to riders and employees; and 6) Expand service.

Ms. Lawson provided the Ad-Hoc Key Principles which includes: 1) Keep operating reserves at 15%; 2) Limit use of Capitol Funding for Operations; 3) Control cost growth; 4) Achieve internal efficiencies; 5) Negotiate sustainable bargaining union agreements; and 6) Use of Contracted Services.

Ms. Lawson provided a timeline on the next steps in the budget process noting staff will present the item to the Board in April 2011 and at community meetings and Advisory Committee meetings in May. It is scheduled for adoption at the June 2011 Board Meeting.

Members of the Committee questioned the following: 1) Staff efficiencies and what will
be done internally; 2) Amount of the unfunded liabilities in pensions and retiree medical trusts; and 3) Cap on accrued vacation for non Amalgamated Transit Union (ATU) employees.

Chairperson Morrow requested the following: 1) Number of ATU represented VTA employees; 2) Forward the Ad-Hoc FRC priorities to CTA; and 3) A meeting with the Advisory Committee Chairpersons to address the budget item before it is presented to individual committees.

On order of Chairperson Morrow and there being no objection, the Committee received a report on the FY 2012 and FY 2013 Biennial Budget Assumptions.

The Agenda was taken out of order.

14. **Light Rail Commuter Express Service Status**

Jim Unites, CTA Staff Liaison, provided a brief overview on the status of the Light Rail Commuter Express Service.

Member Grant requested updates as future data on ridership is received.

On order of Chairperson Morrow and there being no objection, the Committee received a report on the Light Rail Commuter Express Service Status.

13. **Capital Expressway Pedestrian Improvements**

Usman Husaini, Engineering and Construction, provided a brief overview of the Capital Expressway Pedestrian Improvement project.

Member Stahl expressed concern with bus stops surfaces not being smooth and suggested having persons in wheelchairs and pedestrians give suggestions on improvements.

On order of Chairperson Morrow and there being no objection, the Committee received a report on the County Expressway Pedestrian Improvements.

15. **Quarterly Legislative Report**

Scott Haywood, Policy and Community Relations Manager, provided a brief report highlighting the Governor’s release of the first proposed State budget for next year that includes the provision of $23 billion in transportation bond funding due which will help move some of the highway projects forward.

On order of Chairperson Morrow and there being no objection, the Committee received the Quarterly Legislative Report.

16. **Workplan Update**

Chairperson Morrow announced the budget workshop in May 2011, reinstatement of the ridership report, and an accessibility workshop will be added to the Workplan. Member Grant questioned the progress of having photos of bus stops online and suggested the Committee focus more time on accessibility issues.
REPORTS

17. **City of San Jose Disability Advisory Commission (DAC) Report**

Chairperson Morrow reported many changes have taken place on the DAC including a new work plan, objectives, and new reporting to the City Council.

18. **City of Santa Clara Disability Advisory Commission (DAC) Report**

Member Stahl provided a brief report indicating the Commission is concentrating on the pedestrian and wheelchair walkway on San Tomas Expressway.

19. **Committee Staff Report**

Mr. Unites provided a brief update on the call for projects on the Federal Transit Administration (FTA) Section 5310 Program. Members Morrow, Ovetz, and Saltman have agreed to sit on the sub-committee and they will be meeting in March to review the grant applications.

Mr. Unites announced several Committee members and agencies were reappointed to the CTA by the Board and there are currently 5 vacancies that need to be filled.

20. **Citizens Advisory Committee/Citizens Watchdog Committee (CAC/CWC) Report**

*On order of Chairperson Morrow* and there being no objection, the Committee deferred the Citizens Advisory Committee/Citizens Watchdog Committee Report.

21. **Chairperson’s Report Defer**

*On order of Chairperson Morrow* and there being no objection, the Committee deferred the Chairperson’s Report.

OTHER

22. **Announcements**

Member Saltman presented a letter of appreciation from the Senior Citizens Commission to Julia Jones, Senior Management Analyst, for attending a Commission meeting and addressing concerns and issues with public transit. They also thanked Mr. Unites for responding to their request for a speaker on short notice.

23. **ADJOURNMENT**

*On order of Chairperson Morrow* and there being no objection, the meeting was adjourned at 3:02 p.m.

Respectfully submitted,

Menominee L. McCarter, Board Assistant
VTA Office of the Board Secretary
1. CALL TO ORDER

The Regular Meeting of the Citizens Advisory Committee (CAC) was called to order at 4:37 p.m. by Chairperson Powers, Conference Room B-104, VTA River Oaks Campus, 3331 North First Street, San Jose, California.

ROLL CALL

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<tr>
<th>Attendee Name</th>
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<tbody>
<tr>
<td>Jeremy Barousse</td>
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<td>Stephen Blaylock</td>
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<tr>
<td>Clinton Brownley</td>
<td>CAC Member</td>
<td>Present</td>
</tr>
<tr>
<td>Bena Chang</td>
<td>CAC Member</td>
<td>Present</td>
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<tr>
<td>Chris Elias</td>
<td>CAC Member</td>
<td>Present</td>
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<tr>
<td>William Hadaya</td>
<td>CAC Member</td>
<td>Present</td>
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<tr>
<td>Ray Hashimoto</td>
<td>CAC Member</td>
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<tr>
<td>Roberta Hughan</td>
<td>CAC Member</td>
<td>Absent</td>
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<tr>
<td>Robert Jacobvitz</td>
<td>CAC Vice Chairperson</td>
<td>Present</td>
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<tr>
<td>Bruce Liedstrand</td>
<td>CAC Member</td>
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<tr>
<td>Aaron Morrow</td>
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<tr>
<td>Charlotte Powers</td>
<td>CAC Chairperson</td>
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<tr>
<td>Sally Probst</td>
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<tr>
<td>Connie Rogers</td>
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<tr>
<td>Martin Schulter</td>
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<tr>
<td>Noel Tebo</td>
<td>CAC Member</td>
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</tr>
<tr>
<td>Herman Wadler</td>
<td>CAC Member</td>
<td>Present</td>
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</table>

A quorum was present.

2. ORDERS OF THE DAY

There were no orders of the day.

3. PUBLIC PRESENTATIONS

There were no Public Presentations.

4. Committee Staff Report

Greta Helm, Chief Executive Affairs Office and Staff Liaison, provided a brief staff report, highlighting: 1) U.S. 101 Tully Road Interchange Improvement Project
Groundbreaking Event; 2) Blossom Hill Pedestrian Overpassing Project; 3) Service updates; 4) New Airport Flyer bus wrap; and 5) VTA’s Clipper launch date scheduled for February 16, 2011.

5. **Chairperson’s Report**

Chairperson Powers introduced and welcomed new CAC/CWC Member William Hadaya representing the Santa Clara County Chambers of Commerce Coalition. She requested Committee Members introduce themselves.

Chairperson Powers provided a brief report, highlighting: 1) Diridon Station Joint Policy Advisory Board Meeting held on December 17, 2010 and 2) Assembly Bill 41 related to funding for Transit Systems throughout the State.

Member Hashimoto arrived at the meeting and took his seat at 4:47 p.m.

Chairperson Powers suggested the Committee forward input from their respective constituents on projects that would be of interest for discussion at the CAC/CWC Committee.

Member Chang noted the following: 1) Caltrain Summit scheduled for Friday, January 21, 2011 at Stanford University regarding the future of Caltrain; and 2) Transportation Policy Committees interest in promoting the ECO Pass Program.

Ms. Helm referenced the Advisory Committee Enhancement (ACE) Process and recommended the item be forwarded to the next meeting of the VTA Board of Director Chairperson and Advisory Chairperson’s to request to work on the item of interest.

Member Morrow noted the following: 1) Committee for Transit Accessibility’s (CTA) concern regarding their quarterly meetings; and 2) requested that the ACE Committee reconvene to address CTA’s concerns; and 3) CTA’s main focus this year is bus stop accessibility.

Vice Chairperson Jacobvitz invited the Committee to attend the Building Owners and Managers Association (BOMA) luncheon on March 4, 2011 at the Crown Plaza in San Jose. The Committee requested that the invitation be emailed to the Members.

*The Agenda was taken out of order.*

**BUSINESS REFERRED TO COMMITTEE BY THE BOARD OF DIRECTORS/ GENERAL MANAGER**

**COMBINED CAC AND 2000 MEASURE A CITIZENS WATCHDOG COMMITTEE CONSENT AGENDAS**

6. **Minutes of November 10, 2010**

M/S/C (Tebo/Jacobvitz) to approve the Regular Meeting Minutes of November 10, 2010.

**NOTE:** M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.
8. **CAC 2010 Year End Attendance Report**

   On order of Chairperson Powers and there being no objection, the Committee received the CAC Quarterly Attendance Report.

7. **Monthly Legislative History Matrix**

   Scott Haywood, Policy and Community Relations Manager, provided a brief overview on the Governor’s Proposed Budget, noting the $25 billion deficit and the intent to address the state’s fiscal challenges by reducing spending and tax increases.

   Mr. Haywood commented on the Governor’s Proposed Budget, highlighting: 1) Transportation is set at the current funding levels; and, 2) Reenactment of the swap to address the challenges with Proposition 26.

   On order of Chairperson Powers and there being no objection, the Committee reviewed the Monthly Legislative History Matrix.

**2000 MEASURE A CITIZENS WATCHDOG COMMITTEE REGULAR AGENDA**

9. **Review of 2000 Measure A Citizen Watchdog Committee Duties, Responsibilities and Limitations**

   Stephen Flynn, Senior Management Analyst, reported staff provides an annual review of the CWC’s duties, responsibilities, and limitations that concurs with the review of the 2000 Measure A Financial Reports and Statements for the prior fiscal year.

   Mr. Flynn continued that the CWC’s responsibilities are: 1) review the 2000 Measure A expenditures to ensure the funds are being spent in accordance with the intent of the ballot; 2) conduct an independent audit of the 2000 Measure A Transportation Improvement Program (TIP) financial statements and records performed annually; 3) conduct public hearings and issue reports annually to inform the citizens of Santa Clara County on how the 2000 Measure A tax dollars are being spent; and 4) publish the results of the independent audit and the annual report in local newspapers.

   Chairperson Powers expressed appreciation and thanked Macias, Gini & O’Connell (MGO) for their diligent work on the audit of FY 2009, which was clear, concise, and very well done.

   On order of Chairperson Powers and there being no objection, the Committee reviewed the 2000 Measure A Citizen Watchdog Committee Duties, Responsibilities and Limitations.

10. **Independent Auditor Initiation of Compliance Audit of FY 10**

    David Bullock, Certified Public Accountant (CPA), and Craig Boyer, CPA, representing Macias, Gini & O’Connell (MGO), a Certified Public Accounting Firm, provided a brief overview of the Independent Auditor Initiation of Compliance Audit of FY 2010.

    Mr. Boyer directed attention to the presentation entitled, “MGO – Proud to be Boring Accountants - FY 09/10 Presentation to the CWC of the 2000 Measure A Transit Improvement Program,” highlighting: 1) Auditor’s Communication with those Charged
with Governance; 2) Auditor’s responsibility under Generally Accepted Auditing Standards (GAAS); 3) Planned scope and timing of the audit; and 4) Significant findings from the audit.

Mr. Boyer stated that the meeting provides an opportunity for MGO to receive input from the Committee and to follow up on issues and/or concerns from the Committee on the proposed audit plan.

**On order of Chairperson Powers** and there being no objection, the Committee received the Independent Auditor Initiation of Compliance Audit of FY 10.

**CITIZENS ADVISORY COMMITTEE REGULAR AGENDA**

**11. FY 2012 & FY 2013 Biennial Budget Assumptions**

Joe Smith, Chief Financial Officer and Staff Liaison, reported that a high level overview of VTA’s Budget process was provided at the January 6, 2011 Board of Directors Regular Meeting.

Mr. Smith introduced Carol Lawson, Fiscal Resources Manager, Budget, who reported that the biennial budget will be developed using the Expenditure Prioritization, Key Financial Principles, and Deficit Reduction Targets, which were recommended by the Ad-Hoc Financial Recovery Committee and approved by the Board.

Ms. Lawson reviewed the FY 2012 and FY 2013 Recommended Budget, timeline, including discussions at the April 22, 2011 Board Workshop and May Advisory Committees. Board consideration is scheduled for June 2, 2011.

Ms. Lawson provided a brief overview, highlighting: 1) Wages and Benefits; 2) VTA Investment Portfolio interest rate; 3) Sales Tax Growth; 4) Measure A Operating Assistance; 5) Low Sulfur Diesel Fuel Price; 6) Fares; 7) Bus and Light Rail Ridership; 8) Total Miles and Hours for Bus and Light Rail Fleet Size; 9) State Transit Assistance (STA) Funding Level; 10) Federal Operating Grants Preventive Maintenance Funding Level; 11) Capital Program Funding Level; 12) Operating Reserves Funding Level; and 13) Harvey M. Rose, LLC Recommendations.

Ms. Lawson stated there are no plans to reduce service or increase fares at this time. The budget assumptions do not reflect wage increases for American Federation of State, County, and Municipal Employees (AFSCME), Services Employees International Union (SEIU), and Transportation Authority Engineers and Architects (TAEA).

Ms. Lawson continued that VTA’s projected sales tax growth rate assumptions are 3.49 percent in FY 2012 and 5.78 percent in FY 2013, which are based on Moody’s Analytics’ baseline trend forecast and are in the “Most Likely” category.

Ms. Lawson reported that Federal Transit Administration (FTA) Section 5307 grant program is designed primarily to fund capital acquisitions, noting funds can also be awarded for preventive maintenance activities in support of operations. Over the last couple of years, VTA has used 100 percent of available Section 5307 funds for preventive maintenance to offset the loss of Sales Tax Revenues and STA funding.

Ms. Lawson noted that beginning in FY 2012, VTA will gradually move toward the goal of reaching historical levels of 35 percent funding for Preventive Maintenance and
65 percent for Capital Replacement by FY 2018. The proposed Section 5307 funding split for operations support and capital replacement is scheduled as 90/10 percent split in FY 2012 with 80/20 percent split in FY 2013.

Ms. Lawson continued that the FY 2012 and FY 2013 VTA Transit Capital Program will be structured to use grant funds to the greatest extent. Debt Reduction Funds will be used to provide any required local matching funds for grants. Projects not eligible for grants will be prioritized based on pre-determined scoring criteria to provide the greatest emphasis to maintain the existing infrastructure, support functions, and service network.

The level of local funding available for non-grant eligible projects will be limited to the positive operating balance in excess of the 15 percent Operating Reserves goal if available.

Ms. Lawson stated that staff has reviewed the Harvey M. Rose proposed recommendations, noting some of the proposals will play a role in VTA’s budget assumptions.

On order of Chairperson Powers and there being no objection, the Committee received the FY 2012 & FY 2013 Biennial Budget Assumptions.

COMBINED CAC AND CITIZENS WATCHDOG COMMITTEE ITEMS

12. CAC and the 2000 Measure A Citizens Watchdog Work Plan

Mr. Flynn noted the following agenda items would be agendized on a future Committee Agenda: 1) Countywide Transportation Plan and 2) Independent Compliance Auditor Report.

Member Brownley suggested the Committee work with staff and the Board to develop a report or publication geared toward performance measures in the community.

Chairperson Powers suggested the Committee receive a briefing on Caltrain financial issues and solutions to identify long-term dedicated sources for operations. Member Chang stated that she would email the information regarding Caltrain Summit scheduled for January 21, 2011 to Ms. Helm’s for distribution to the Committee.

Chairperson Powers referenced the CAC/CWC Confidential Roster, noting the importance for the Committee to adhere to the Brown Act by not participating in communications by e-mail or telephone.

On order of Chairperson Powers, there being no objection, the CAC and the 2000 Measure A Citizens Watchdog Work Plan was reviewed.

OTHER

13. ANNOUNCEMENTS

There were no Announcements.
14. ADJOURNMENT

On order of Chairperson Powers, there being no objection, the meeting was adjourned at 6:07 p.m.

Respectfully submitted,

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

The Regular Meeting of the Valley Transportation Authority (VTA) Bicycle and Pedestrian Advisory Committee (BPAC) was called to order at 6:07 p.m. by Vice Chairperson Meyer in the Auditorium, VTA, 3331 North First Street, San Jose, California.

1. ROLL CALL

<table>
<thead>
<tr>
<th>Attendee Name</th>
<th>Title</th>
<th>Status</th>
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<tbody>
<tr>
<td>Lisa Aragon</td>
<td>City of Morgan Hill</td>
<td>Present</td>
</tr>
<tr>
<td>Jim Bell</td>
<td>City of San Jose</td>
<td>Present</td>
</tr>
<tr>
<td>Ray Cosyn</td>
<td>City of Saratoga</td>
<td>Present</td>
</tr>
<tr>
<td>Aaron Faupell</td>
<td>City of Milpitas</td>
<td>Present</td>
</tr>
<tr>
<td>Carl Hagenmaier</td>
<td>City of Los Altos</td>
<td>Present</td>
</tr>
<tr>
<td>Melanie Hanssen</td>
<td>Town of Los Gatos</td>
<td>Present</td>
</tr>
<tr>
<td>Breene Kerr</td>
<td>Town of Los Altos Hills</td>
<td>Absent</td>
</tr>
<tr>
<td>Steven Levin</td>
<td>County of Santa Clara</td>
<td>Present</td>
</tr>
<tr>
<td>Jerri-Ann Meyer</td>
<td>City of Mountain View</td>
<td>Present</td>
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<tr>
<td>Thomas Muniz</td>
<td>City of Gilroy</td>
<td>Present</td>
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<tr>
<td>Richard Ruh</td>
<td>City of Monte Sereno</td>
<td>Present</td>
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<tr>
<td>David Simons</td>
<td>City of Sunnyvale</td>
<td>Present</td>
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<tr>
<td>John Sullivan</td>
<td>City of Santa Clara</td>
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<tr>
<td>Richard Swent</td>
<td>City of Palo Alto</td>
<td>Present</td>
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<tr>
<td>Herman Wadler</td>
<td>City of Campbell</td>
<td>Present</td>
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<tr>
<td>James Wiant</td>
<td>City of Cupertino</td>
<td>Present</td>
</tr>
<tr>
<td>Corinne Winter</td>
<td>Ex-Officio, SVBC</td>
<td>N/A</td>
</tr>
<tr>
<td>Paul Goldstein</td>
<td>Alt Ex-Officio, SVBC</td>
<td>Present</td>
</tr>
</tbody>
</table>

A quorum was present.

2. ORDERS OF THE DAY

Vice Chairperson Meyer noted that Agenda Item 10, Traffic Control Plan for Capitol Expressway at Berryessa, will be taken before Agenda Item 9, County Staff Report.

On order of Vice Chairperson Meyer and there being no objections, the Committee received the Orders of the Day.
Chairperson Simons took his seat at 6:09 p.m., Vice Chairperson Meyer relinquished her seat as Chairperson and Chairperson Simons presided over the meeting.

3. **PUBLIC PRESENTATIONS**

Jim Stallman, Interested Citizen, provided staff with a handout and requested staff to look into the Bay Trail project.

Member Hagenmaier took his seat at 6:11 p.m.

4. **Committee Staff Report**

Michelle DeRobertis, Senior Transportation Planner, provided a brief update about the following: 1) BPAC 2011 meeting schedule; 2) status of Bicycle Expenditure Program (BEP) projects; 3) staff’s comments on the Complete Streets General Plan Guidelines sent to the Office of Planning and Research (OPR); and, 4) Bike Share program.

**On order of Chairperson Simons** and there being no objection, the Committee Staff Report was received.

5. **Chairperson’s Report**

There was no report from Chairperson Simons.

6. **BPAC Subcommittee Reports**

Vice Chairperson Meyer provided a report on the Santa Clara County Special Ordinance Subcommittee, noting that the Subcommittee will be working with County staff to provide information to bike groups. She added the Subcommittee will continue to monitor the effect of the ordinance.

Chairperson Simons expressed the importance to continue the work of the Bylaws Policy and Procedure Subcommittee.

Member Muniz took his seat at 6:17 p.m.

**On order of Chairperson Simons** and there being no objection, the Committee received the BPAC Subcommittee Reports.

**CONSENT AGENDA**

7. **Regular Meeting Minutes of November 10, 2010**

Member Levin referenced a typo on page 1 of 7, second paragraph under Orders of the Day, and suggested replacing the word direction to directed.

Ex-Officio Member Goldstein recommended adding “and requested that future staff reports include this information” on the third paragraph under Agenda Item 9.
Ex-Officio Member Goldstein requested to add a disclaimer on the minutes stating that this is a draft version and check the minutes of the next meeting for any corrections or amendments.

M/S/C (Hagenmaier/Wadler) to approve the Regular Meeting Minutes of November 10, 2010 as amended. Member Aragon abstained.

REGULAR AGENDA

8. Elect BPAC Chair and Vice-Chair for 2011

Chairperson Simons noted Jerri-Ann Meyer’s nomination for BPAC Chairperson for 2011.

M/S/C (Wadler/Muniz) to close nominations and elect Jerri-Ann Meyer as Chairperson for 2011.

Chairperson Simons relinquished his seat as Chairperson and Vice Chairperson Meyer presided over the remainder of the meeting.

Chairperson Meyer expressed appreciation for the leadership shown by Member Simons. She noted that she is currently in discussion with staff on the following: 1) to have an efficient agenda; 2) improve the Committee’s awareness about ongoing projects; and, 3) increase knowledge on bike and pedestrian access.

The Nominating Committee noted the nomination of Paul Goldstein as BPAC Vice Chairperson for 2011.

M/S/C (Wiant/Wadler) on a Roll Call Vote of 13 Ayes, to 1 No, to 1 Abstention to elect Paul Goldstein as Vice Chairperson for 2011. Member Levin opposed. Member Hanssen abstained.

Vice Chairperson Goldstein expressed appreciation to the committee and staff. He stressed the importance of communication and opportunity to comment on ongoing projects.

SANTA CLARA COUNTY BPAC AGENDA

The agenda was taken out of order.

10. Traffic Control Plan for Capitol Expressway at Berryessa

Dan Collen, County Staff, noted that the Traffic Control Plan is for Capitol Expressway at Silver Creek. He reported that the following will take place during construction: 1) elimination of shoulder; 2) advance signing; and, 3) detour bicyclists to the adjacent road, Capitol Avenue.

NOTE: M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.
John Ryan, County Consultant, reported on the following: 1) phases of construction; 2) detour signs during construction; and, 3) construction timeline.

The Committee expressed concern about the following: 1) the Committee was not involved in the plan; 2) safety of bicyclists; 3) speed of motorists; 4) signage; and, 5) handout was difficult to read.

Mr. Collen noted that policies relating to traffic control needs to be revisited. He added that contractors will be advised to move traffic control plan early in the planning phase of the project. Mr. Ryan stated that they will add a step to involve the BPAC in future projects.

Mr. Ryan commented that there will be speed reduction and visible road signs during construction.

Chairperson Meyer suggested that contractors review the Bicycle Technical Guidelines and get information on the process of providing signs.

Ms. DeRobertis recommended providing detour maps to bicyclists and bike clubs.

**On order of Chairperson Meyer** and there being no objection, the Traffic Control Plan for Capitol Expressway at Silver Creek was received.

9. **County Staff Report**

Mr. Collen reported on the status of the Transportation Development Act (TDA) list. He invited the Committee to provide suggestions on projects qualified for TDA funding. The deadline to submit project proposal is on February 11, 2011.

Vice Chairperson Goldstein inquired about the status of the requested changes to the County Bicycle Ordinance. Mr. Collen responded that a report will be provided at a future meeting.

**On order of Chairperson Meyer** and there being no objection, the County Staff Report was received.

11. **Popular Bike Rides on County Roads**

Mr. Collen and Dawn Cameron, County Consultant, reported that the County is identifying popular bike routes and their needs.

Upon inquiry of Committee Members, Mr. Collen explained the goal of the program is to identify short and long-term projects, and build support.

Members of the Committee requested to receive a Complete Streets presentation and suggested staff to gather input from local agencies.

**On order of Chairperson Meyer** and there being no objection, the Popular Bike Rides and County Roads report was received.
OTHER

12. **Citizens Advisory Committee (CAC) and 2000 Measure A Citizens Watchdog Committee (CWC) Report**

Member Wadler recommended that BPAC members should receive a committee membership roster. He also reported that Aaron Morrow, Chairperson for the Committee for Transit Accessibility (CTA), expressed concern that the CTA only meets quarterly.

*On order of Chairperson Meyer* and there being no objection, the Citizens Advisory Committee and 2000 Measure A Citizens Watchdog Committee report was received.

13. **Local Jurisdiction Project Review Section**

Member Simons reported that the City of Sunnyvale’s Sustainability Committee is studying land-use and transportation to make mass transit more usable.

Member Muniz reported that the City of Gilroy is planning to build a parking garage and would like to get input from VTA staff. He stressed the importance of getting involved in the planned creek maintenance by the Water District and advocate to include trails.

Member Sullivan reported on the changes of the redevelopment funding in the City of Santa Clara.

Member Hagenmaier reported on the planned improvements on Homestead Road.

Member Bell reported on the status of Capitol Expressway projects.

Member Cosyn reported on Joe’s Trail and street renovation in the City of Saratoga.

Member Waint raised safety concern on the interchange of Foothill Expressway and Homestead Road.

Member Hanssen representing the Town of Los Gatos reported on the following: 1) improve funding for bicycle and pedestrian; 2) Highway 9 connector project; and, 3) planned sports complex.

Vice Chairperson Goldstein reported that the City of Palo Alto launched its Bike Plan update, and is reviewing the general plan and land use at its early stages.

Chairperson Meyer reported that the City of Mountain View plans to develop the San Antonio Shopping Center. The project will have mix use and access to other bike routes.

*On order of Chairperson Meyer* and there being no objection, the Local Jurisdiction Project Review Section was received.

14. **BPAC Work Plan**

Ms. DeRobertis reported that the following items will be included in the BPAC work plan: 1) Transportation Fund for Clean Air (TFCA) call for projects; 2) Valley Transportation Plan (VTP) 2010 update; and, 3) Bike Share update.
On order of Chairperson Meyer and there being no objection, the Committee reviewed the BPAC Work Plan.

15. ANNOUNCEMENTS

Member Hagenmaier provided an update about the Los Altos BPAC, and noted that it will not be eliminated.

Member Wadler reported about the following in Campbell: 1) Campbell changed the name of its Bicycle Advisory Committee to Bicycle and Pedestrian Advisory Committee; 2) widening on Campbell Avenue; and, 4) his election as the president of the Almaden Cycle Touring Club (ACTC).

Member Hanssen reported on the completion of the Los Gatos Creek Trail.

Member Swent reported on the plans for the California Avenue Shopping District in Palo Alto.

Member Wiant reported that the City of Cupertino established a website on safe route to schools.

Chairperson Meyer reported on the status of the plan for the San Antonio Corridor on the border of Mountain View and Palo Alto. She also provided an update on the Permanente and Stevens Creek Trails.

16. ADJOURNMENT

On order of Chairperson Meyer and there being no objection, the Committee meeting adjourned at 8:36 p.m.

Respectfully submitted,

Michael Diaresco
VTA Office of the Board Secretary
CALL TO ORDER

The Regular Meeting of the Technical Advisory Committee (TAC) was called to order at 1:30 p.m. by Chairperson Capurso in Conference Room B-104, Valley Transportation Authority (VTA), 3331 North First Street, San Jose, California.

1. ROLL CALL

<table>
<thead>
<tr>
<th>Attendee Name</th>
<th>Representing</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greg Armendariz, Vice Chairperson</td>
<td>City of Milpitas</td>
<td>Present</td>
</tr>
<tr>
<td>Rajeev Batra</td>
<td>City of Santa Clara</td>
<td>Present</td>
</tr>
<tr>
<td>Todd Capurso, Chairperson</td>
<td>Town of Los Gatos</td>
<td>Present</td>
</tr>
<tr>
<td>John Cherbone</td>
<td>City of Saratoga</td>
<td>Present</td>
</tr>
<tr>
<td>Richard Chiu</td>
<td>Town of Los Altos Hills</td>
<td>Present</td>
</tr>
<tr>
<td>Dan Collen, Alternate</td>
<td>County of Santa Clara</td>
<td>Present</td>
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<tr>
<td>Don Dey</td>
<td>City of Gilroy</td>
<td>Present</td>
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<tr>
<td>Robert Kass</td>
<td>City of Campbell</td>
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<tr>
<td>Helen Kim</td>
<td>City of Mountain View</td>
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<tr>
<td>Larry Lind</td>
<td>City of Los Altos</td>
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<tr>
<td>Jim Rowe, Alternate</td>
<td>City of Morgan Hill</td>
<td>Present</td>
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<tr>
<td>Mo Sharma</td>
<td>City of Monte Sereno</td>
<td>Absent</td>
</tr>
<tr>
<td>David Stillman, Alternate</td>
<td>City of Cupertino</td>
<td>Present</td>
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<tr>
<td>Lee Taubeneck, Ex-Officio</td>
<td>Dept. of Transportation (Caltrans)</td>
<td>Present</td>
</tr>
<tr>
<td>Ben Tripousis</td>
<td>City of San Jose</td>
<td>Present</td>
</tr>
<tr>
<td>Jack Witthaus</td>
<td>City of Sunnyvale</td>
<td>Present</td>
</tr>
<tr>
<td>Shahla Yazdy, Alternate</td>
<td>City of Palo Alto</td>
<td>Present</td>
</tr>
</tbody>
</table>

A quorum was present.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

There were no Orders of the Day.

4. Committee Staff Report

On order of Chairperson Capurso and there being no objection, the Committee Staff Report was received.

5. **Chairperson’s Report**

Chairperson Capurso expressed his pleasure to serve as the Committee Chairperson in 2011, and introduced Greg Armendariz as the Vice Chairperson. He thanked former Chairperson Batra for a successful year in 2010.

6. **Reports from TAC Working Groups**

   - **Capital Improvement Program (CIP)**
     
     There was no report on the Capital Improvement Program (CIP) Working Group.

   - **Systems Operations and Management (SOM) and Land Use/Transportation Integration (LUTI)**

     Robert Swierk, Senior Transportation Planner, reported on the December 2010, Joint Systems Operations and Management (SOM) and Land Use/Transportation Integration (LUTI) Working Group meeting, highlighting: 1) Received presentation on a study conducted by researchers from San Jose State University on parking utilization at Transit Oriented Development (TOD) sites throughout the County; and 2) Received presentation on the recently mix-used development trip generation model.

     Mr. Swierk reported on the November 17, 2010, LUTI Working Group meeting, noting the Group received an introduction to the Congestion Management Program.

     Mr. Swierk reported on the January 12, 2011, LUTI Working Group meeting, highlighting: 1) Received introduction to the Valley Transportation Plan (VTP) 2040 process; 2) Discussed the most recent update to the Association of Bay Area Governments (ABAG) projections for 2009.

On order of Chairperson Capurso and there being no objection, the reports from the TAC Working Groups were received.

7. **High Speed Rail/Caltrain Project**

   Alternate Member Yazdy took her seat at 1:39 p.m.

   Steven Fisher, Senior Transportation Planner, provided a verbal report on the High Speed Rail/Caltrain Project, highlighting: 1) Status of American Recovery and Reinvestment Act (ARRA) funding; 2) Resignation of Bob Doty, Director, Peninsula Rail Project; 3) Status of Environmental Impact Reports (EIRs) for the San Francisco to San Jose and San Jose to Merced segments; and 4) Caltrain financial crisis.

   Mr. Fisher suggested that a report on the High Speed Rail/Caltrain Project be provided quarterly.

   Members of the Committee noted that there was a schedule in place for the San Jose to Merced segment.
Members of the Committee reported on the following: 1) City of San Jose’s process to create visual design guidelines for an aerial project through San Jose; 2) City’s anticipated timeframe to have its visual design guidelines for the project as well as a baseline concept for the High Speed Rail through San Jose adopted.

Member Cherbone took his seat at 1:44 p.m.

Members of the Committee noted the following: 1) City of Gilroy’s concern regarding High Speed Rail’s accelerated schedule to release a draft environmental document for the San Jose to Merced segment; 2) Gilroy’s upcoming outreach meetings; 3) City of Santa Clara’s concern regarding the status of its High Speed Rail alignment; and 4) Suggestion to receive bi-monthly High Speed Rail/Caltrain Project reports.

**On order of Chairperson Capurso** and there being no objection, the High Speed Rail/Caltrain Project Report was received.

**BUSINESS REFERRED TO COMMITTEE BY THE BOARD OF DIRECTORS/GENERAL MANAGER**

**CONSENT AGENDA**

8. Minutes of November 10, 2010

M/S/C (Batra/Dey) to approve the Regular Meeting Minutes of November 10, 2010.

**REGULAR AGENDA**

9. **SB 375 – Sustainable Communities Strategies Update**

John Sighamony, Senior Transportation Planner, provided a presentation on the Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG) development process to update the Regional Transportation Plan (RTP) with the inclusion of a Sustainable Communities Strategies element. The presentation included a report on the challenges for the VTP 2040 Plan and the approach Santa Clara County (County) should take to make sure the needs of the County are reflected in the RTP update.

The Committee requested a copy of the Priority Development Areas (PDAs) map.

Members of the Committee expressed concern about local streets and roads funds being used for purposes other than local streets and roads.

Members of the Committee expressed concern that the needs of the County would not be met if it does not address the Regional Sustainable Communities Strategy.

Members of the Committee expressed the City of Sunnyvale’s concerns about the Place Types identified. Members of the Committee also commented that the mapping from ABAG inaccurately reflected how Sunnyvale’s General Plan lays out growth.

**NOTE:** M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.
Chairperson Capurso, Members Tripousis and Witthaus volunteered to serve on a working group to address the next RTP update.

On order of Chairperson Capurso and there being no objection, the Committee received an update on the Sustainable Communities Strategy activities as part of the implementation of SB 375.

10. **2010 Measure B (SB-83) Vehicle Registration Fee Update**

Amin Surani, Principal Transportation Planner, provided an overview of the staff report. He reported on the timelines of when the Department of Motor Vehicles (DMV) would begin to collect the vehicle registration fees, when VTA would receive payments from DMV, and when VTA would conduct its first disbursement to the Cities and County of Santa Clara.

Members of the Committee suggested that as the funds are being programmed to look at whether the Member Agencies would be interested in contributing a portion of their funding to support the anti-litter program.

On order of Chairperson Capurso and there being no objection, the Committee received an update on the 2010 Measure B (SB-83) Vehicle Registration Fee.

**OTHER**

11. **Metropolitan Transportation Commission (MTC) Activities and Initiatives**

Kurt Evans, Government Affairs Manager, provided a report at the State level, highlighting: 1) Status of the budget; and 2) Impacts to the transportation funding swap due to the passage of ballot measures Propositions 22 and 26.

On order of Chairperson Capurso and there being no objection, the Committee received an update on MTC Activities and Initiatives.

12. **Technical Advisory Committee (TAC) Subcommittee Report**

Chairperson Capurso provided a report on the discussions held at the Technical Advisory Committee (TAC) Subcommittee meeting as follows: 1) Discussed the Valley Transportation Plan (VTP) 2040 and Sustainable Communities Strategies; 2) Discussed the update on the Caltrans Project Initiation Document Program for 2011/2012; 3) Discussed the recent California Environmental Quality Act (CEQA) ruling on the Mary Avenue Bridge and the potential impact to the environmental process on other projects.

On order of Chairperson Capurso and there being no objection, the Committee received the TAC Subcommittee Report.

13. **Committee Work Plan**

On order of Chairperson Capurso and there being no objection, the Committee reviewed the Work Plan.
14. **Announcements**

Member Witthaus announced the April 2011 retirement of City of Sunnyvale Public Works Director and former TAC Member Marvin Rose.

Chairperson Capurso announced the Town of Los Gatos is excited about Caltrans’ resurfacing project on Highway 17 between Highways 85 and 9.

15. **ADJOURNMENT**

On order of Chairperson Capurso and there being no objection, the meeting was adjourned at 2:55 p.m.

Respectfully submitted,

Tracene Y. Crenshaw, Board Assistant
VTA Office of the Board Secretary
POLICY ADVISORY COMMITTEE
Thursday, January 13, 2011

MINUTES

CALL TO ORDER
The Regular Meeting of the Policy Advisory Committee (PAC) was called to order at 4:06 p.m. by Vice Chairperson Pirzynski in Conference Room B-104, Valley Transportation Authority (VTA), 3331 North First Street, San Jose, California.

1. ROLL CALL

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<tr>
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<tbody>
<tr>
<td>Jeffrey Cristina</td>
<td>City of Campbell</td>
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<td>Michael Kotowski (Alternate)</td>
<td>City of Campbell</td>
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<tr>
<td>Barry Chang</td>
<td>City of Cupertino</td>
<td>Absent</td>
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<tr>
<td>Orrin Mahoney (Alternate)</td>
<td>City of Cupertino</td>
<td>Absent</td>
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<tr>
<td>Cat Tucker</td>
<td>City of Gilroy</td>
<td>Present</td>
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<td>Dion Bracco (Alternate)</td>
<td>City of Gilroy</td>
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<td>Megan Satterlee</td>
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<td>Jarrett Fishpaw (Alternate)</td>
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<tr>
<td>Vacant</td>
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<tr>
<td>Vacant (Alternate)</td>
<td>Town of Los Altos Hills</td>
<td>NA</td>
</tr>
<tr>
<td>Joe Pirzynski</td>
<td>Town of Los Gatos</td>
<td>Present</td>
</tr>
<tr>
<td>Diane McNutt (Alternate)</td>
<td>Town of Los Gatos</td>
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</tr>
<tr>
<td>Vacant</td>
<td>City of Milpitas</td>
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<tr>
<td>Lana Malloy</td>
<td>City of Monte Sereno</td>
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<tr>
<td>Burton Craig (Alternate)</td>
<td>City of Monte Sereno</td>
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<tr>
<td>Marby Lee</td>
<td>City of Morgan Hill</td>
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<tr>
<td>Steve Tate (Alternate)</td>
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<tr>
<td>John Inks</td>
<td>City of Mountain View</td>
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</tr>
<tr>
<td>Jac Siegel (Alternate)</td>
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<td>NA</td>
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<tr>
<td>Gail Price</td>
<td>City of Palo Alto</td>
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<td>Larry Klein (Alternate)</td>
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<td>NA</td>
</tr>
<tr>
<td>Kansen Chu</td>
<td>City of San Jose</td>
<td>Present</td>
</tr>
<tr>
<td>Jamie Matthews</td>
<td>City of Santa Clara</td>
<td>Absent</td>
</tr>
<tr>
<td>Jamie McLeod (Alternate)</td>
<td>City of Santa Clara</td>
<td>Absent</td>
</tr>
<tr>
<td>Howard Miller</td>
<td>City of Saratoga</td>
<td>Present</td>
</tr>
<tr>
<td>Emily Lo (Alternate)</td>
<td>City of Saratoga</td>
<td>NA</td>
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<tr>
<td>Jim Griffith</td>
<td>City of Sunnyvale</td>
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</tr>
<tr>
<td>David Whittum (Alternate)</td>
<td>City of Sunnyvale</td>
<td>NA</td>
</tr>
<tr>
<td>Mike Wasserman</td>
<td>SCC Board of Supervisors</td>
<td>Present</td>
</tr>
</tbody>
</table>

A quorum was not present and a Committee of the Whole was declared.
2. ORDERS OF THE DAY
There were no Orders of the Day.

3. PUBLIC PRESENTATIONS
There were no Public Presentations.

Member Chu arrived at the meeting and took his seat at 4:07 p.m.,
and a quorum was established.

4. Committee Staff Report
Jim Lawson, Senior Policy Advisor and Staff Liaison, provided brief overview on the Governor’s Proposed Budget, noting the $25 billion deficit with an intent to address the state’s fiscal challenges by reducing spending and tax increases.

Mr. Lawson commented briefly on the following items: 1) Received 70 Gillig Hybrid buses; 2) New Airport Flyer bus wrap; 3) VTA’s Clipper launch date scheduled for February 16, 2011; and 4) Caltrain Summit scheduled on January 21, 2011 at Stanford University.

Mr. Lawson provided a brief overview of the January 6, 2011 Board of Director’s Regular Meeting, highlighting: 1) Elected 2011 VTA Board Chairperson Margaret Abe-Koga and Vice Chairperson Ken Yeager; 2) I-280/I-880/Stevens Creek Boulevard Interchange Project; 3) Blossom Hill Pedestrian Overcrossing Project; and 4) Procured sixty railcars for the SVRT Corridor Berryessa Extension Project.

Member Miller arrived at the meeting and took his seat at 4:11 p.m.

Members of the Committee requested an update on the I-680 Express Lanes Project.

5. Chairperson’s Report
There was no Chairperson’s Report.

Vice Chairperson Pirzynski reminded the Committee of tonight’s Cities Association meeting. Vice Chairperson Pirzynski noted that Chairperson Matthews was unable to attend due to illness. He requested Committee Members introduce themselves.

Vice Chairperson Pirzynski expressed his appreciation and welcomed new PAC Member Mike Wasserman representing the Santa Clara County Board of Supervisors.

BUSINESS REFERRED TO COMMITTEE BY THE BOARD OF DIRECTORS/GENERAL MANAGER

CONSENT AGENDA

6. Minutes of November 10, 2010
M/S/C (Griffith/Inks) on a vote of 9 ayes to 1 abstention to approve the Regular Meeting Minutes of November 10, 2010. Member Wasserman abstained.

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

7. Nomination Subcommittee Report

Member Miller reported that the Nomination Subcommittee has nominated the following slate of candidates for the 2011 elections: Vice Chairperson Pirzynski as Chairperson, Member Satterlee as Vice Chairperson, and Member Price as Alternate Vice Chairperson.

On order of Vice Chairperson Pirzynski and there being no objection, the Committee received the Nomination Subcommittee Report.

8. Conduct Elections for Committee Chairperson and Vice Chairperson for 2011

M/S/C (Wasserman/Price) to close nominations and elect Member as the Chairperson for 2011.

M/S/C (Price/Tucker) to close nominations and elect Member as the Vice Chairperson for 2011.

Vice Chairperson Pirzynski relinquished his seat as Vice Chairperson and presided as the newly elected 2011 PAC Chairperson.

9. FY 2012 & FY 2013 Biennial Budget Assumptions

Joe Smith, Chief Financial Officer and Staff Liaison, reported that a high level overview on VTA’s Budget process was provided at the January 6, 2011 Board of Directors Regular Meeting.

Mr. Smith stated the FY 2012 and FY 2013 Recommended Budget will be discussed at the April 22, 2011 Board Workshop, May Advisory Committees, and forwarded for consideration to the June 2, 2011 Board of Directors Regular Meeting. Mr. Smith continued that the final assumptions used in the FY 2012 and FY 2013 Recommended Budget are subject to change.

Mr. Smith introduced Carol Lawson, Fiscal Resources Manager, Budget, provided a brief overview, highlighting: 1) Wages and Benefits; 2) VTA Investment Portfolio interest rate; 3) Sales Tax Growth; 4) Measure A Operating Assistance; 5) Low Sulfur Diesel Fuel Price; 6) Fares; 7) Bus and Light Rail Ridership; 8) Total Miles and Hours for Bus and Light Rail Fleet Size; 9) State Transit Assistance (STA) Funding Level; 10) Federal Operating Grants Preventive Maintenance Funding Level; 11) Capital Program Funding Level; 12) Operating Reserves Funding Level; and 13) Harvey M. Rose, LLC Recommendations.

Ms. Lawson stated there are no plans to reduce service or increase fares at this time. VTA’s overall ridership growth projections are estimated to be flat for FY 2012 with a one percent growth in FY 2013.

Ms. Lawson continued that VTA’s projected sales tax growth rate assumptions are 3.49 percent in FY 2012 and 5.78 percent in FY 2013, which are based on Moody’s Analytics’ baseline trend forecast and are in the “Most Likely” category.

Ms. Lawson reported that over the last several years, VTA has used 100 percent of available Federal Transit Administration (FTA) Section 5307 grant funds for preventive maintenance to offset the loss of Sales Tax Revenues and STA funding.

Ms. Lawson noted that beginning in FY 2012, VTA will gradually move toward the goal of reaching historical levels of 35 percent funding for Preventive Maintenance and 65 percent for Capital Replacement by FY 2018.
Budget assumptions do not reflect wage increases for American Federation of State, County, and Municipal Employees (AFSCME), Services Employees International Union (SEIU), and Transportation Authority Engineers and Architects (TAEA).

Ms. Lawson noted that Amalgamated Transit Union (ATU), which is two-thirds of VTA’s workforce, has a negotiated three percent wage increase effective June 11, 2012.

Ms. Lawson stated that staff has reviewed the Harvey M. Rose proposed recommendations, noting some of the proposals will play a role in VTA’s budget assumptions.

**On order of Chairperson Pirzynski** and there being no objection, the Committee received the FY 2012 & FY 2013 Biennial Budget Assumptions.

10. **High Speed Rail Update**

John Ristow, Chief CMA Officer, provided a brief report, highlighting: 1) California High Speed Rail Central Valley Corridor Project received Federal American Recovery and Reinvestment Act (ARRA) grant funding; 2) High Speed Rail community meetings scheduled on January 25, 2011 in Gilroy and January 26, 2011 in Morgan Hill; and 3) VTA working collaboratively with Caltrans regarding State Route 152 Re-Alignment Project.

Members of the Committee expressed concern that the California High-Speed Rail Authority (CAHSRA) would utilize federal grant funding to construct the California High Speed Rail Central Valley Corridor Project, which is a middle section area and has a lower ridership level compared to the San Francisco Bay Area.

**On order of Chairperson Pirzynski** and there being no objection, the Committee received the High Speed Rail Update.

11. **Senate Bill (SB) 375 – Sustainable Communities Strategies Update**

John Sighamony, Senior Transportation Planner, provided a brief report, noting, VTA’s efforts coordinating with the Regional Agencies in developing the Sustainable Communities Strategy (SCS).

Mr. Sighamony directed attention to the presentation entitled, “Discussion of the Sustainable Communities Strategy (SCS)/Regional Transportation Plan (RTP),” highlighting: 1) What is in the “New” RTP; 2) Considerations for the RTP; 3) Why Should Santa Clara County Care?; 4) Challenges for our Valley Transportation Plan (VTP) 2040 Plan; 5) Approach for Santa Clara County; 6) Transportation Plan 2035 Assumptions; 7) SCS Process Simplified; 8) Use the Established Structure and Process; 9) Santa Clara County SCS Partnership; and 10) Project Solicitation for the RTP.

The VTP update will be different from previous plans and staff anticipates several unique challenges, which may have an effect on different program areas and counties in various ways.

Members of the Committee expressed concern and questioned how the information and design of the map was generated.

Mr. Sighamony asked the Committee for feedback and how they would like to address the development of the new RTP with the SCS and the emphasis on the Priority Development Areas (PDA).

Mr. Sighamony noted VTA’s concern with the new RTP and the SCS element, which may make it very difficult for several cities to accommodate the new changes.
The Technical Advisory Committee (TAC) and Land Use Transportation Integration (LUTI) working group agreed to work collaboratively in establishing a working group that will contact each city planning official and gather additional input on how to proceed with the development of the new RTP and the SCS element.

Mr. Sighamony stated that the purpose of the update was to bring forward specific items for the Member Agencies to comment on and provide direction to VTA in preparing the Santa Clara County’s long range transportation plan. He continued that staff will continue to work with the regional agencies and Member Agencies to refine a schedule for the process.

Mr. Ristow stated that staff will come back to the Committee with an update on guidance issues.

On order of Chairperson Pirzynski and there being no objection, the Committee received the Senate Bill (SB) 375 – Sustainable Communities Strategies Update.

OTHER

12. Committee Work Plan

Mr. Lawson noted the Committee’s request to add the following agenda items to the Committee Workplan: 1) Report on the Caltrain Summit; 2) Update on I-680 Express Lanes Project; and 3) Update on Vice Chairperson Satterlee new baby.

On order of Chairperson Pirzynski and there being no objection, the Committee reviewed the Work Plan.

13. Announcements

Chairperson Pirzynski reported a traffic backup due to an accident on US 101 and Highway 87 and suggested an alternate route to the Cities Association meeting.

14. ADJOURNMENT

On order of Chairperson Pirzynski and there being no objection, the Committee Meeting was adjourned at 5:37 p.m.

Respectfully submitted,

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