

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Adopted Biennial Budget

Fiscal Years 2012 and 2013

July 1, 2011 – June 30, 2012

and

July 1, 2012 – June 30, 2013



Search Instructions

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- 3) Find Function (Ctrl+F).
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**Santa Clara Valley
Transportation Authority**
Santa Clara County, California



**Adopted Biennial Budget
Fiscal Years 2012 and 2013**

Adopted by the Board of Directors June 2, 2011

ABOUT VTA

The Santa Clara Valley Transportation Authority (VTA) is an independent special district responsible for bus and light rail operation, regional commuter and inter-city rail service, Americans with Disabilities Act (ADA) paratransit service, congestion management, specific highway improvement projects, and countywide transportation planning. As such, VTA is both an accessible transit provider and a multi-modal transportation planning and implementation organization involved with transit, roadways, bikeways, and pedestrian facilities. VTA provides services to cities throughout Santa Clara County including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga and Sunnyvale.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Santa Clara Valley Transportation Authority
California**

For the Biennium Beginning

July 1, 2009

A handwritten signature in black ink, appearing to be 'H.R.' or similar initials.

President

A handwritten signature in black ink, appearing to be 'Jeffrey R. Brown'.

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Santa Clara Valley Transportation Authority for its biennial budget for the biennium beginning July 1, 2009. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of two years only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET



Message from the General Manager

This document presents the Santa Clara Valley Transportation Authority's biennial budget for fiscal years 2012 and 2013. While transit agencies across the state and country continue to struggle with the ripple effects of the economic decline, VTA is in the enviable position of adopting a two-year budget and service plan that invests in service, infrastructure, and the capital program promised to voters in 2000.

The development of the FY 2012 and FY 2013 Biennial Budget took place in a much different economic climate than the previous biennial budget. The FY 2010 and FY 2011 Biennial Budget was developed amid a backdrop of economic distress, declining sales tax revenues, and evaporating state funding for transit operations. Conversely, the current environment is one of an improved, if still somewhat tenuous, economic outlook: unemployment rates have decreased; sales tax revenues are experiencing positive growth; and ridership is showing signs of stabilizing.

In response to precipitous declines in FY 2009 sales tax revenues and alarming deficit projections subsequent to adoption of the FY 2010 and FY 2011 Biennial Budget, the VTA Board of Directors approved several budget reduction strategies in December 2009 to address projected budget shortfalls in FY 2010 and FY 2011. In addition, the Board appointed an Ad Hoc Financial Recovery Committee (Committee) to address the long-term structural imbalance beyond the two-year horizon. The Committee's directive was to review VTA's financial structure and to develop recommendations for the Board that addressed VTA's long-term structural deficit beyond FY 2011 to insure the continued sustainability of transit services in Santa Clara County.

The Committee's "Guidance on Operating Expenditure Priorities and Key Financial Principles" adopted by the Board of Directors in December 2010 and listed below provided a framework for the creation of the FY 2012 and FY 2013 VTA Transit Fund Biennial Budget.

Operating Expenditure Priorities

1. Preserve transit service
2. Activities that support transit service
3. Support for regional partnerships
4. Activities that increase operating funding
5. Activities that provide information
6. Activities that promote sustainable growth

Key Financial Principles

- Maintain operating reserve at 15%
- Limit use of capital funding for operating-related purposes
- Control cost growth
- Achieve internal efficiencies
- Negotiate sustainable bargaining agreements
- Evaluate use of contracted services

Budget Highlights

The Adopted VTA Transit Fund Budget for FY 2012 and FY 2013 includes an operating budget of \$364.0 million and \$375.1 million respectively. Fiscal Year 2012 budgeted expenditures are \$25.1 million over projected FY 2011 actual of \$338.8 million. This increase is composed primarily of higher labor, fuel, paratransit, and debt service costs. Expenditures for FY 2013 are expected to increase \$11.1 million over FY 2012 due to higher costs in the categories of labor, paratransit, and debt service. A small service level increase to facilitate modest improvements to the transit system is planned in each year.

Total VTA Transit Fund revenues are projected at \$366.1 million in FY 2012 and \$376.8 million in FY 2013. Fiscal Year 2012 revenues are expected to decrease \$5.7 million from current FY 2011 projections of \$371.8 million due to lower State Transit Assistance (STA) revenues and the transfer of 10% of Federal Formula Funds for support of the capital program. Revenues for FY 2013 are expected to increase \$10.7 million over FY 2012 due primarily to increased sales tax based revenues.

The Fiscal Years 2012 and 2013 Capital Budget for VTA Transit appropriates \$93.3 million in capital projects including the procurement of Express and Community buses, as well as \$25.4 million in state of good repair maintenance to the light rail system. Over 79% of the FY 2012 and FY 2013 Capital Program is funded with grants or other non-VTA sources.

The FY 2012 and FY 2013 2000 Measure A Capital Program includes new appropriation of \$1.7 billion, of which \$1.1 billion or 65.3% is funded with grants or other non-2000 Measure A sources. The Silicon Valley BART Extension Project accounts for \$1.5 billion of the new appropriation. The 10-mile Berryessa Extension portion of the project is being implemented in cooperation with the Federal Transit Administration (FTA) New Starts Program. The funding plan for the project assumes receipt of a Full Funding Grant Agreement (FFGA) from FTA in early 2012. A Design Build contract for the Berryessa Extension is scheduled for contract award in December 2011.

The Adopted Congestion Management Program Fund Budget for FY 2012 and FY 2013 is \$4.5 million and \$4.3 million respectively. Fiscal Year 2012 budgeted expenditures decrease \$599 thousand from FY 2011 projected actual due to a one-time expenditure in FY 2011. Expenditures for FY 2013 are expected to decrease \$186 thousand from FY 2012 due to timing of various work plan activities.

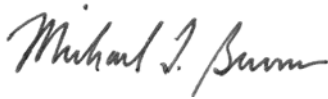
The total new appropriation for VTP Highway Improvement Program Projects for FY 2012 and FY 2013 is \$100.6 million. One hundred percent of these expenditures will be funded by grants, through agreements with the appropriate city, or a fund exchange (consisting of state funding sources swapped with 2000 Measure A Funds).

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Appropriation for three new programs is included in the FY 2012 and FY 2013 Adopted Biennial Budget:

- Joint Development Program—responsible for managing the development of underutilized real estate assets.
- Silicon Valley Express Lanes Program—responsible for implementation of a roadway pricing system to allow for the use of unused carpool lane capacity to provide congestion relief.
- BART Operating Sales Tax Program—Eighth-cent sales and use tax dedicated to providing operating and maintenance expenses and capital reserve contributions for the Silicon Valley BART Extension.

VTA's positive financial condition, after two years of belt-tightening and declining revenues, would not have been possible without the guidance of the Board of Directors, multiple proactive cost saving measures, sacrifices made by patrons, and sacrifices by employees who remain focused on delivering a high level of service. We begin the new fiscal year in a sound financial position that will allow us to enhance the travel experience for our customers and deliver viable transportation options for all who live and work in Santa Clara County.



Michael T. Burns
General Manager

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET



Budget Guide & Document Organization

The Santa Clara Valley Transportation Authority's Adopted Biennial Budget Book contains numerous financial and statistical schedules, as well as general information about the Authority, the service area it covers, and its organizational structure. The following information is presented to assist the reader in using the budget document efficiently and effectively.

Document Organization

The Adopted Biennial Budget Book covers two fiscal years (2012 and 2013) and is divided into seven sections; Introduction, VTA Transit, 2000 Measure A Transit Improvement Program, Congestion Management Program, VTP Highway Improvement Program, Miscellaneous Programs, and Appendices.

Section 1 ~ Introduction to VTA

This section is designed to provide the reader with high-level general information about the organizational structure and history, as well as the current biennial budget. Included here you will find information about the organization and its structure; information about the board of directors, committees and their structure; the Authority's mission, vision, and values statements; the strategic plan goals of the organization; a description of funded programs; an overview of the budget development process; the current board resolution adopting the FY 2012 and FY 2013 Biennial Budget; and a summary appropriation schedule.

Section 2 ~ VTA Transit

The Santa Clara Valley Transportation Authority is an independent public agency responsible for bus and light rail operation, regional commuter and inter-city rail service, Americans with Disabilities Act (ADA) paratransit service, congestion management, specific highway improvement projects, and countywide transportation planning. This section presents the transit enterprise activities of VTA, which includes bus and light rail operation, regional commuter and inter-city rail service, and paratransit service.

This section starts with an overview of the services and programs, followed by an overview of the major budget assumptions, a comparison statement of revenues and expenses agency-wide, and a statement of sources and uses showing the projected change in operating reserve balance. The agency-wide information is then broken down to the division level including the expense budget, division responsibilities and organization charts, staffing levels, accomplishments from previous years, and goals and objectives for the two-year budget period.

The next portion of this section contains information on the VTA Transit Capital Program including a schedule of the FY 2012 and FY 2013 appropriation and project details, as well as a schedule of total available appropriation.

This section concludes with debt service information including an overview of the debt policy and limits, schedules of outstanding debt, and descriptions of current obligations.

Section 3 ~ 2000 Measure A Transit Improvement Program

The 2000 Measure A Transit Improvement Program is a thirty-year plan of major transit improvement capital projects approved by Santa Clara County voters in November 2000. Voter approval of this program included authorization of a 30-year, half-cent sales tax with collection beginning April 1, 2006.

This section presents an introduction to the structure of the 2000 Measure A Transit Improvement Program. It also includes a comparison statement of revenues and expenses and a statement of sources and uses showing the projected change in undesignated reserve balance. This is followed by a list of budgeted capital projects with descriptions and funding sources, as well as a schedule of total available appropriation.

The section ends with debt service information including an overview of the debt policy and limits, schedules of outstanding debt, and descriptions of current obligations.

Section 4 ~ Congestion Management Program

In 1994 VTA was designated as the Congestion Management Agency (CMA) for Santa Clara County through a joint powers agreement entered into by the fifteen cities and the County of Santa Clara. VTA's Congestion Management Program serves as the CMA for Santa Clara County.

This section presents the activities of the Congestion Management Program starting with an introduction to its structure and work program. The section goes on to include a comparative schedule of revenues and expenses, statement of sources and uses showing the projected change in fund balance, and a list of members and their budgeted contribution.

Section 5 ~ VTP Highway Improvement Program

The Valley Transportation Plan (VTP) Highway Improvement Program includes highway improvement projects identified in the long-range countywide transportation plan for Santa Clara County (County). VTP 2035 is the current approved long-range countywide transportation plan. VTA enters into construction agreements with cities in the County for various highway projects that are included in VTP 2035.

This section includes an introduction to the VTP Highway Improvement Program, a list of budgeted capital projects with descriptions and funding sources, and a schedule of total available appropriation.

Section 6 ~ Miscellaneous Programs

This section contains the overview, comparison statement of revenues and expenses, and statement of sources and uses for three new programs: Joint Development Program, Silicon Valley Express Lanes Program, and BART Operating Sales Tax Program.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Section 7 ~ Appendices

This section provides the reader with additional information about VTA and the materials included in this document. Information is included on VTA's fiscal policies; 2010 Ad Hoc Financial Recovery Committee; job classifications and pay ranges; line item descriptions for revenue and expense categories; 1996 Measure B Transportation Improvement Program; VTA/ATU (Amalgamated Transit Union) Pension plan; general demographic and economic information on Santa Clara County; acronym definitions; and a glossary of terminology used in the document.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET



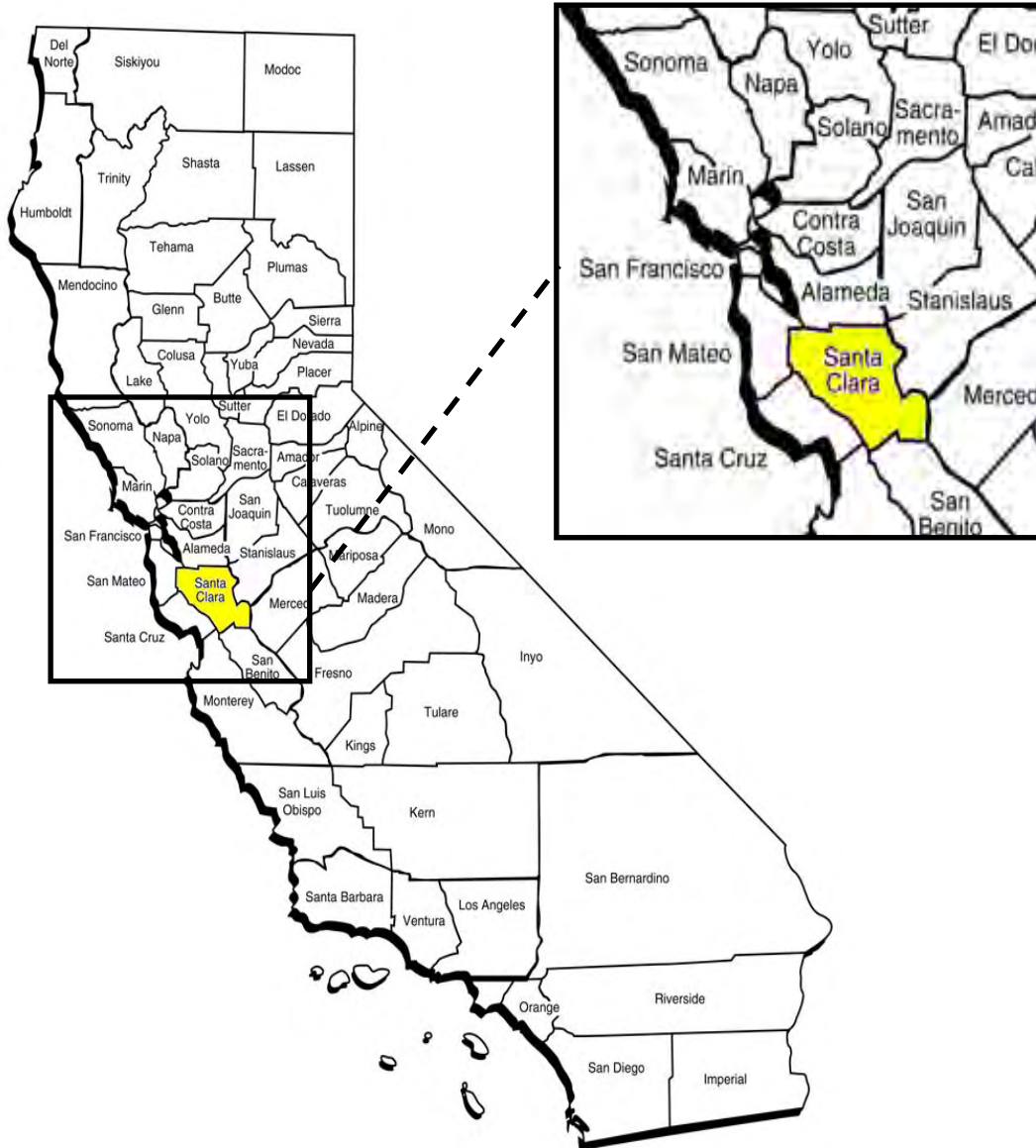
SECTION 1
INTRODUCTION TO VTA



Organization Profile

As an independent special district responsible for bus and light rail operation, regional commuter and inter-city rail service, paratransit service, congestion management, specific highway improvement projects, and countywide transportation planning, Santa Clara Valley Transportation Authority (VTA) provides transit services to the 326 square mile urbanized portion of Santa Clara County that is composed of 15 cities and towns and unincorporated areas with a total population of more than 1.8 million residents.

The County of Santa Clara lies immediately south of San Francisco Bay and is the sixth most populous county in the State of California. It encompasses an area of approximately 1,300 square miles. The County was incorporated in 1850 as one of the original 28 counties of the State and operates under a home rule charter adopted by County voters in 1950 and amended in 1976. Additional demographic and economic information on the County can be found in Appendix J.



Board of Directors

Membership

VTA is an independent special district governed by its own Board of Directors. The Board consists of 12 voting members and 5 alternates (6 alternates as of January 1, 2012), all of whom are elected officials appointed to serve on the Board by the jurisdictions they represent. In addition, Metropolitan Transportation Commissioners who reside in Santa Clara County and who are not members or alternates of the Board are invited to serve as Ex Officio members. From July 1, 2011 to December 31, 2011 Board membership is based on city groupings as follows:

Group Number	Grouping	Representatives
1	San Jose	5 Directors 1 alternate
2	Los Altos Los Altos Hills Mountain View Palo Alto Santa Clara Sunnyvale	3 Directors 1 alternate
3	Campbell Cupertino Los Gatos Monte Sereno Saratoga	1 Director 1 alternate
4	Gilroy Milpitas Morgan Hill	1 Director 1 alternate
5	Santa Clara County	2 Directors 1 alternate
Other	Metropolitan Transportation Commissioners	Ex Officio

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Effective January 1, 2012 the city groupings and membership are as follows:

Group Number	Grouping	Representatives
1	San Jose	5 Directors 1 alternate
2	Los Altos Los Altos Hills Mountain View Palo Alto	1 Director 1 alternate
3	Campbell Cupertino Los Gatos Monte Sereno Saratoga	1 Director 1 alternate
4	Gilroy Morgan Hill	1 Director 1 alternate
5	Milpitas Santa Clara Sunnyvale	2 Directors 1 alternate
6	Santa Clara County	2 Directors 1 alternate
Other	Metropolitan Transportation Commissioners	Ex Officio

The 2011 VTA Board of Directors, Alternates, and Ex Officio members are listed on the following page.

2011 VTA Board Members

Margaret Abe-Koga
Chairperson
Councilmember
City of Mountain View

Ken Yeager
Vice Chairperson
Supervisor
County of Santa Clara

Xavier Campos
Councilmember
City of San Jose

Rose Herrera
Councilmember
City of San Jose

Ash Kalra
Councilmember
City of San Jose

Liz Kniss
Supervisor
County of Santa Clara

Rich Larsen
Mayor Pro Tem
Town of Los Altos Hills

Sam Liccardo
Councilmember
City of San Jose

Chris Moylan
Councilmember
City of Sunnyvale

Chuck Page
Vice Mayor
City of Saratoga

Chuck Reed
Mayor
City of San Jose

Perry Woodward
Council Member
City of Gilroy

Board Member Alternates

Marshall Anstandig
Mayor
City of Monte Sereno

Jamie Matthews
Mayor
City of Santa Clara

Pete McHugh
Vice Mayor
City of Milpitas

Nancy Pyle
Councilmember
City of San Jose

George Shirakawa
Supervisor
County of Santa Clara

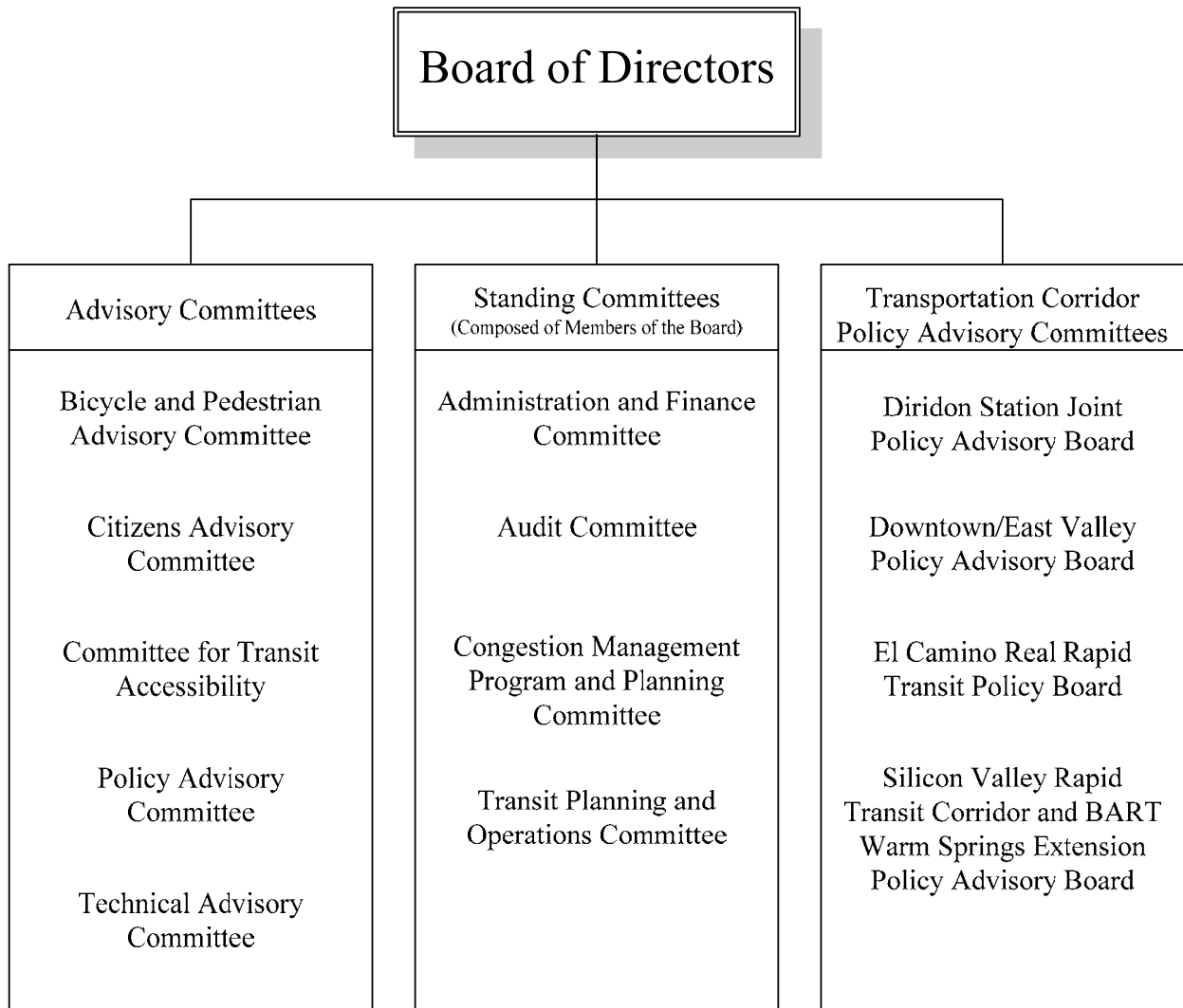
Ex Officio Board Member

Dave Cortese
Commissioner
Metropolitan Transportation Commission

Board of Directors

Committee Structure

Given the range and complexity of policy issues they oversee, the VTA Board of Directors has established a set of committees to advise it on policy matters and to provide in-depth review of individual issues before the Board of Directors takes final action. The individual committees and their responsibilities are described on the following page.



Standing Committees

The Board Standing Committees meet once a month, with the exception of the Audit Committee which meets quarterly, to review proposed policies. Committee recommendations are forwarded to the full Board of Directors for final approval. Each committee consists of four Board members who are nominated by the Chairperson and appointed by the Board for a term of one calendar year, except for the Chair of the Audit Committee whose term of appointment is two years. The general responsibilities of each individual committee are as follows:

Administration and Finance Committee

The Administration and Finance Committee reviews policy recommendations about the general administration of VTA, including administrative policies and procedures, legislative affairs, human resources, and fiscal issues.

Audit Committee

The Audit Committee exercises the Board's fiduciary and oversight responsibilities, assuring the integrity of VTA's financial statements, compliance with legal and regulatory requirements, and an effective system of internal management and financial controls. The Audit Committee is responsible for selecting the Auditor General and approving the annual audit work plan, and recommends a public accounting firm to conduct the annual financial audit.

Congestion Management Program and Planning Committee

The Congestion Management Program and Planning Committee reviews policy recommendations about the Congestion Management Program and Countywide Transportation Plan, including the integration of transportation and land-use planning, the programming of discretionary state and federal funds, and air-quality planning.

Transit Planning and Operations Committee

The Transit Planning and Operations Committee reviews policy recommendations about transit planning, transit capital projects, transit operations, and marketing.

Advisory Committees

In addition to the Board Standing Committees, the VTA Board of Directors has established a group of advisory committees. These committees, which do not set VTA policy, review policies under development to ensure that they meet the needs of VTA's constituents: customers, elected officials, the business community, and others. These committees, which meet once a month except as noted, are described below.

Bicycle and Pedestrian Advisory Committee

The committee consists of 16 members representing each of the 15 cities and the County. This committee advises the Board on funding and planning issues for bicycle and pedestrian projects and serves as the countywide bicycle advisory committee for Santa Clara County.

Citizens Advisory Committee

The committee consists of 17 members representing business, labor, environmental, and other community groups with interest in transportation. The committee advises the Board on issues of interest to the committee's members and the communities they represent and serves as the oversight body for the 2000 Measure A Transit Improvement Program.

Committee for Transit Accessibility

The committee consists of 21 voting members and one ex officio, non-voting member. This committee's members include twelve persons with disabilities, nine representatives of human service agencies within the county, and one ex officio member who is an employee of VTA's paratransit broker. The committee advises the Board on bus and rail accessibility issues, paratransit service, public facilities and programs, and VTA's efforts to fully comply with the federal Americans with Disabilities Act (ADA). This committee meets quarterly.

Policy Advisory Committee

The committee consists of one city council member from each of the 15 cities and 1 member from the Santa Clara County Board of Supervisors. This committee advises the Board on policy issues, as well as the countywide transportation plan (Valley Transportation Plan-VTP 2035), the Short Range Transit Plan (SRTP), development of the biennial budget, and tariff and service modifications. This committee ensures that all jurisdictions within the county have access to the development of VTA's policies.

Technical Advisory Committee

The committee consists of 1 staff member (usually the Public Works Director or Planning Director) from each of the 15 cities, the County, and various other local government agencies. In addition, VTA and the California Department of Transportation may each appoint one ex officio and one alternate, non-voting member. The committee advises the Board on technical issues related to transportation.

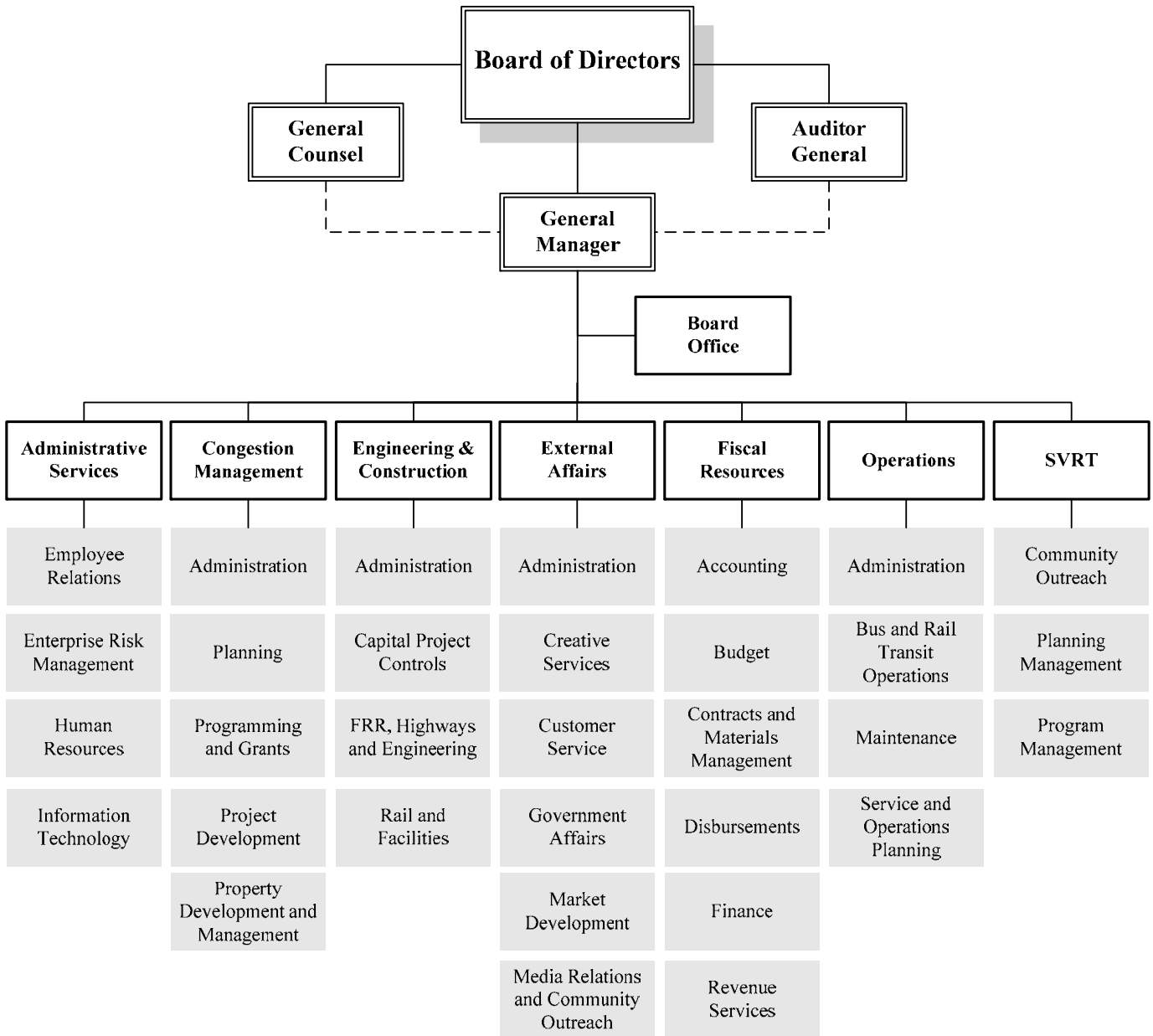
Transit Corridor Policy Advisory Boards

The purpose of these Policy Advisory Boards (PAB) is to ensure that the local jurisdictions affected by major transportation improvement projects are involved in planning, design, and construction. Each PAB consists of two Board members and other elected officials from jurisdictions within a particular corridor. There are currently four active PABs:

- Diridon Station Joint Policy Advisory Board
- Downtown/East Valley Policy Advisory Board
- El Camino Real Rapid Transit Policy Board
- Silicon Valley Rapid Transit Corridor and BART Warm Springs Extension Policy Advisory Board

Organization Structure

VTA’s broad array of responsibilities and functions are organized into seven divisions as depicted in the organization chart below. With the same responsibilities of a President or Chief Executive Officer, VTA’s General Manager oversees and manages all facets of the organization under policy direction from the Board of Directors. While each division has distinct roles and responsibilities, they work collaboratively to deliver results through an Executive Management Team composed of the General Manager, General Counsel, and Division Chiefs. Additional information on each division and the offices of General Manager and General Counsel can be found on pages 56-114.



Executive Management Team

Michael T. Burns
General Manager

Kevin Allmand
General Counsel

Carolyn Gonot
Chief SVRT Program Officer

Greta Helm
Chief of External Affairs

Jim Lawson
Executive Policy Advisor

William Lopez
Chief Administrative Officer

Gary Miskell
Chief Information Officer

John Ristow
Chief Congestion Management Agency Officer

Mark S. Robinson
Chief Engineering & Construction Officer

Donald Smith
Chief Operating Officer

Joseph T. Smith
Chief Financial Officer

Sandra Weymouth
Board Secretary

VTA Vision/Mission/Values

In 2008, VTA adopted new Mission and Vision statements and a set of values that support the vision and mission. Together, these elements represent a philosophical and structural transformation at VTA. They are designed to meet the evolving mobility needs of Santa Clara County and reflect current economic and environmental realities. The Vision, Mission and Values of VTA are presented below.

VTA Vision

VTA builds partnerships to deliver transportation solutions that meet the evolving mobility needs of Santa Clara County.

VTA Mission

VTA provides sustainable, accessible, community-focused transportation options that are innovative, environmentally responsible, and promote the vitality of our region.

VTA Values

Dependability
Quality – Sustainability
Safety – Integrity – Diversity
Accountability

VTA Strategic Plan Goals

Strategic goals are a fundamental component of any planning process as they provide a framework for the development of strategies to attain VTA's objectives. VTA's Strategic Plan is built on its vision, mission, and values. The Authority has defined eight goals that, taken together, advance VTA's vision and mission.

- 1. Maintain Financial Stability:** The Authority seeks to manage costs, maximize revenues, and balance system expansion with maintenance of existing service.
- 2. Improve Mobility and Access:** VTA will invest resources and services in areas with greatest need, to enhance the quality of life of all residents, including vulnerable populations. VTA will provide a selection of transportation modes to attract choice riders, as well as promote the economic vitality of our region.
- 3. Integrate Transportation and Land Use:** VTA will advance the principles and practices in the Community Design and Transportation Program, and promote transit-oriented development in the county.
- 4. Enhance Customer Focus:** VTA will put customers first by providing safe, reliable, demand-driven service that reflects community input, and promotes the benefits of transit.
- 5. Increase Employee Ownership:** The Authority aims to offer professional development, advancement opportunities, and reward personal investment to make VTA an employer of choice.
- 6. Build Ridership on Transit System:** Increase VTA's operating efficiency, reduce road congestion, and promote sustainability.
- 7. Improve Relationships throughout the County:** Leverage resources, facilitate information sharing, and tap expertise in private and public sector organizations.
- 8. Deliver on Capital Program:** Build projects that complement and enhance the core services within available resources.

These Strategic Plan Goals, as well as the Ad Hoc Financial Recovery Committee's "Guidance on Operating Expenditure Priorities, Key Financial Principles, and Deficit Reduction Targets" (see Appendix B) provide a framework for the development of the biennial budget as well as the 10-year Short Range Transit Plan (SRTP). These entity-wide goals also serve as the basis for the division specific goals presented on pages 61-113.

Funded Programs

The Santa Clara Valley Transportation Authority (VTA) is an independent special district responsible for bus and light rail operation, regional commuter and inter-city rail service, paratransit service, congestion management, specific highway improvement projects, and countywide transportation planning. As such, VTA is both an accessible transit provider and a multi-modal transportation planning and implementation organization involved with transit, roadways, bikeways, and pedestrian facilities.

In January 1995, VTA was designated as the Congestion Management Agency and changed from being exclusively a transit provider to an organization responsible for countywide transportation planning, funding, and congestion management within the County. VTA, in partnership with the County of Santa Clara, assumed the responsibility for implementing the 1996 Measure B Transportation Improvement Program of transit and highway improvement projects. In addition, VTA is responsible for implementing the latest voter-approved transportation improvement measure – the 2000 Measure A Transit Improvement Program, an essential element of the Valley Transportation Plan (VTP 2035).

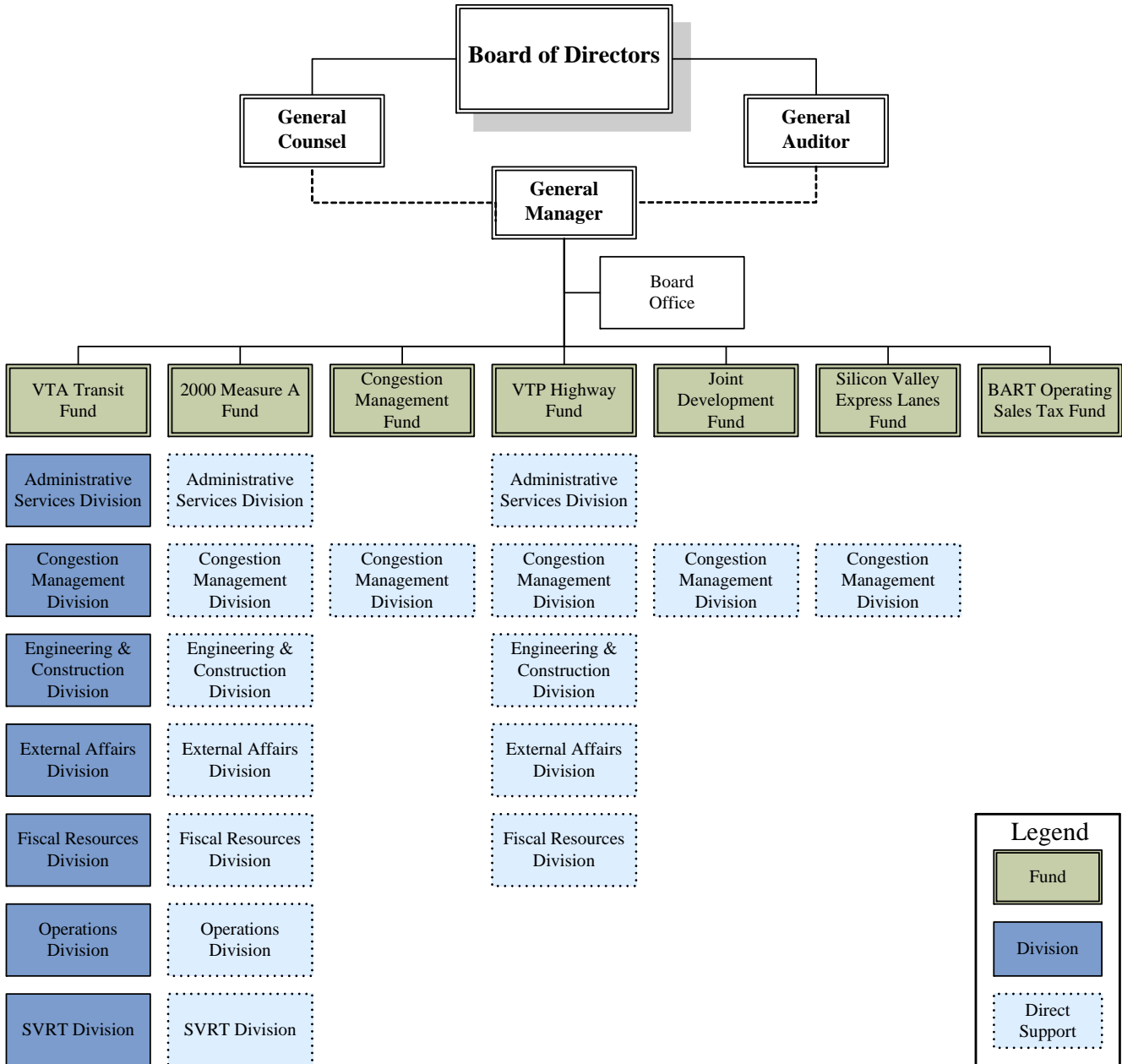
The FY 2012 and FY 2013 Adopted Biennial Budget consists of seven independent Funds, each corresponding to a specific program:

- VTA Transit
- 2000 Measure A Transit Improvement Program
- Congestion Management Program
- VTP Highway Improvement Program
- Joint Development Program
- Silicon Valley Express Lanes Program
- BART Operating Sales Tax Program

The General Manager may reallocate appropriations between budget units (e.g., operating or capital), cost groups (e.g., labor and non-labor), or projects within each Fund up to the limits of the Funds' annual appropriation. Any net increase in authorized appropriations to any Fund requires an affirmative vote of at least eight Board members.

The chart on the following page depicts the relationship between the appropriated Funds and VTA's current divisional structure. All VTA employees and divisions are reported in the VTA Transit Fund. The lightly shaded boxes illustrate divisions where one or more departments in that division directly support other Funds.

Appropriated Fund/Division Relationship



Below is a short description of each Program currently operated and administered by VTA.

VTA Transit

VTA Transit encompasses the operation of 69 bus routes and 3 light rail transit lines, 2 of which travel along the main trunk section between Tasman at the northern end and the Transit Mall in downtown San Jose for a portion of their route. In addition, VTA Transit funds paratransit and privately operated shuttle services in the County and participates in providing inter-regional commuter rail and express bus services.

Additional information and the Operating and Capital Budgets in support of this program can be found in Section 2 - VTA Transit.

2000 Measure A Transit Improvement Program

In August 2000, the VTA Board of Directors approved placing a ballot measure on the November 7, 2000 General Election ballot allowing Santa Clara County voters the opportunity to vote on transit improvements funded by a 30-year half-cent sales tax to take effect after the 1996 Measure B sales tax expired (March 31, 2006) in the county. More than 70% of the voters approved the 2000 Measure A Transit Improvement Program.

Additional information and the Operating and Capital Budgets in support of this program can be found in Section 3 - 2000 Measure A Transit Improvement Program.

Congestion Management Program (CMP)

VTA, as the Congestion Management Agency for Santa Clara County, is responsible for coordinating and prioritizing projects for state and federal transportation funds, administering the Transportation Fund for Clean Air Program, and coordinating land use and other transportation planning.

Additional information and the Operating Budget in support of this program can be found in Section 4 - Congestion Management Program.

VTP Highway Improvement Program

The Valley Transportation Plan (VTP) Highway Program includes projects from the currently approved long-range countywide transportation plan for Santa Clara County. The VTP provides a comprehensive planning framework for VTA's projects and programs. VTP 2035 is the current approved long-range Countywide Transportation Plan. Developed by VTA's Congestion Management Program and adopted in January 2009, projects must be included in the plan as a pre-requisite for eligibility to receive Federal, State, regional, and local discretionary fund

programming. VTP 2035 is currently being updated by CMP staff to become VTP 2040, which is planned for adoption in mid FY 2013.

Additional information and the Capital Budget in support of this program can be found in Section 5 - VTP Highway Improvement Program.

1996 Measure B Transportation Improvement Program (MBTIP)

In November 1996, the voters in Santa Clara County approved Measure A, an advisory measure listing an ambitious program of transportation improvements for Santa Clara County. Also approved on the same ballot, Measure B authorized the County Board of Supervisors to collect a nine-year half-cent sales tax for general county purposes. Subsequently, the County Board of Supervisors adopted a resolution dedicating the tax for Measure A projects. Collection of the tax began in April 1997. The Measure B tax expired on March 31, 2006.

As this program is nearing completion, there is no additional appropriation for this Fund included in the FY 2012 and FY 2013 Adopted Biennial Budget.

Additional information on this program can be found in Appendix H.

Miscellaneous Programs

Joint Development Program

VTA has an extensive portfolio of real estate assets, many of which are presently underutilized. The Joint Development Program is responsible for managing the process by which development on these underutilized sites occurs.

Silicon Valley Express Lanes Program

The VTA Board of Directors approved the Silicon Valley Express Lanes Program (SVELP) on December 11, 2008. The SVELP has been undertaken to provide long-term mobility benefits and to provide another funding stream for transportation improvements.

BART Operating Sales Tax Program

On November 4, 2008, the voters of Santa Clara County approved 2008 Measure B. This 30-year eighth-cent sales and use tax is dedicated solely to providing the operating and maintenance expenses and capital reserve contribution for the Silicon Valley BART Extension.

Additional information and the Operating Budgets in support of these programs can be found in Section 6 - Miscellaneous Programs.

Operating Budget Development Process

The following process is used to develop the Operating Budget for all applicable Funds: VTA Transit, 2000 Measure A Transit Improvement Program, Congestion Management Program, Joint Development Program, Silicon Valley Express Lanes Program, and BART Operating Sales Tax Program.

Like VTA's audited financial statements, the biennial budget is developed using the accrual method of accounting. VTA's biennial budget is intended to reflect the business plan of the organization and as such is developed using a "service-level budgeting" approach. The Budget Department takes the first step in the development of the budget by reviewing prior processes for potential changes and improvements. Once this analysis has been completed, staff moves forward to develop a draft budget calendar which serves as a timeline guide through final budget adoption.

Staff then conducts a planning meeting with the General Manager to determine the overall message and strategy for the two-year budget including the identification of major assumptions to be used and the finalizing of the budget calendar. In addition, general budget assumption guidelines are reviewed with the Administration and Finance Committee.

A budget instruction packet is distributed including the above information along with detailed instructions and historical line item expense activity to be used by division budget coordinators and cost center managers in the development of their respective budgets. In addition, the budget timeline, process, assumptions, and General Manager's budget strategy are reviewed with executive level staff.

Initial budget requests from the divisions are reviewed by Budget Department staff for reasonableness, accuracy, completeness of information including reason for variance from prior periods, and conformity to the stated business plan or service level. Budget staff then meets with budget coordinators and/or cost center managers from each division to discuss questions or receive further clarification. Upon completion of this initial review, the budget requests are returned to the divisions with Budget Department recommendations.

The divisions are then given an opportunity to review the Budget Department recommendations before submitting their final budget requests. Budget staff reviews the final budget request and adjusts their recommendations as appropriate, thus completing the Draft Budget. The Draft Budget is then reviewed by the Chief Financial Officer (CFO) and Deputy Director of Accounting and distributed to the division Chiefs in preparation for review with the General Manager.

Budget review meetings are scheduled to provide the General Manager an opportunity to review the budgets for each division one-on-one with executive management. Upon completion of this review process, the General Manager works with executive staff and the Budget Department to determine changes or recommendations to be included in the Draft Recommended Budget submitted to the Board of Directors.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Concurrent to the staff level budget development process, the CFO and General Manager present monthly updates to the Administration and Finance Committee and periodic updates to various Advisory Committees.

The Draft Recommended Budget is published and presented at a Board Budget Workshop for input from the Board of Directors and members of the public. Community meetings are also held at various locations throughout the county to receive additional public input and discuss the Draft Recommended Budget. In addition, the Draft Recommended Budget is presented to VTA's Standing and Advisory Committees to receive their input and discussion. The comments received at the community meetings, as well as the Standing and Advisory Committee meetings, are provided to the Board for their review prior to adoption of the budget.

The Final Recommended Budget is presented to the Board for adoption at the regularly scheduled board meeting in June. Board adoption of the budget specifically authorizes the appropriation of funds. This appropriation is the legal authority to spend or otherwise commit VTA's resources. While VTA adopts a biennial budget, each fiscal year is independently appropriated and operating appropriations expire at the end of the fiscal year.

The adopted two-year operating budget is used as the base for the 10-year Short Range Transit Plan (SRTP), as well as VTA's long-range Financial Forecasting Model. The Financial Forecasting Model is used to assess VTA's financial capacity through 2040.

Operating Budget Calendar

Date	Activity
August 1-15, 2010	Review and analyze prior operating budget processes
September 29, 2010	Planning/Strategy session with General Manager
October 26, 2010	Review budget calendar, process and GM's budget strategy with executive management
November 3, 2010	Review budget calendar, process and GM's budget strategy with division Budget Coordinators
November 19, 2010	Issue FY 2012 & FY 2013 budget instructions
December 23, 2010	Initial budget requests due to Budget Department
December 26, 2010-January 7, 2011	Review meetings with Budget Department, division Budget Coordinators and Cost Center Managers
January 11, 2011	Budget Department returns budget requests to divisions with recommendations
January 12-13, 2011	Advisory Committee review of budget assumption guidelines
January 19, 2011	Final budget requests due to Budget Department
January 20, 2011	Administration & Finance Committee review of budget assumption guidelines
February 3, 2011	Board of Directors review of budget assumption guidelines
February 7-9, 2011	Draft Budget reviewed with CFO and Deputy Director of Accounting
February 14, 2011	Draft Budget distributed to General Manager and executive management
February 22-28, 2011	General Manager, executive management, and budget department staff meet to review and discuss Draft Budget
March 1-April 4, 2011	Draft Recommended Budget finalized
April 11, 2011	Draft Recommended Budget distributed to Board and available to public
April 22, 2011	Board Budget Workshop
May 2-10, 2011	Recommended Budget presented at community meetings
May 9, 2011	Recommended Budget presented to Joint Advisory Committee Workshop

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Date	Activity
May 19-20, 2011	Recommended Budget presented to Standing Committees
June 2, 2011	Final Recommended Budget adopted by VTA Board of Directors

Capital Budget Development Process

The Budget Department takes the first step in the development of the budget by reviewing prior processes for potential changes and improvements. Once this analysis has been completed, staff moves forward to develop a draft budget calendar which serves as a timeline guide through final budget adoption.

A call for projects is issued for all three VTA capital programs: VTA Transit, 2000 Measure A Transit Improvement Program, and the VTP Highway Improvement Program. Requests for new projects or augmentations to existing project budgets are submitted using a Capital Project Request Form which includes the following information to assist in project prioritization: project description, project cost, project justification, impact of deferring the project, and impact of downsizing the scope of the project.

Once the Capital Project Request Forms are received, requests are reviewed for completeness and any outstanding questions or issues are resolved with the respective submitting department. In addition, the VTA Transit Capital Project Request Forms are reviewed with the Grants Department to determine potential grant eligibility.

The completed Capital Project Request Forms are then forwarded to the Capital Improvement Program Working Group (CIPWG) for review. CIPWG is a staff-level committee formed to centralize VTA's capital project request process and consists of two representatives per VTA division appointed by the respective Division Chief. CIPWG is charged with rating the VTA Transit Capital Projects against established evaluation criteria. The criteria, which were established in 2004, use a weighted scale to rank projects on the following characteristics: maintenance of service network, support or infrastructure; improvement of service network, support or infrastructure; increase of ridership; improvement of cost efficiency or effectiveness; safety and security; and special circumstances. Once the VTA Transit Capital Projects have been rated by the CIPWG members, the ratings are consolidated and the projects are ranked by their respective scores.

CIPWG's VTA Transit project rankings and the Capital Project Request Forms for projects from all three programs are then forwarded to the Capital Improvement Program Oversight Committee (CIPOC) for review. CIPOC, which is composed of the Division Chiefs and a representative of the General Manager, is responsible for matching the recommended projects with available funding. The purpose of CIPOC's analysis is to develop a cohesive and comprehensive capital improvement program recommendation to the General Manager.

CIPOC's recommended projects are reviewed with the General Manager. Upon completion of this review process, the Budget Department staff works with executive management and the General Manager to determine changes or additions to the respective capital program budgets. Once the recommended capital programs have been finalized, Budget Department staff incorporates the projects into the Draft Recommended Budget document by including general information about each project, project timing, funding sources for each project, and operating cost impacts.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

The Draft Recommended Budget is published and presented at a Board Budget Workshop for input from the Board of Directors and members of the public. Community meetings are also held at various locations throughout the County to receive additional public input and discuss the Draft Recommended Budget. In addition, the Draft Recommended Budget is presented to VTA's Standing and Advisory Committees to receive their input and discussion. The comments received at the community meetings, as well as the Standing and Advisory Committee meetings, are provided to the Board for their review prior to adoption of the budget.

The Final Recommended budget is presented to the Board for adoption at the regularly scheduled board meeting in June. Board adoption of the budget specifically authorizes the appropriation of funds. This appropriation is the legal authority to spend or otherwise commit VTA's resources. Capital appropriations, with the exception of the VTA Transit Capital Contingency, do not expire and are carried forward until the project is completed. Appropriation for the VTA Transit Capital Contingency expires at the end of the two-year budget cycle.

The adopted two-year capital budget is used as the base for the 10-year Short Range Transit Plan (SRTP), as well as VTA's long-range Financial Forecasting Model. The Financial Forecasting Model is used to assess VTA's financial capacity through 2040.

Capital Budget Calendar

Date	Activity
May 10-27, 2010	Review and analyze prior capital budget processes
July 19, 2010	Issue capital call for projects
August 9, 2010	Capital project requests due
August 19-26, 2010	Capital project request submittals reviewed by Grants and Budget Departments
September 17-27, 2010	CIPWG rates VTA Transit project submittals using established evaluation guidelines
October 5, 2010	CIPWG reviews consolidated project scores and rankings for VTA Transit projects
October 10-20, 2010	Budget & Grants Managers prepare preliminary estimate of available funds (grants & local)
October 27 and November 2, 2010	CIPOC reviews CIPWG VTA Transit project priority rankings and finalizes recommended capital budget for all three programs
November 18 and December 14, 2010	General Manager and CIPOC members review recommended capital budgets
March 18, 2011	VTA Transit, 2000 Measure A, and VTP Highway capital budgets finalized
April 11, 2011	Draft Recommended Budget distributed to Board and available to public
April 22, 2011	Board Budget Workshop
May 2-10, 2011	Recommended Budget presented at community meetings
May 9, 2011	Recommended Budget presented to Joint Advisory Committee Workshop
May 19-20, 2011	Recommended Budget presented to Standing Committees
June 2, 2011	Final Recommended Budget adopted by VTA Board of Directors

Budget Amendment & Transfer Process

Budget Amendment

Definition:

Any increase to the Board authorized appropriation limit thereby allowing greater spending or commitment of resources than previously established by the Board.

Application:

From time to time, circumstances change requiring additional spending authority. Regardless if these changes are accompanied by additional resources, the adopted appropriation limit may not be exceeded without authorization from the Board. The adopted appropriation limit is the total of all expenditures for a specific fund as approved by the Board and specified via the budget resolution.

Authority Required:

Per the VTA Administrative Code, only the VTA Board of Directors can authorize a budget amendment and that authorization requires an affirmative vote by at least eight Board members.

Budget Transfer

Definition:

To move line item or project spending authority without increasing the Board authorized appropriation limit including those limits placed on specific funds.

Application:

From time to time, circumstances change wherein total spending authority remains intact; however, individual line item or project costs change. Regardless if these changes are accompanied by additional resources, a budget transfer may be necessary to appropriately and accurately reflect cost.

Authority Required:

The General Manager or his/her designee may authorize budget transfers between budget units (e.g., operating and capital budgets), cost groups/objects (e.g., labor and non-labor or between projects), or between divisions within those funds specified in the budget resolution. Division Chiefs may authorize budget transfers between non-labor line items within their respective divisions so long as they do not exceed the appropriated budget for said division.

Resolution No. 2011.06.18

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY (VTA)
ADOPTING A BIENNIAL BUDGET OF VTA
FOR THE PERIOD JULY 1, 2011 THROUGH JUNE 30, 2013
(FY 2012 AND FY 2013)**

WHEREAS:

1. Section 100071(b) of the California Public Utilities Code requires the Board of Directors to adopt an annual budget for VTA.
2. Pursuant to Section 11-2(d) of the VTA Administrative Code, the General Manager has proposed that the Board of Directors adopt a biennial (two-year) budget.
3. The Board of Directors desires to adopt a biennial budget for the period July 1, 2011 through June 30, 2013 (FY 2012 and FY 2013).
4. Pursuant to Section 11-2(a) of the VTA Administrative Code the General Manager presented the FY 2012 and FY 2013 Recommended Budget to the Board of Directors, and mailed a copy to each City Manager in the County of Santa Clara, and to the County Executive prior to May 15, 2011.
5. The Recommended Budget was reviewed by the Administration and Finance Committee on May 19, 2011, and by the Board of Directors on April 22 and June 2, 2011, and at public meetings conducted throughout the County.
6. The Recommended Budget includes all administrative, operational and capital expenses for the Congestion Management Program together with the apportionment of Congestion Management Program expenses by levy against the Managing Agency and each Member Agency to the extent necessary to fund the Congestion Management Program.
7. A list of employee position classifications and pay ranges is included in the recommended budget, and the amount of funds budgeted for wages, salaries and benefits for FY 2012 and FY 2013 is based upon VTA's position classification and pay ranges and is set forth in the Statement of Revenues and Expenses in the Recommended Budget.
8. The General Manager proposes an Operating Budget for the VTA Transit Fund for FY 2012 in the amount of \$363,966,630 and for FY 2013 in the amount of \$375,118,010.
9. The General Manager proposes a Capital Budget for the VTA Transit Fund for FY 2012 in the amount of \$72,990,633 and for FY 2013 in the amount of \$20,276,530.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

10. The General Manager proposes an Operating Budget for the 2000 Measure A Transit Improvement Program Fund for FY 2012 in the amount of \$69,931,745 and for FY 2013 in the amount of \$67,773,335.
11. The General Manager proposes a Capital Budget for the 2000 Measure A Transit Improvement Program Fund for FY 2012 in the amount of \$1,715,810,000.
12. The General Manager proposes an Operating Budget for the Congestion Management Program Fund for FY 2012 in the amount of \$4,493,490 and for FY 2013 in the amount of \$4,307,150.
13. The General Manager proposes a Capital Budget for the VTP Highway Improvement Program Fund for FY 2012 in the amount of \$100,570,000.
14. The General Manager proposes an Operating Budget for the Joint Development Program Fund for FY 2012 in the amount of \$2,200,000 and for FY 2013 in the amount of \$2,225,000.
15. The General Manager proposes an Operating Budget for the Silicon Valley Express Lanes Program Fund for FY 2012 in the amount of \$109,600 and for FY 2013 in the amount of \$591,000.
16. The General Manager proposes an Operating Budget for the BART Operating Sales Tax Program Fund for FY 2012 in the amount of \$20,000 and for FY 2013 in the amount of \$35,000.
17. The General Counsel, pursuant to Section 6-2 of the VTA Administrative Code has prepared and recommended a Budget for the Office of General Counsel for FY 2012 and for FY 2013.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Transportation Authority that:

1. The Recommended Biennial Budget for the Santa Clara Valley Transportation Authority (incorporated herein as though set forth at length), is hereby revised as stated in the attached Board Memorandum and adopted as VTA's budget for FY 2012 and FY 2013.
2. Effective July 1, 2011, positions may be authorized and filled, as required, by the General Manager and General Counsel, as appropriate, provided that total VTA-wide budgeted wages, salaries and benefits account is not exceeded.
3. As necessary for efficient administration, position classifications may be added, modified, or deleted and salary ranges adjusted with the approval of the General Manager or General Counsel, as appropriate, provided that the changes are in accordance with applicable VTA personnel policies and procedures and are consistent

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

with pay practices in the transportation industry. Such changes shall include pay and classification adjustments arising from agreements between VTA and its recognized labor organizations.

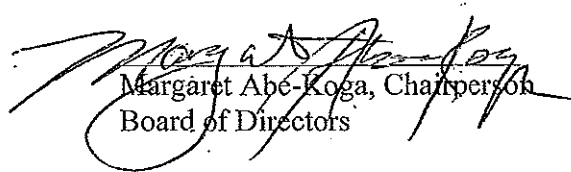
- 4. Capital appropriations, which are not expended during the fiscal year, shall carry over to successive fiscal years until the projects are completed or otherwise terminated.
- 5. The budget shall consist of seven Funds: the VTA Transit Fund, the 2000 Measure A Transit Improvement Program Fund, the Congestion Management Program Fund, the VTP Highway Improvement Program Fund, the Joint Development Program Fund, the Silicon Valley Express Lanes Program Fund, and the BART Operating Sales Tax Program Fund. The General Manager may reallocate appropriations between budget units and objects within each Fund up to the limits of each Fund's annual appropriation. Any net increase in authorized appropriations to any Fund (including an allocation from reserves) shall require an affirmative vote of at least eight Directors.
- 6. The Recommended Assessments of member agencies for the Congestion Management Program are hereby approved.

PASSED AND ADOPTED by the Santa Clara Valley Transportation Authority Board of Directors on June 2, 2011 by the following vote:

AYES: DIRECTORS ABE-KOGA, CAMPOS, HERRERA, KALRA, KNISS, LARSEN, MCHUGH, MOYLAN, PAGE, REED, YEAGER

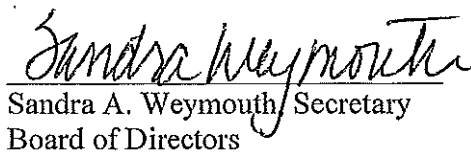
NOES: DIRECTORS NONE

ABSENT: DIRECTORS LICCARDO



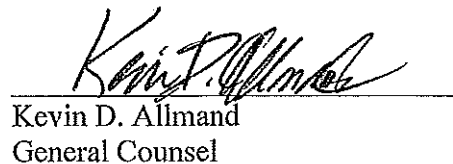
Margaret Abe-Koga, Chairperson
Board of Directors

ATTEST:



Sandra A. Weymouth, Secretary
Board of Directors

APPROVED AS TO FORM:



Kevin D. Allmand
General Counsel

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Appropriation Summary¹
(Dollars in Thousands)

Fund	Fiscal Year 2012	Fiscal Year 2013
VTA Transit-Operating	363,967	375,118
VTA Transit-Capital	72,991	20,277
2000 Measure A Transit Improvement Program-Operating	69,932	67,773
2000 Measure A Transit Improvement Program-Capital	1,715,810	*
Congestion Management Program-Operating	4,493	4,307
VTP Highway Improvement Program-Capital	100,570	*
Joint Development Program-Operating	2,200	2,225
Silicon Valley Express Lanes Program-Operating	110	591
BART Operating Sales Tax Program-Operating	20	35

¹ Includes transfers between funds

* Total Appropriation for FY 2012 and FY 2013 reflected in FY 2012

Note: The Adopted Biennial Budget does not include appropriation for Fiduciary funds which are used to account for resources held for the benefit of parties outside VTA.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET



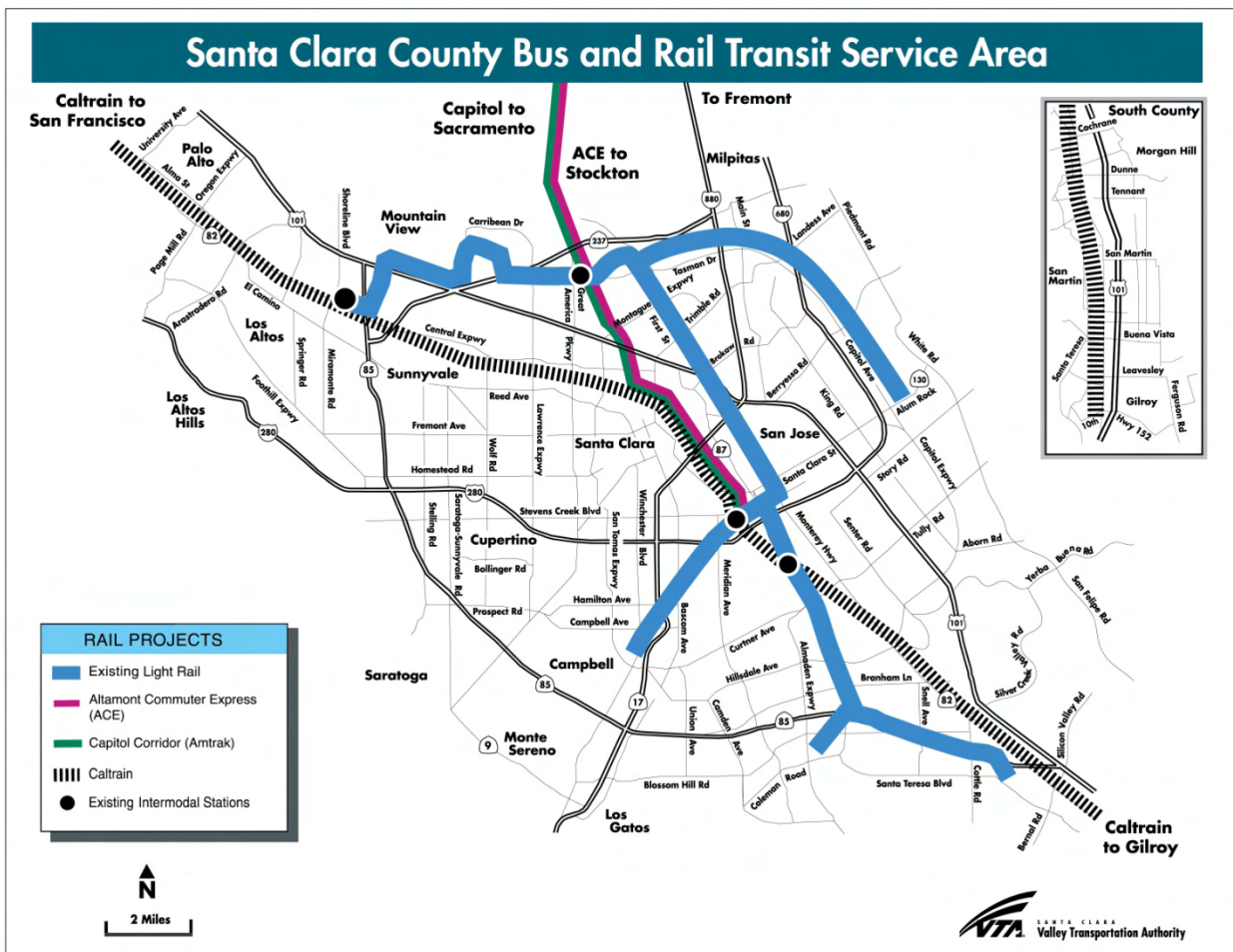
SECTION 2
VTA TRANSIT



VTA Transit Operating

Overview

VTA Transit encompasses the operation of 69 bus routes and 3 light rail transit lines, 2 of which travel along the main trunk section between Tasman at the northern end and the Transit Mall in downtown San Jose for a portion of their route. In addition, VTA Transit funds paratransit and privately operated shuttle services in the County and participates in providing inter-regional commuter rail and express bus services.



Bus Operations

VTA has an active bus fleet of 436 buses. VTA’s bus fleet varies in size and configuration based on service requirements. Overall 301 buses are low floor standard buses, 90 are high floor standard buses, and 45 are high floor 28-foot gas powered community buses. Of the 391 standard buses, 40 are 60-foot articulated diesel powered buses used on high demand routes, Line 22 and Rapid 522 and 351 are 40-foot buses. All standard buses are diesel powered with the 70 newest buses being hybrid diesel-electric powered. The average age of the active fleet is 7.8 years.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

There are approximately 3,800 bus stops and 800 shelters along the bus routes. VTA also maintains 11 bus park & ride lots. Buses are operated and maintained from three operating divisions and an Overhaul and Repair (O&R) facility: Cerone Operating Division, Don Pedro Chaboya Operating Division, North Operating Division, and Cerone O&R Division.

Light Rail Transit (LRT)

VTA operates a 42-mile LRT system connecting the Silicon Valley industrial areas of Mountain View, Sunnyvale, Santa Clara, North San Jose and Milpitas to residential areas in East and South San Jose and Campbell. The LRT system has a total of 62 stations and 21 park & ride lots. It operates on three alignments: service between Santa Teresa in South San Jose and Alum Rock in East San Jose, service between downtown Mountain View and the Winchester Station in Campbell, and shuttle service between the Almaden and Ohlone-Chynoweth Stations in South San Jose. A fleet of 99 Kinkisharyo low floor light rail vehicles, stored and maintained at the Guadalupe Operating Division near downtown San Jose, are used to operate these three rail lines.

Paratransit Services

VTA implemented a paratransit brokerage system in 1993, which operates throughout the service area. Paratransit service is a specialized form of transportation operated for persons with disabilities who cannot use fixed route public transit service. As an operator of bus and light rail service, the Authority is required under the Americans with Disabilities Act to ensure that paratransit service is provided to eligible individuals with disabilities. The level of service provided must be comparable, in terms of hours of service and area served, to the service provided by the bus and light rail system. The Authority does not directly provide paratransit service but contracts with Outreach and Escort, Inc. (OUTREACH), a paratransit broker. OUTREACH determines and certifies qualified individuals for paratransit eligibility, receives and schedules trip requests, builds vehicle manifests, and contracts for services with taxi, sedan, and accessible van service providers.

Contracted and Interagency Transit Services

VTA is also a partner in various ventures that expand the transportation options for our customers. These relationships include commuter rail, inter-county express bus lines, and rail feeder services. They are operated either by contract or through cooperative agreements. The following is a description of these services:

Caltrain

Caltrain is a commuter rail service, provided by the Peninsula Corridor Joint Powers Board (PCJPB), which is composed of three member agencies: VTA, the San Mateo County Transit District (SamTrans) and the City and County of San Francisco. VTA provides funding for a portion of the operating and capital costs of the Caltrain commuter rail service. Eighty-six trains (including 22 Baby Bullet Express trains) operate between San Jose Diridon Station and San Francisco each weekday, with 36 of these trains extended to the Tamien Station in San Jose where a connection can be made to the LRT System. Connection to the LRT System can also be made at the Mountain View Caltrain Station. Six peak-hour weekday trains extend south of Tamien station to Gilroy. Hourly weekend service (36 Saturday trains and 32 Sunday trains) is operated between San Jose Diridon Station and San Francisco. There are 31 stations along the line of which 15 are located in Santa Clara County. Funding

of operating costs is apportioned to each member agency of the PCJPB and is based upon morning peak period boardings that occur in each county. SamTrans manages the service.

Altamont Commuter Express

The Altamont Commuter Express (ACE) is administered and funded under a cooperative agreement among VTA, the Alameda County Congestion Management Agency and the San Joaquin Regional Rail Commission (SJRRRC). ACE provides three peak hour round trips on weekdays from the Central Valley to Santa Clara County. Stations along the 85-mile route are located in Stockton, Lathrop, Tracy, Livermore (2), Pleasanton, Fremont, Great America, and San Jose. The service operates on tracks owned by the Union Pacific railroad. ACE service began in October 1998. SJRRRC is the owner, operator, and policymaking body for ACE service.

VTA also provides eight free shuttles to transport ACE riders from the Great America Station to destinations throughout the Silicon Valley. These shuttles are funded by a grant from the Bay Area Air Quality Management District and ACE. Pursuant to the ACE agreement, funding of operating costs is based on Fiscal Year 2003 contributions, escalated annually by consumer price index increases.

Capitol Corridor Intercity Rail Service

VTA is also a member of the Capitol Corridor Joint Powers Authority (Capitol Corridor JPA) that provides the Capitol Corridor Intercity Rail Service, which runs 32 week-day trains between Sacramento and Oakland, with 14 continuing to San Jose. Stops are located at stations in Auburn, Rocklin, Roseville, Sacramento, Davis, Suisun/Fairfield, Martinez, Richmond, Berkeley, Emeryville, Oakland (2), Hayward, Fremont, Santa Clara and San Jose. The Capitol Corridor JPA is composed of VTA, the Sacramento Regional Transit District, the Placer County Transportation Planning Agency, the Congestion Management Agencies of Solano and Yolo Counties, and the San Francisco Bay Area Rapid Transit District (BART). Under contract with the Capitol Corridor JPA, BART manages the service and Amtrak operates the service on tracks owned by Union Pacific Railroad. Funding is provided by the State of California.

Inter-County Bus Services

VTA sponsors three inter-county bus services through cooperative arrangements with other transit systems:

1. The Dumbarton Express is a transbay express bus route operating between the Union City BART station and Stanford Research Park in Palo Alto. A consortium of the Alameda-Contra Costa Transit District (AC Transit), BART, the City of Union City, SamTrans, and VTA, fund the net operating costs of the service. Each member of the consortium pays a share of the operating expenses based on the origin and destination of the ridership in each agency's service area. AC Transit currently manages and operates the service; however, a private contractor will start operating the service in December 2011.
2. The Highway 17 Express, operating between Santa Cruz, Scotts Valley, and downtown San Jose, is an inter-county bus service operated through a cooperative

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

arrangement between VTA, the Santa Cruz Metropolitan Transit District (METRO), the Capital Corridor JPA, and Caltrans. VTA and METRO share the majority of weekday net operating costs equally. The Capital Corridor JPA and Caltrans provide funding for weekend and holiday service and for certain weekday trips. The service is managed and operated by METRO.

3. The Monterey-San Jose Express operates daily from Monterey to San Jose with three round trips, covering commute times in the morning, mid-day, and evening. The service provides passengers with transfers to and from Capitol Corridor trains that operate between San Jose-Oakland-Sacramento, Caltrain, and VTA's bus and light rail services. The service originates in downtown Monterey with other stops in Monterey County before stopping at the Gilroy Caltrain Station, Morgan Hill Caltrain Station, San Jose State University, downtown San Jose and the San Jose Diridon Station. The Monterey-San Jose Express is a partnership of Monterey-Salinas Transit (MST), the Capitol Corridor JPA, and VTA. MST operates and maintains the service.

Light Rail Shuttles

VTA offers financial assistance to employers and entities that wish to operate shuttle bus service between light rail stations and nearby employment/activity centers. The service is operated through a contractor provided by the sponsoring agency. Funding to operate this program is provided by the sponsoring agency, VTA, and grants from the Bay Area Air Quality Management District's Transportation Fund for Clean Air Program.

San Jose Airport Flyer

VTA, in partnership with the City of San Jose, provides free Airport Flyer bus service connecting the Norman Y. Mineta San Jose International Airport terminals and airport employee parking lots with the Authority's Metro/Airport Light Rail Station and the Santa Clara Caltrain Station. VTA operates and funds this service and the City of San Jose provides some operating subsidy each year.

Downtown Area Shuttle (DASH)

VTA, in partnership with San Jose State University, provides free shuttle bus service connecting the Diridon Caltrain Station, Downtown San Jose, and San Jose State University. VTA operates and funds this service in conjunction with San Jose State University and grants from the Bay Area Air Quality Management District's Transportation Fund for Clean Air Program.

VTA Transit Operating Budget Assumptions

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 were utilized. In addition to the general assumptions listed below, the biennial budget was developed using the “Guidance on Operating Expenditure Priorities, Key Financial Principles, and Deficit Reduction Targets” developed by the Ad Hoc Financial Recovery Committee and approved by the Board of Directors. Additional information on the Ad Hoc Financial Recovery Committee and the priorities, principles, and targets can be found in Appendix B.

Service Levels

In conjunction with the budget development, VTA also prepares an Annual Transit Service Plan that outlines service levels and specific route improvements, reductions, and modifications that will be made over the two-year budget cycle. The service plan undergoes public review and comment, including community meetings, before being presented to the VTA Board of Directors for approval. Overall, as shown in the table on the following page, small net service level increases are being proposed to facilitate modest improvements to the transit system.

Bus Service

While VTA does modify transit service each quarter, the Annual Transit Service Plan proposes significant bus service changes in January 2012 and July 2012. The implementation of the results of the Express Bus Study, previously approved by the VTA Board of Directors, will occur in January 2012. The service changes include: one new route, changes to the number of trips on various express routes, and the deployment of 20 new buses for express service. In July 2012, service increases to Rapid 522 including later weekday evening, earlier and later Saturday, and new Sunday service are proposed. These changes are in anticipation of constructing full Bus Rapid Transit (BRT) service in this corridor. Numerous other improvements, modifications, and reductions are also planned as described in the Annual Transit Service Plan.

Light Rail Service

Over the past few years, the on-time performance and reliability of light rail service on the Winchester – Mountain View line has been compromised by numerous changes in local traffic signal timing and the deterioration of general traffic conditions, while constrained by single track segments in both Campbell and Mountain View. This has caused the end-to-end running time to increase, thereby, making trains consistently late. To remedy this situation, a major rescheduling of the light rail service will be implemented in July 2011. The new weekday schedule will require one additional train to operate the service at the current 15 minute frequencies. The light rail service hour and service mile increases from FY 2011 shown in the table on the following page reflect the impact of the additional train.

In addition to the change discussed above, the FY 2012 and FY 2013 Biennial Budget also assumes continuation of the Express Light Rail service initiated in October 2010.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

The table below shows a comparison of service miles and hours for bus and light rail.

Service Levels
(In Thousands)

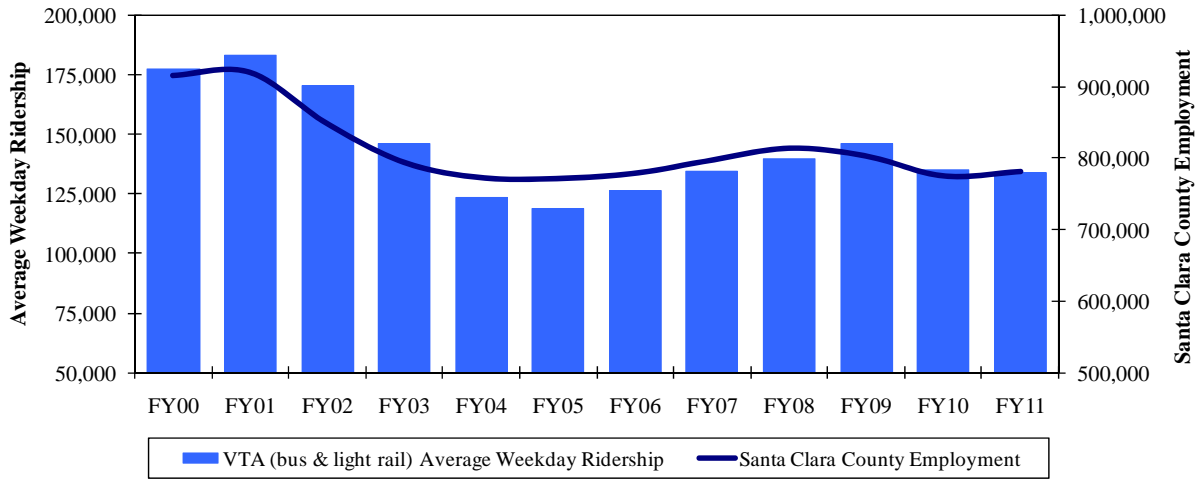
	FY10 Actual	FY11 Adopted Budget	FY11 Actual	FY12 Adopted Budget	FY13 Adopted Budget
Service Miles					
Bus	17,685	18,495	16,944	17,054	17,227
Light Rail Train	2,182	2,215	2,190	2,221	2,214
Total Service Miles	19,867	20,710	19,134	19,275	19,441
% change		4.24%	-7.61%	0.74%	0.86%
LR Car Miles					
	3,203	3,442	3,179	3,344	3,333
% change		7.47%	-7.64%	5.19%	-0.33%
Service Hours					
Bus	1,319	1,388	1,266	1,291	1,305
Light Rail Train	141	143	142	148	148
Total Service Hours	1,460	1,531	1,408	1,439	1,453
% change		4.89%	-8.03%	2.20%	0.97%
LR Car Hours					
	195	210	197	207	207
% change		7.70%	-6.19%	5.08%	0.00%

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 totaled 9.7 million, a 1.7% decrease. However, the trend of declining ridership appears to be turning around. Fiscal Year 2011 system ridership was down only slightly from FY 2010 levels with bus ridership showing a 1.8% decrease and light rail ridership increasing 2.7%. System ridership had a positive year-over-year increase for five of the last six months of FY 2011 with an average increase of 2.5% over that period. Light Rail ridership improved dramatically in the last eight months of FY 2011 with an average increase of 5.6% since the introduction of Express Service in October 2010.

As the chart on the following page illustrates, VTA’s ridership is heavily correlated with employment levels in the County. From the beginning of FY 2010 through the first quarter of FY 2011, Santa Clara County unemployment averaged 11.5%. The average for the previous 24 months was 6.9%. However, over the last quarter of FY 2011, the average has decreased to 10.0%.

Average Weekday Ridership and Santa Clara County Employment¹



¹Source: State of California Employment Development Department

In anticipation of a moderate recovery in the economy, higher gasoline prices, and the modest service improvements described on page 41, the FY 2012 and FY 2013 ridership projections reflect a 1.75% and 2% increase, respectively from the original FY 2011 projection of 40.5 million riders. The table below reflects the budgeted projected ridership for FY 2012 and FY 2013, as well as updated ridership for FY 2011 of 41.4 million riders based on actual results.

Ridership (In Thousands)

Category	FY10 Actual	FY11 Actual	% Var	FY12 Adopted Budget	% Var	FY13 Adopted Budget	% Var
Bus Ridership	31,983	31,395	-1.8%	31,170	-0.7%	31,790	2.0%
Light Rail Ridership	9,750	10,015	2.7%	10,010	0.0%	10,210	2.0%
Total Ridership	41,733	41,410	-0.8%	41,180	-0.6%	42,000	2.0%

Revenues

Fares

No change in current fare structure.

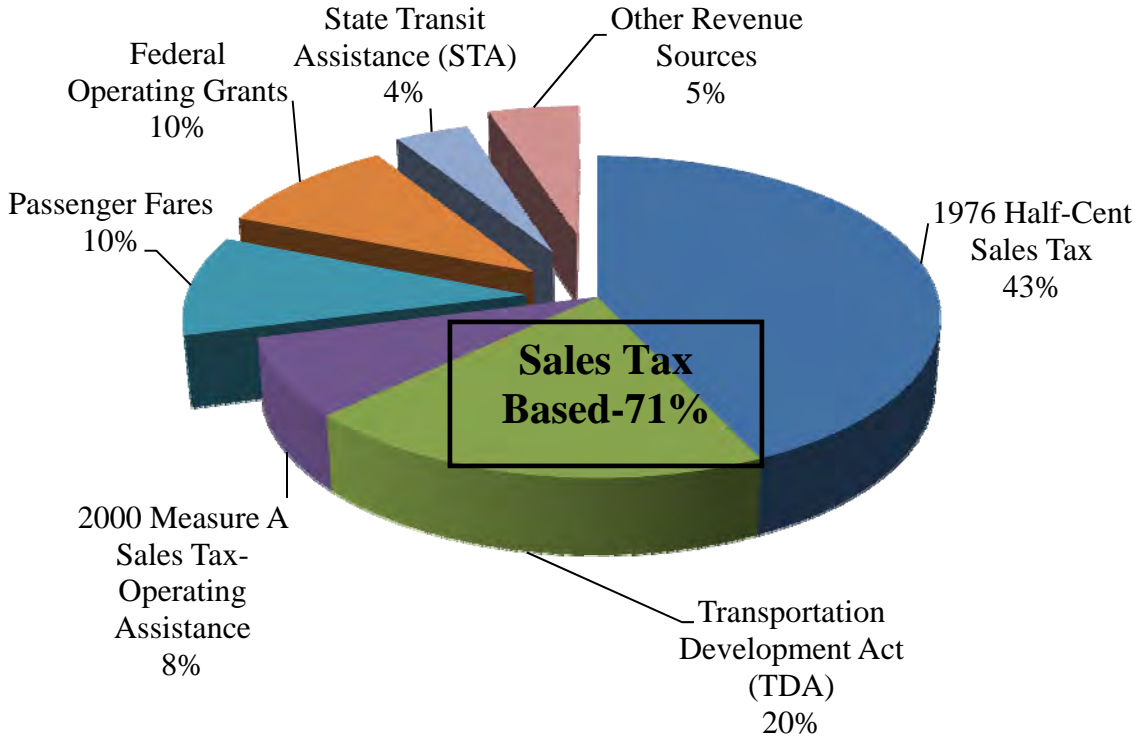
Sales Tax Based Revenues

Sales tax based revenues include 1976 half-cent local sales tax, a quarter-cent state sales tax (from Transportation Development Act or TDA), and 2000 Measure A Sales Tax-Operating Assistance which is derived from 18.5% of 2000 Measure A half-cent sales tax revenues.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

As the chart below illustrates, roughly 71% of VTA’s budgeted operating revenues are generated from these sales tax measures, the proceeds from which are driven by the local economy.

FY 2012 and FY 2013 Budgeted Revenues



1976 Half-Cent Sales Tax

VTA’s sales tax receipts can be divided into six economic categories. These categories and the percentage of sales tax receipts by each category for the fiscal year ending June 30, 2010 are as follows:

- Business to Business (30.4%)
- General Retail (26.9%)
- Transportation (17.4%)
- Food Products (14.7%)
- Construction (8.3%)
- Miscellaneous (2.3%)

During FY 2010, sales tax receipts from the 1976 half-cent sales tax increased 1.7%, following a decline of almost 16% in FY 2009. The decline in sales tax during FY 2009 was a result of the severe economic recession that began in December 2007 and ended in June 2009¹. Although FY 2010 had minimal year-over-year growth of 1.7%, the last two quarters demonstrated that a significant recovery had begun in Santa Clara County, with

¹ Source: the National Bureau of Economic Research

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

year-over-year increases in sales tax receipts of 7.9% and 17.7% in the third and fourth quarters, respectively. The positive year-over-year increases resulted primarily from increased taxable sales within the Transportation and Business to Business economic categories, which experienced increases of 21.4% and 26.7%, respectively. Extraordinary growth in these economic categories were primarily driven by electronics, office equipment, and auto sales, reflecting potential pent up demands due to suppressed spending during the recession.

Year-to-date growth in FY 2011 has been tempered somewhat, albeit with significant year-over-year increases of 6.3%, 10.6%, and 9.2% for the first three quarters. Transportation and Business to Business activities again led the increases in the first three quarters. However, the growth in these two categories (which account for almost half of the sales tax revenue) is not as robust as the last two quarters in FY 2010. This could indicate that a reversion to normal, sustainable levels has begun for taxable sales related to these categories.

The Adopted Biennial Budget assumes an increase in sales tax revenues of 3.5% and 5.8% in FY 2012 and FY 2013, respectively from the originally projected base of \$151.0 million for FY 2011. This reflects anticipation of a slight pull back in FY 2012 growth from FY 2011 as the Business to Business and Transportation economic categories revert to sustainable growth levels prior to full recovery in the other economic segments. Recovery in the other segments is not anticipated until there are significant increases in both employment and construction activities linked to housing.

TDA

Transportation Development Act (TDA) funds are derived from a quarter-cent sales tax levied by the State on taxable transactions occurring in Santa Clara County. The Metropolitan Transportation Commission (MTC) retains a portion of these funds for administration and approximately 94.5% is returned to the source county, i.e., Santa Clara.

Because the TDA funds are derived from the same tax base as the 1976 half-cent sales tax, the budgeted estimates are based on the same 3.5% and 5.8% growth listed above.

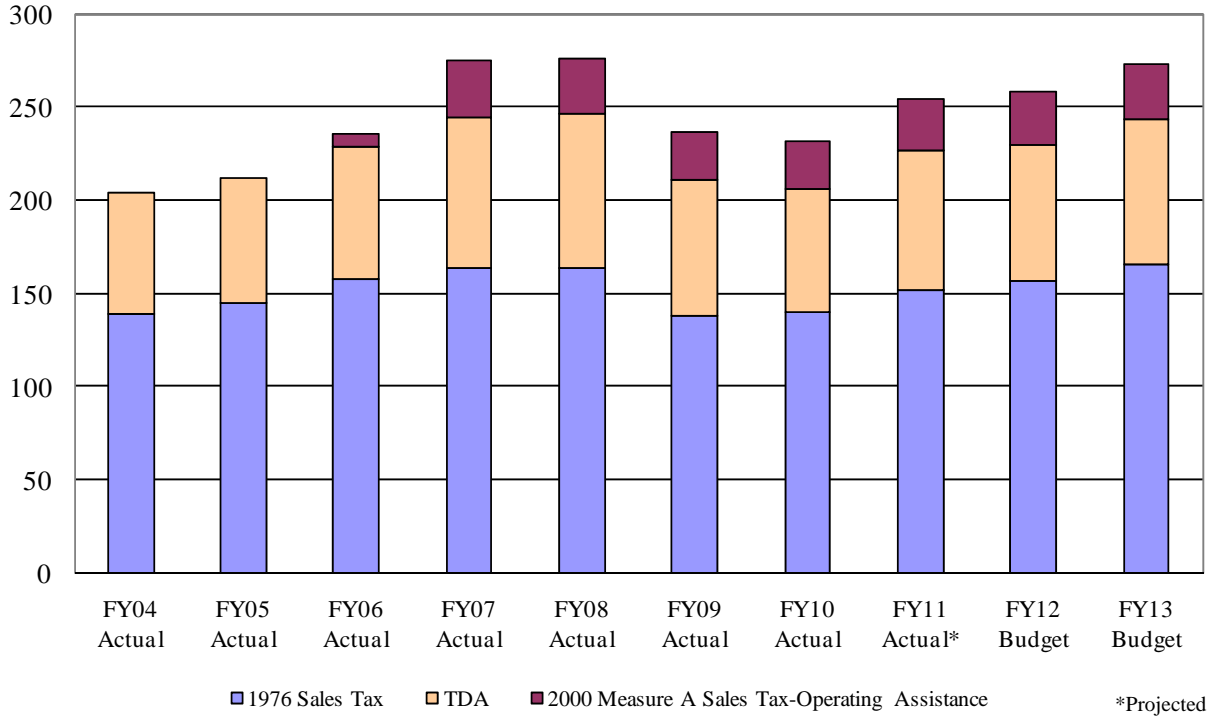
2000 Measure A Sales Tax-Operating Assistance

In November 2000, Santa Clara County voters approved Measure A, which enacted a half-cent sales tax to be collected beginning April 1, 2006 and continuing for a period of 30 years. A portion of this tax is to be used to provide operating assistance for VTA Transit. The Adopted Biennial Budget includes 18.5% of the 2000 Measure A sales tax revenue to be used towards funding VTA operations.

The 2000 Measure A tax is derived from the same taxable sales base as the 1976 half-cent tax and the same two-year growth projections were assumed.

The chart and table on the following page reflect the eight-year historical and two-year budgeted receipts for these three sales tax based revenues.

Sales Tax Based Revenue Trend
(Dollars in Millions)



Sales Tax Based Revenue Trend
(Dollars in Millions)

Category	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Actual ¹	FY12 Budget	FY13 Budget
1976 Sales Tax	139	145	157	164	163	138	140	152	156	165
TDA	65	67	71	81	84	73	66	74	73	78
2000 Measure A Sales Tax Operating Assistance	N/A	N/A	7	30	30	25	26	28	29	30
Total	204	212	235	275	277	236	232	254	258	273

¹ Projected as of July 20, 2011

State Transit Assistance (STA)

In March 2010, then-Gov. Arnold Schwarzenegger and the Legislature enacted a three-bill “swap” package that, through a complicated restructuring of state transportation funding sources, created a revenue stream that could be used to pay for debt service for transportation-related general obligation bonds and to make loans to the General Fund. Specifically, the swap package

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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 gas tax increase were dedicated to pay for transportation bond debt service and to backfill for the loss of gasoline sales tax dollars for state highways and local streets/roads.

In the case of public transit, the swap retained the sales tax on diesel fuel in order to provide ongoing funding for the STA Program. Beginning in FY 2012, the state diesel sales tax rate is set to increase by slightly under two percent to allow for a minimum \$350 million annual funding level for STA, in conjunction with a corresponding drop in the per-gallon diesel fuel excise tax to ensure that consumers feel no impact at the pump.

In November 2010, California voters approved two ballot measures that impacted the swap. Proposition 22 put 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. Proposition 26, among other things, prohibits the Legislature from engaging in the practice of using a simple majority vote to raise one tax while simultaneously reducing another, an approach that was used to enact the transportation funding swap.

In response, AB 105 was enacted into law in March 2011 to ensure that all of the goals of the swap, both for the General Fund and for the transportation community, can be realized. This legislation re-enacts the transportation funding swap’s increases in both the gas tax and the diesel sales tax in order to prevent Proposition 26 from eliminating billions in revenues for state highways, local streets/roads and public transit. It also makes the necessary statutory revisions to ensure that: a) the distribution of revenues from the 17.3-cent gas tax increase will achieve the same fiscal results that were anticipated for state highways and local streets/roads when the swap was enacted; and b) STA reaches a minimum funding level of \$350 million per year as contemplated by the swap.

The Adopted Biennial Budget assumes FY 2012 and FY 2013 STA funding at the statewide \$350 million level.

The table below shows the eight-year historical and two-year budgeted receipts from STA.

STA Revenue Trend
(Dollars in Thousands)

FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Actual¹	FY12 Budget	FY13 Budget
4,417	7,285	7,737	22,321	19,022	6,483	0	16,695	13,307	13,307

¹ Projected as of July 20, 2011

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Federal Operating Grants

The federal operating grants budgeted in FY 2012 and FY 2013 are primarily provided by Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula grant funds (Federal Formula Funds) for preventive maintenance. Although the FTA Section 5307 program is designed primarily to fund capital acquisitions, funds can also be awarded for preventive maintenance activities in support of operations. In recent years VTA has used 100% of available Federal Formula Funds for preventive maintenance to offset the loss of sales tax revenues and State Transit Assistance (STA) funding. Starting in FY 2012, VTA begins a gradual reduction of this practice with the goal of reaching historic levels of preventive maintenance funding (35%) by FY 2018. The Adopted Biennial Budget assumes 90% for operations support and 10% towards capital replacement in FY 2012 and 80% for operations support and 20% towards capital replacement in FY 2013.

The table below shows the eight-year historical and two-year budgeted receipts from federal operating grants.

Federal Operating Grant Revenue Trend
(Dollars in Thousands)

FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Actual¹	FY12 Budget²	FY13 Budget²
38,143	34,416	33,565	35,514	22,425	33,449	59,100	41,867	38,161	33,521

¹ Projected as of July 20, 2011

² Net of transfer for capital

Investment Earnings

The investment earnings are derived from three primary sources; short, mid, and long-term investment portfolios. Pursuant to VTA’s adopted investment policy and California Government Code, 100% of surplus assets are invested in domestic fixed income investments. All three portfolios are invested by a money manager whose performance is evaluated by comparing actual earnings against the appropriate benchmark for each portfolio’s duration. The estimated earnings rate for these funds is 1.9% in FY 2012 and 2.4% in FY 2013.

Expenses

Labor Costs

The Adopted Biennial Budget reflects the contract provision of a 3% wage increase for Amalgamated Transit Union, Local 265 (ATU) represented employees that was deferred during the last two-year budget cycle. The contracts for employees represented by the American Federation of State, County, and Municipal Employees, Local 101 (AFSCME), Service Employees International Union, Local 521 (SEIU), and Transportation Authority Engineers and Architects Association, Local 21 (TAEA), which expired June 30, 2011, are currently under

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

negotiation. The budget does not reflect any wage increase for AFSCME, Non-Represented, SEIU, or TAEA employees. The budgeting of additional costs, if any, for provisions of new AFSCME, SEIU and TAEA contracts will be addressed upon contract ratification by the Board of Directors.

The FY 2012 and FY 2013 Budget also assumes the discontinuation of the furlough program for AFSCME, Non-Represented, SEIU and TAEA employees implemented for FY 2010 and FY 2011, as well as the pre-payment of the annual ATU Pension and Retiree’s Other Post Employment Benefits (OPEB) Trust contributions. In addition, 42 vacant positions were deleted as part of the budget development process and 30 positions will be added to the Operations Division in the two-year period to support service enhancements.

The two tables below show the eight-year historical and two-year budgeted labor costs and the overall staffing levels by division.

Labor Cost Trend
(Dollars in Thousands)

FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Actual¹	FY12 Budget	FY13 Budget
222,394	229,323	237,998	243,110	240,155	246,150	246,539	248,233	261,570	270,436

¹ Projection as of July 20, 2011

Division Staffing Level²

Division	FY10³	FY11⁴	FY12	FY13
Office of the General Manager	15	13	13	13
Office of the General Counsel	10	10	10	10
Administrative Services	123	110	111	111
Congestion Management	63	61	61	61
Engineering and Construction	108	100	100	100
External Affairs	65	59	59	59
Fiscal Resources	110	99	99	99
Operations	1,605	1,608	1,632	1,638
SVRT	6	7	7	7
Grand Total⁵	2,105	2,067	2,092	2,098

² Approved positions including vacancies

³ As of 6/30/10

⁴ As of 6/30/11

⁵ Does not include Long-Term Leave positions

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Non-Labor Costs

In order to remain diligent in VTA’s ongoing efforts to contain costs and ensure that recurring expenditures do not outpace recurring revenues, non-labor costs for the FY 2012 and FY 2013 Budget were developed using FY 2010 actual expenditures as the base. Under most circumstances, the incremental requests only include contractual increases or those costs associated with new service, programs, or activities.

Fuel

The budget assumes \$3.84 per gallon for diesel and \$4.44 per gallon for biodiesel fuel, including taxes. Assumptions include an average usage rate of 4.1 miles per gallon and 16.1 million miles of service for FY 2012 and 16.3 million for FY 2013. Average annual usage is estimated at approximately 3.9 million gallons. The actual average cost per gallon of diesel including taxes, was \$2.31 for FY 2010 and \$3.00 for FY 2011. The budget also assumes \$4.35 per gallon including taxes, for gasoline for Community Buses, with an average usage rate of 4.4 miles per gallon based on 1.4 million of community bus service miles for both FY 2012 and FY 2013. Average annual usage is estimated at approximately 315,000 gallons.

Paratransit

There is no change in overall service or fares. Paratransit cost is projected based on 881,500 trips in FY 2012 and 890,000 trips in FY 2013.

The table below shows a comparison of paratransit usage and costs.

Paratransit Trips & Costs
(In Thousands)

Category	FY10 Actual	FY11 Adopted Budget	FY11 Projected Actual ¹	FY12 Adopted Budget	Var from FY11 Actual	FY13 Adopted Budget	Var from FY12 Budget
Trips	1,055	1,123	825	882	6.9%	890	1.0%
Contracted Cost	\$27,253	\$29,976	\$19,583	\$22,800	16.4%	\$23,350	2.4%
Indirect Cost Allocation	3,454	4,287	2,800	2,923	4.4%	2,993	2.4%
Operating Expense	\$30,707	\$34,263	\$22,383	\$25,723	14.9%	\$26,343	2.4%
Net Cost Per Trip	\$29.11	\$30.51	\$27.14	\$29.18	7.5%	\$29.60	1.4%

¹ Projection as of July 20, 2011

Caltrain

VTA’s current contribution to Caltrain is approximately 40% of the net operating expenses, based on a ridership formula included in the Joint Powers Agreement. The FY 2012 and FY 2013 Adopted Biennial Budget reflects no increase from the FY 2011 contribution.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

VTA Transit
Comparison of Revenues and Expenses
(Dollars in Thousands)

Line	Category	FY10 Actual	FY11 Adopted Budget ¹	FY11 Projected Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
1	Fares	36,857	40,620	38,035	37,755	(280)	-0.7%	38,415	660	1.7%
2	1976 Half-Cent Sales Tax	140,037	140,088	152,050	156,242	4,192	2.8%	165,273	9,031	5.8%
3	TDA	65,801	65,841	74,452	73,434	(1,018)	-1.4%	77,678	4,244	5.8%
4	Measure A Sales Tax-Oper. Asst.	25,711	25,588	27,966	28,706	740	2.6%	30,365	1,659	5.8%
5	STA	0	0	16,695	13,307	(3,388)	-20.3%	13,307	0	0.0%
6	Federal Operating Grants	59,100	42,626	41,867	42,351	485	1.2%	41,901	(450)	-1.1%
7	Less Transfer for Capital	0	0	0	(4,190)	(4,190)	N/A	(8,380)	(4,190)	100.0%
8	State Operating Grants	2,033	1,984	4,020	2,268	(1,752)	-43.6%	1,937	(331)	-14.6%
9	Investment Earnings	2,147	3,295	2,204	853	(1,351)	-61.3%	952	98	11.5%
10	Advertising Income	1,672	2,025	1,352	1,648	296	21.9%	1,750	102	6.2%
11	Measure A Repayment Obligation	11,276	12,000	11,293	12,074	780	6.9%	11,954	(119)	-1.0%
12	Other Income	2,325	2,188	1,886	1,662	(225)	-11.9%	1,673	11	0.7%
13	Total Revenue	346,960	336,255	371,821	366,110	(5,711)	-1.5%	376,825	10,715	2.9%
14	Labor Cost	246,539	252,048	248,233	261,570	13,337	5.4%	270,436	8,866	3.4%
15	Materials & Supplies	15,537	15,216	15,158	16,671	1,513	10.0%	16,816	144	0.9%
16	Security	7,273	8,019	7,470	7,910	440	5.9%	8,056	146	1.8%
17	Professional & Special Services	2,788	3,747	2,212	3,628	1,286	58.1%	3,537	(92)	-2.6%
18	Other Services	7,022	7,935	6,368	7,927	1,690	26.5%	7,858	(70)	-0.9%
19	Fuel	10,151	10,886	12,186	16,602	4,416	36.2%	16,606	4	0.0%
20	Traction Power	3,072	3,506	3,006	3,441	435	14.5%	3,535	94	2.7%
21	Tires	1,528	1,694	1,466	1,569	103	7.0%	1,611	42	2.7%
22	Utilities	2,533	2,460	2,579	2,604	25	1.0%	2,604	0	0.0%
23	Insurance	4,689	5,140	4,962	4,433	(529)	-10.7%	4,575	142	3.2%
24	Data Processing	2,134	2,720	2,939	2,881	(58)	-2.0%	2,934	53	1.8%
25	Office Expense	308	338	311	324	13	4.0%	321	(2)	-0.7%
26	Communications	1,113	1,080	1,140	1,211	71	6.2%	1,215	4	0.3%
27	Employee Related Expense	630	792	514	717	203	39.4%	697	(20)	-2.7%
28	Leases & Rents	404	551	421	564	143	34.0%	571	7	1.2%
29	Miscellaneous	539	767	686	746	60	8.8%	645	(101)	-13.6%
30	Reimbursements	(43,441)	(39,497)	(40,001)	(37,449)	2,552	-6.4%	(36,982)	467	-1.2%
31	Subtotal Operating Expense	262,819	277,403	269,650	295,350	25,700	9.5%	305,034	9,684	3.3%
32	Paratransit ³	26,376	24,014	22,383	25,723	3,339	14.9%	26,343	621	2.4%
33	Caltrain ³	18,149	16,157	16,157	15,947	(209)	-1.3%	15,947	0	0.0%
34	Light Rail Shuttles ³	41	39	44	40	(4)	-9.2%	40	0	0.0%
35	Altamont Commuter Express ³	4,389	4,679	4,403	4,384	(19)	-0.4%	4,404	20	0.5%
36	Highway 17 Express ³	325	428	252	394	142	56.3%	400	6	1.5%
37	Dumbarton Express ³	410	486	410	451	41	9.9%	451	0	0.0%
38	Monterey-San Jose ³	40	51	40	40	0	-0.9%	40	0	0.0%
39	Contribution to Other Agencies	588	7,853	7,729	590	(7,138)	-92.4%	594	4	0.7%
40	Debt Service	17,541	20,539	17,764	19,637	1,873	10.5%	20,464	827	4.2%
41	Other Expense	2	0	0	0	0	0.0%	0	0	N/A
42	Subtotal Other Expense	67,861	74,245	69,183	67,207	(1,976)	-2.9%	68,684	1,477	2.2%
43	Operating and Other Expense	330,680	351,648	338,833	362,557	23,724	7.0%	373,718	11,161	3.1%
44	Contingency	0	250	0	1,410	1,410	N/A	1,400	(10)	-0.7%
45	Total Expense & Contingency	330,680	351,898	338,833	363,967	25,134	7.4%	375,118	11,151	3.1%
46	Operating Balance	16,280	(15,643)	32,989	2,143			1,707		

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

² Projection as of July 20, 2011

³ Includes allocation of indirect costs

Note: Totals, subtotals, and percentages may not be precise due to independent rounding. Descriptions of each Revenue and Expense Category can be found in Appendix D.

Major Variances (Variance in excess of 5% and \$500,000)

Revenues

1976 Half-Cent Sales Tax, TDA, and Measure A Sales Tax-Operating Assistance:

FY 2013 budget for the three sales tax based revenue items are projected to increase by 5.8% from FY 2012 reflecting a rebound in taxable sales from the recent economic recession.

STA:

FY 2012 STA receipts are projected to decline by \$3.4 million or 20.3% from FY 2011 actual. The STA funds received in FY 2011 included STA funds attributable to the prior year.

State Operating Grants:

The FY 2012 budget reflects a \$1.8 million decrease from FY 2011 actual due to a one-time Prop 1B Lifeline Grant for Operating Assistance.

Investment Earnings:

The FY 2012 budget shows a \$1.4 million decrease from FY 2011 actual due to lower portfolio balances resulting from the pre-payment of annual ATU (Amalgamated Transit Union) Pension and Retirees' Other Post Employment Benefits (OPEB) Trust contributions. This decrease is offset somewhat by higher projected interest rates.

Measure A Repayment Obligation:

FY 2012 budget is \$780 thousand more than FY 2011 actual due to increased liquidity fees on VTA 2008 Bonds reimbursed by the 2000 Measure A Transit Improvement Program.

Expenses

Labor Costs:

The FY 2012 budget increases \$13.3 million or 5.4% over FY 2011 actual primarily due to the discontinuation of the previous two-year furlough program for executive management and all represented and non-represented administrative staff; negotiated ATU wage increase; higher benefit costs in the areas of health insurance and pension contributions; and additional staff to support service enhancements.

Materials & Supplies:

FY 2012 budget increases \$1.5 million due primarily to maintenance costs associated with additional service and higher fuel prices for non-revenue vehicles.

Professional & Special Services:

The FY 2012 increase of \$1.3 million is due to a combination of the following: costs to support new programs (Clipper[®] and new Federal Railroad Administration annual rail inspections); increased scope in existing programs (Auditor General Work Plan and biennial bridge inspection); as needed periodic programs (disparity and fare studies); and one-time programs (development of emergency exercises and Emergency Operations Plan revision).

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Other Services:

The FY 2012 budget reflects an increase of \$1.7 million due primarily to: increased maintenance costs for off-warranty equipment, increased printing costs for limited use smart cards in conjunction with the new fareboxes, costs related to support of new programs, increased advertising and marketing efforts, and additional printing costs of informational items for passengers and other stakeholders.

Fuel:

The FY 2012 budget shows a \$4.4 million increase over FY 2011 actual due primarily to a higher projected price per gallon for diesel, bio-diesel, and gasoline. The FY 2012 and FY 2013 budget assumes \$3.84 per gallon (including taxes) for diesel versus the \$3.00 per gallon average price paid in FY 2011.

Insurance:

FY 2012 budget is \$529 thousand or 10.7% lower than FY 2011 actual reflecting a change in General Liability self-insurance actuarial assumptions, i.e., confidence level¹ changed from 90% to 60% to better reflect historical experience.

Reimbursements:

FY 2012 budgeted reimbursements are anticipated to decrease \$2.5 million or 6.4% from FY 2011 actual due primarily to a reduction in overhead rates resulting from cost containment measures taken over the last several years and increased use of grant funds.

Paratransit:

FY 2012 budget reflects a \$3.3 million increase over FY 2011 actual expenses primarily due to an anticipated increase in trips provided of 57,000 for FY 2012. The overall improved economic climate results in clients taking more trips. In addition, other non-VTA transportation programs are being negatively impacted due to state and local agency budget cuts, resulting in additional passengers utilizing VTA paratransit services.

Contribution to Other Agencies:

The FY 2012 budget shows a \$7.1 million decrease from FY 2011 actual due to a one-time expense to record \$7.2 million Caltrain Right-of-Way payment liability in FY 2011.

Debt Service:

FY 2012 budget reflects a \$1.9 million increase from FY 2011 actual due primarily to higher anticipated interest rates for variable rate bonds, increased liquidity fees, and slightly higher bond principal payments.

¹ The estimated probability that a given dollar amount will cover a specific group of open or unreported claims.

VTA Transit
Sources and Uses of Funds Summary
(Dollars in Thousands)

<u>Line</u>	<u>Description</u>	<u>FY10 Actual</u>	<u>FY11 Projected Actual¹</u>	<u>FY12 Adopted Budget</u>	<u>FY13 Adopted Budget</u>
<u>Operating Balance</u>					
1	Total Operating Revenues	346,960	371,821	366,110	376,825
2	Total Operating Expenses	(330,680)	(338,833)	(363,967)	(375,118)
3	Operating Balance	16,280	32,989	2,143	1,707
<u>Operating Reserves Replenishment to 15% level</u>					
4	15% Year-end Operating Reserves ²	51,857	54,595	56,268	56,268
5	Beginning Reserve Balance	(46,045)	(51,857)	(54,595)	(56,268)
6	15% Replenishment Amount	5,812	2,738	1,673	0
<u>Operating Balance Available for Capital</u>					
7	Operating Balance (Line 3)	16,280	32,989	2,143	1,707
8	15% Replenishment Amount (Line 6)	(5,812)	(2,738)	(1,673)	0
9	Operating Balance Available for Capital	10,468	30,251	470	1,707
<u>Capital Program</u>					
10	Total VTA Transit Capital Program	27,834	17,228	72,991	20,277
11	Funding from Grants & Other Sources	(16,104)	(13,403)	(51,934)	(9,492)
12	Local Grant Match from Debt Reduction Fund	0	0	(6,098)	(105)
13	Federal Operating Grants for Capital	0	0	(4,190)	(8,380)
14	Remaining Local Portion Needed for Capital	11,730	3,825	10,769	2,300
15	Operating Balance Available for Capital (line 9)	(10,468)	(30,251)	(470)	(1,707)
16	Local Funding From/(To) Debt Reduction Fund	1,262	(26,426)	10,299	593
17	Ending Operating Reserves ³	51,857	54,595	56,268	56,268
18	Operating Reserve % ⁴	15.0%	15.0%	15.0%	15.0%

¹ Projection as of July 20, 2011

² 15% of Budgeted Line 2

³ Net Assets less funds that are restricted by bond covenants, Board designations, and policy guidelines

⁴ Line 17 divided by Budgeted Line 2

Division Budget Summary
(Dollars in Thousands)

Division	FY10 Actual	FY11 Adopted Budget ¹	FY11 Projected Actual ²	FY12 Adopted Budget	FY13 Adopted Budget
General Manager	2,721	3,554	2,607	4,554	4,462
General Counsel	1,651	1,754	1,720	1,886	1,904
Administrative Services	24,317	25,811	24,290	26,554	26,672
Congestion Management	7,395	7,640	7,492	7,967	8,020
Engineering & Construction	12,950	12,924	12,514	13,988	14,178
External Affairs	7,932	8,895	7,529	8,765	8,929
Fiscal Resources	12,624	13,214	12,584	13,955	14,346
Operations	285,944	288,715	284,011	302,979	311,982
SVRT	992	1,095	1,092	1,070	1,083
Non-Departmental	17,594	27,793	24,996	19,697	20,524
Total Expenses	374,120	391,395	378,834	401,416	412,100
Reimbursements	(43,440)	(39,497)	(40,001)	(37,449)	(36,982)
Grand Total	330,680	351,898	338,833	363,967	375,118

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

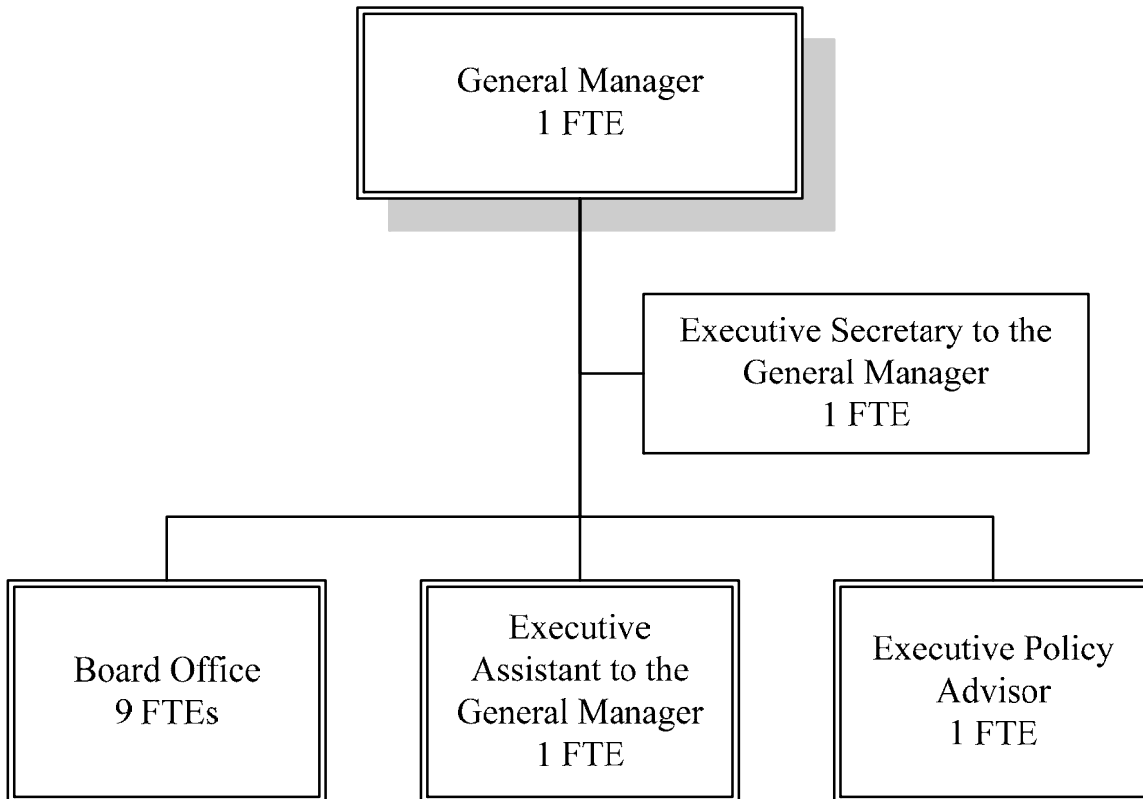
² Projection as of July 20, 2011

Note: Totals may not be precise due to independent rounding

Office of the General Manager

The Office of the General Manager is responsible for the management of VTA according to the policies adopted by the Board of Directors. General duties include the development of program and policy alternatives for consideration by the Board and management of the Authority's staff activities. The Board Office is also part of the Office of the General Manager, and focuses on improving the communication and information flow between VTA and the Board, its committees, and the public.

13 FTEs
(As of 7/1/11)



*Office of the General Manager
Staffing Level Detail¹*

Job Title	FY10 ²	FY11 ³	FY12	FY13
Assistant Board Secretary	1	1	1	1
Board Assistant	7	6	6	6
Board Secretary	1	1	1	1
Executive Assistant to the GM	1	1	1	1
Executive Policy Advisor	1	1	1	1
Executive Secretary	1	1	1	1
Executive Secretary to General Manager	1	1	1	1
General Manager	1	1	1	1
Office Specialist II	1	0	0	0
Total	15	13	13	13

¹ Approved positions including vacancies

² As of 6/30/10

³ As of 6/30/11

Staffing Level Changes

Two vacant positions deleted as part of the FY 2012 and FY 2013 budget development process.

Office of the General Manager Expense Budget
(Dollars in Thousands)

Category	FY10 Actual	FY11 Adopted Budget ¹	FY11 Projected Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
Labor Costs	1,992	2,158	1,856	2,149	293	15.8%	2,180	31	1.4%
Professional & Special Services	191	498	218	368	149	68.5%	253	(115)	-31.3%
Other Services	0	0	10	0	(10)	-96.0%	0	0	0.0%
Office Expense	8	14	11	14	3	24.2%	14	0	0.0%
Employee Related Expense	88	146	82	121	39	47.2%	121	0	0.0%
Miscellaneous	160	187	154	220	66	42.6%	221	1	0.6%
Contribution to Other Agencies	282	302	275	272	(3)	-1.1%	272	0	0.0%
Contingency	0	250	0	1,410	1,410	N/A	1,400	(10)	-0.7%
Total Expense	2,721	3,554	2,607	4,554	1,947	74.7%	4,462	(92)	-2.0%
Reimbursements	0	0	0	0	0	0.0%	0	0	0.0%
Net Total	2,721	3,554	2,607	4,554	1,947	74.7%	4,462	(92)	-2.0%

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

² Projection as of July 20, 2011

Note: Totals and percentages may not be precise due to independent rounding
Descriptions of each Revenue and Expense Category can be found in Appendix D

Major Variances (Variance in excess of 5% and \$100,000)

Labor Costs:

The FY 2012 budget increases \$293 thousand or 15.8% over FY 2011 actual primarily due to the discontinuation of the previous two-year furlough program for executive management and all represented and non-represented administrative staff, as well as increased cost of benefits; specifically health care and pension.

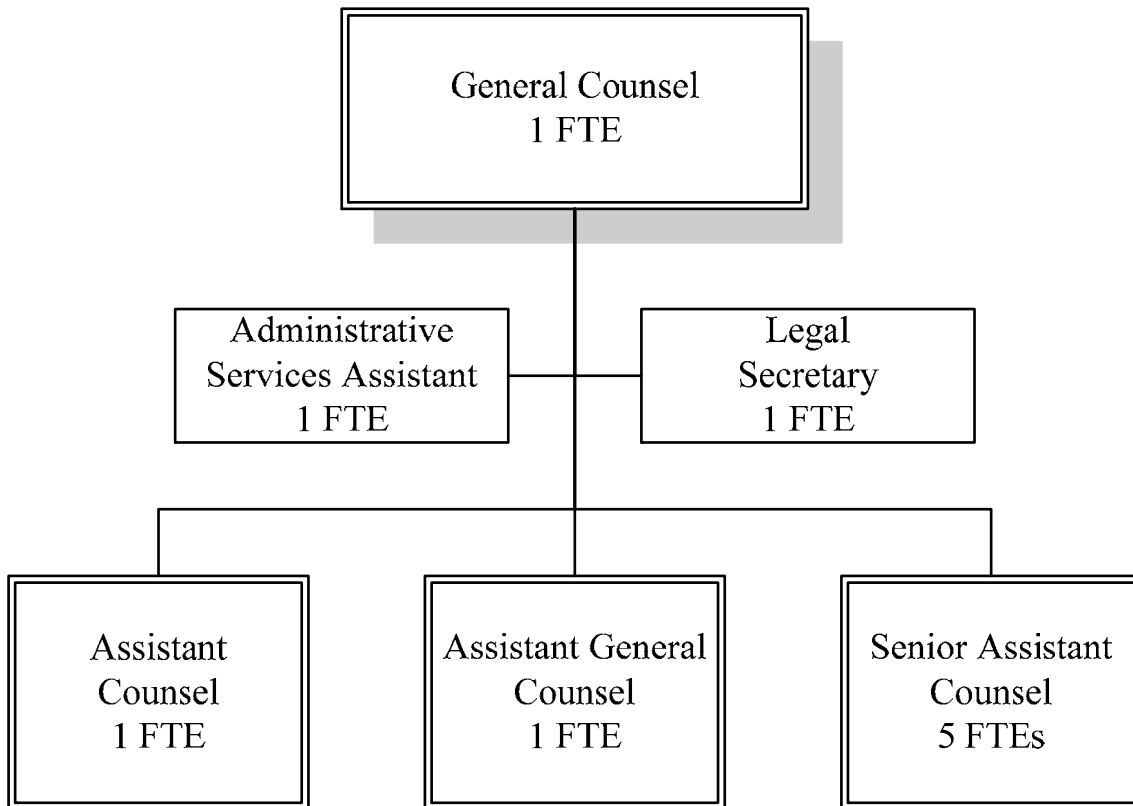
Professional & Special Services:

FY 2012 budget shows a \$149 thousand increase over FY 2011 actual and FY 2013 reflects a \$115 thousand decrease from FY 2012 due to variations in the scope and schedule of tasks in the Auditor General's Work Plan.

Office of the General Counsel

The General Counsel's Office provides legal advice and counsel to the Board of Directors, the General Manager, and all divisions and departments, with respect to all facets of VTA's various programs.

10 FTEs
(As of 7/1/11)



*Office of the General Counsel
Staffing Level Detail¹*

Job Title	FY10 ²	FY11 ³	FY12	FY13
Administrative Services Assistant	1	1	1	1
Assistant Counsel	1	1	1	1
Assistant General Counsel	1	1	1	1
General Counsel	1	1	1	1
Legal Secretary	1	1	1	1
Sr. Assistant Counsel	5	5	5	5
<i>Total</i>	10	10	10	10

¹ Approved positions including vacancies

² As of 6/30/10

³ As of 6/30/11

Staffing Level Changes

No staffing level changes

Office of the General Counsel cont.

FY 2010 & FY 2011 Accomplishments

1. Obtained favorable results in numerous property damage and personal injury claims and cases filed against VTA.
2. Successfully represented VTA in labor arbitrations, unemployment insurance appeal hearings, discrimination cases, and employment litigation.
3. Provided advice regarding Silicon Valley Berryessa Extension (SVBX) procurement documents and worked closely with outside counsel retained by General Counsel to address SVBX technical, legal, and construction issues for the SVBX Design Build contract.
4. Prepared and filed condemnation proceedings for the Highway 101 Auxiliary Lanes and I-880 Express Lanes Projects.
5. Advised project, real estate, and environmental staff on property acquisition, relocation planning, environmental clearance, project funding, and related legal issues for the SVBX Project.
6. Negotiated, drafted, and finalized numerous real estate and cooperative agreements, including a solar power purchase agreement for VTA facilities, a regional bike share agreement, and an agreement for the sale of property at the Tamien Station to the City of San Jose.
7. Negotiated, finalized, and documented termination of rail service to Clean Harbors Environmental, a shipper on the Western Pacific Milpitas Line.
8. Assisted in drafting Board Resolution and ballot language for successful passage of SB 83 Vehicle Registration Fee.

FY 2012 & FY 2013 Goals

1. Improve delivery of legal services at VTA. (Ongoing)
2. Protect and defend VTA's interests in legal proceedings. (Ongoing)
3. Enhance communication within General Counsel's Office. (Ongoing)
4. Practice preventive law. (Ongoing)
5. Enable our clients to achieve their goals. (Ongoing)

Office of the General Counsel Expense Budget
(Dollars in Thousands)

Category	FY10 Actual	FY11 Adopted Budget ¹	FY11 Projected Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
Labor Costs	1,558	1,557	1,557	1,689	132	8.5%	1,707	19	1.1%
Professional & Special Services	72	163	139	163	24	17.3%	163	0	0.0%
Other Services	7	8	4	8	4	93.3%	8	0	0.0%
Office Expense	3	7	7	7	(1)	-12.8%	7	0	0.0%
Employee Related Expense	1	8	4	8	4	85.4%	8	0	0.0%
Miscellaneous	10	13	9	13	4	42.8%	13	0	0.0%
Total Expense	1,651	1,754	1,720	1,886	166	9.7%	1,904	19	1.0%
Reimbursements	(897)	(564)	(898)	(543)	356	-39.6%	(538)	4	-0.8%
Net Total	754	1,190	821	1,343	522	63.6%	1,366	23	1.7%

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

² Projection as of July 20, 2011

Note: Totals and percentages may not be precise due to independent rounding

Descriptions of each Revenue and Expense Category can be found in Appendix D

Major Variances (Variance in excess of 5% and \$100,000)

Labor Costs:

The FY 2012 budget increases \$132 thousand or 8.5% over FY 2011 actual due to the discontinuation of the previous two-year furlough program for executive management and all represented and non-represented administrative staff, as well as increased cost of benefits; specifically health care and pension.

Reimbursements:

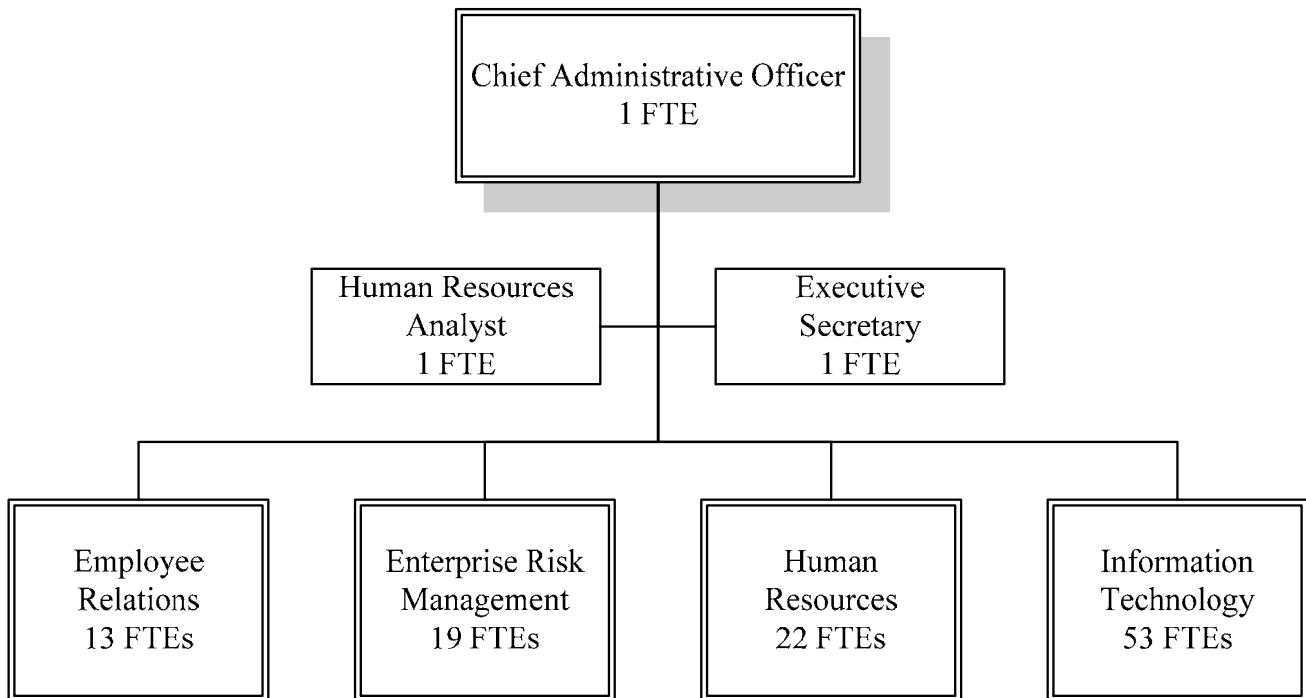
FY 2012 budgeted reimbursements are \$356 thousand or 39.6% less than FY 2011 actual primarily due to the omission in the FY 2012 budget of the reimbursement of counsel hours related to support of insurance claims.

Administrative Services Division

Under the direction of the Chief Administrative Officer, the Administrative Services division is responsible for developing and supporting VTA's human capital and business functions including information technology; employee recruitment, selection, classification, compensation, and benefits; labor relations; organizational development and training; safety; and enterprise risk management.

110 FTEs

(As of 7/1/11)



Administrative Services Division cont.

Department Descriptions

Employee Relations:

Responsible for the coordination of employee training programs, negotiating and administering collective bargaining agreements, and administering VTA's organizational development and training program and Equal Employment Opportunity/Affirmative Action Plan.

Enterprise Risk Management:

Responsible for management of self-insured Workers' Compensation and Liability claims, safety programs, Substance Abuse Control programs, employee assistance programs, and Operations and Construction insurance programs.

Human Resources:

Responsible for recruitment and hiring, classification and compensation, administering employee and retiree benefits programs, administering deferred compensation, and administering VTA/ATU (Amalgamated Transit Union) and CalPERS retirement programs.

Information Technology:

Responsible for management of business and transportation technology systems.

***Administrative Services Division
Staffing Level Detail¹***

Job Title	FY10 ²	FY11 ³	FY12	FY13
Accessible Services Program Manager	0	1	1	1
Administrative Services Assistant	3	3	3	3
Associate Claims Analyst	1	1	1	1
Associate Network Analyst	1	1	1	1
Associate Systems Administrator	1	1	1	1
Chief Administrative Officer	1	1	1	1
Chief Information Officer	1	1	1	1
Claims Analyst	2	2	2	2
Claims Supervisor	1	1	1	1
Communications Systems Analyst	5	5	6	6
Communications Systems Manager	1	1	1	1
Data Base Administrator	2	2	2	2
Deputy Director, IT Applications	0	1	1	1
Document Control Clerk II	3	0	0	0
Document Systems Supervisor	1	0	0	0
Environmental Health & Safety Specialist	2	2	2	2
Environmental Health & Safety Supervisor	1	1	1	1
Executive Secretary	2	2	2	2
Human Resources Administrator	1	1	1	1
Human Resources Analyst	16	16	16	16
Human Resources Assistant	7	6	6	6
Human Resources Manager	2	2	2	2
Information Systems Analyst II	9	9	9	9
Information Systems Supervisor	3	3	3	3
Labor Relations Program Manager	1	1	1	1
Lead Document Control Clerk	1	1	1	1
Lead Reprographics Services Specialist	1	0	0	0
Management Aide	1	1	1	1
Management Analyst	2	2	2	2
Management Secretary	2	2	2	2
Network Analyst	1	1	1	1

¹ Approved positions including vacancies

² As of 6/30/10

³ As of 6/30/11

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Title	FY10²	FY11³	FY12	FY13
Office Specialist II	7	5	5	5
Programmer	3	3	3	3
Programmer Analyst III	8	7	7	7
Project Management Office Supervisor	1	1	1	1
Reprographics Services Specialist II	5	2	2	2
Risk Manager	1	1	1	1
Safety Manager	1	1	1	1
SAP Deployment Manager	1	0	0	0
Sr Human Resources Analyst	6	6	6	6
Sr Information Systems Analyst	5	5	5	5
Systems Administrator	1	1	1	1
Technical Project Manager	3	3	3	3
Technology Infrastructure Supervisor	1	1	1	1
Technology Manager	2	1	1	1
Transit Safety Officer	1	1	1	1
Transit Systems Safety Supervisor	1	1	1	1
Webmaster	1	0	0	0
Total	123	110	111	111

Staffing Level Changes

Thirteen vacant positions deleted as part of the FY 2012 and FY 2013 budget development process. One Communications System Analyst position added to support RTI (Real Time Information).

Administrative Services Division cont.

FY 2010 & FY 2011 Accomplishments

1. Successfully managed the implementation of negotiated labor savings programs such as pay freezes, unpaid furloughs, wage deferrals, and staff reductions. Realized all projected budgetary savings and ensured compliance with Collective Bargaining Agreements. The few resulting disputes with labor unions were resolved amicably. Labor and management continue to collaborate to insure compliance.
2. Completed the base upgrade of all VTA Ticket Vending Machines to extend their useful-life another eight or more years.
3. Completed the upgrade of VTA Server Infrastructure to include a new Uninterrupted Power System (UPS), email system, and electronic archiving system. All completed on schedule and under budget.
4. Completed, on schedule and under budget, the upgrade of VTA Network Infrastructure including replacement of firewalls, core switches, and River Oaks local area network (LAN).
5. Managed the work of consultants who conducted performance audits of the Third Party Administrators for VTA's Workers' Compensation and Public Liability Programs. Identified and implemented recommended cost saving measures.
6. Designed and implemented an Employee Wellness Program which assisted employees in taking charge of their health, furthering VTA's efforts to reduce health care expenses, and to improve employee morale and productivity.
7. Administered the Bus and Rail Operator Safe Driving Awards Program, resulting in the presentation of 738 total awards at all levels, including 1 for three million miles, 22 for two million miles, and 71 for one million miles of safe driving.
8. Organized and executed five large scale Emergency Preparedness Table Top Exercises simulating an earthquake and rail terrorist attacks, which involved local first responders such as local fire departments, police departments, and ambulance companies.
9. Met FTA (Federal Transit Administration) requirements for a Drug-Free Workplace and passed the CPUC (California Public Utilities Commission) Triennial audit with no findings or recommendations for VTA's Substance Abuse Prevention Program.
10. Completed a comprehensive legal review of the VTA/ATU (Amalgamated Transit Union) Pension Plan, ensuring compliance with applicable laws and regulations, and completed a request for an IRS (Internal Revenue Service) Determination Letter that was recommended by the review.

Administrative Services Division cont.

FY 2012 & FY 2013 Goals

1. Enter into and complete labor contract negotiations with ATU (Amalgamated Transit Union, Local 265). Negotiations to begin in October of 2012; current contract expires February 2013. (March 2013)
2. Complete the submission of data and receive reimbursement from Federal government for the medical expenses of certain retirees under the Early Retiree Reimbursement Program. (December 2011)
3. Implement the new desktop and mobile computing strategy, changing the way technology is used within VTA and reducing VTA's dependence on printing. (Summer 2012)
4. Through a competitive process, enter into new contracts with service providers to meet federal requirements for: drug and alcohol laboratory testing, Medical Review Officer (Spring 2013), and Substance Abuse Professional services (Fall 2011), while accomplishing cost reductions of at least 5% from current contract.
5. Conduct at least four Emergency Table Top Exercises that address current rail safety training needs of first responders and provide training opportunities for the Emergency Operations Center staff and the operating divisions in the event of a derailment. (Spring 2013)
6. Complete the deployment of a Real Time Information (RTI) system which will provide VTA customers instantaneous transit information regarding arrival times, travel durations, routes, and other useful information utilizing a variety of messaging systems including electronic signs, cell phones, PDAs (Personal Digital Assistants), and audio announcements. (Summer 2012)
7. Deploy credit/debit card and Clipper[®] value add to the VTA Ticket Vending Machines to provide customers with the ability to purchase fares with credit/debit cards and to add transit value to Clipper[®] electronic fare media. (Summer 2012)
8. Work with VTA/ATU Pension Plan board to make changes required to comply with findings from comprehensive legal review; receive IRS (Internal Revenue Service) Determination Letter to ensure compliance with IRS laws and rules. (Spring 2013)
9. Implement and administer Title VI Federal Transit Administration (FTA) required programs in compliance with Limited English Proficiency (LEP) guidelines and National Civil Rights laws and regulations; ensure that VTA programs and projects are in compliance with FTA guidelines. (June 2012)
10. Implement Succession Planning Pilot Program in FY 2012; complete assessment of the results; make appropriate modification based on the experience of the Pilot Program; and prepare a comprehensive, agency wide Succession Planning Program with implementation in FY 2013. (June 2013)

Administrative Services Division Expense Budget
(Dollars in Thousands)

Category	FY10 Actual	FY11 Adopted Budget ¹	FY11 Projected Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
Labor Costs	14,113	14,054	13,506	15,196	1,689	12.5%	15,395	199	1.3%
Materials & Supplies	28	27	40	57	16	40.1%	47	(10)	-17.6%
Professional & Special Services	772	834	593	1,082	489	82.6%	782	(300)	-27.7%
Other Services	837	1,094	597	939	342	57.2%	962	23	2.5%
Insurance	4,689	5,140	4,962	4,433	(529)	-10.7%	4,575	142	3.2%
Data Processing	2,103	2,667	2,908	2,818	(90)	-3.1%	2,891	73	2.6%
Office Expense	36	23	36	35	(1)	-1.7%	35	0	0.0%
Communications	1,112	1,080	1,140	1,211	71	6.2%	1,214	4	0.3%
Employee Related Expense	367	409	271	392	121	44.8%	379	(13)	-3.4%
Leases & Rents	155	282	163	283	120	73.4%	285	2	0.9%
Miscellaneous	105	201	74	109	35	48.0%	107	(2)	-1.7%
Total Expense	24,317	25,811	24,290	26,554	2,264	9.3%	26,672	118	0.4%
Reimbursements	(1,728)	(845)	(882)	(957)	(75)	8.5%	(759)	198	-20.7%
Net Total	22,589	24,966	23,408	25,597	2,189	9.4%	25,913	316	1.2%

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

² Projection as of July 20, 2011

Note: Totals and percentages may not be precise due to independent rounding
 Descriptions of each Revenue and Expense Category can be found in Appendix D

Major Variances (Variance in excess of 5% and \$100,000)

Labor Costs:

The FY 2012 budget increases \$1.7 million or 12.5% over FY 2011 actual primarily due to the discontinuation of the previous two-year furlough program for executive management and all represented and non-represented administrative staff, as well as increased cost of benefits, specifically health care and pension.

Professional & Special Services:

FY 2012 budget reflects a \$489 thousand increase over FY 2011 actual and FY 2013 budget reflects a \$300 thousand decrease from FY 2012. These variances are due to costs related to support of new programs and a one-time FY 2012 expense of \$300 thousand for development of emergency exercises and revision of the Emergency Operations Plan which is grant funded.

Administrative Services Division cont.

Other Services:

FY 2012 budget is \$342 thousand higher than FY 2011 actual due to increased maintenance costs for off-warranty items and information technology costs related to support of new programs.

Insurance:

FY 2012 budget is \$529 thousand or 10.7% lower than FY 2011 actual reflecting a change in General Liability self-insurance actuarial assumptions, i.e., confidence level¹ changed from 90% to 60% to better reflect historical experience.

Employee Related Expense:

The FY 2012 budget increases \$121 thousand over FY 2011 actual primarily due to increased training and development in support of the VTA Succession Planning Program.

Leases & Rents:

FY 2012 budget is \$120 thousand over FY 2011 actual due to increased costs for new copier equipment.

Reimbursements:

FY 2013 budgeted reimbursements are anticipated to decrease \$198 thousand or 20.7% from FY 2012 due primarily to timing of completion of technology related projects.

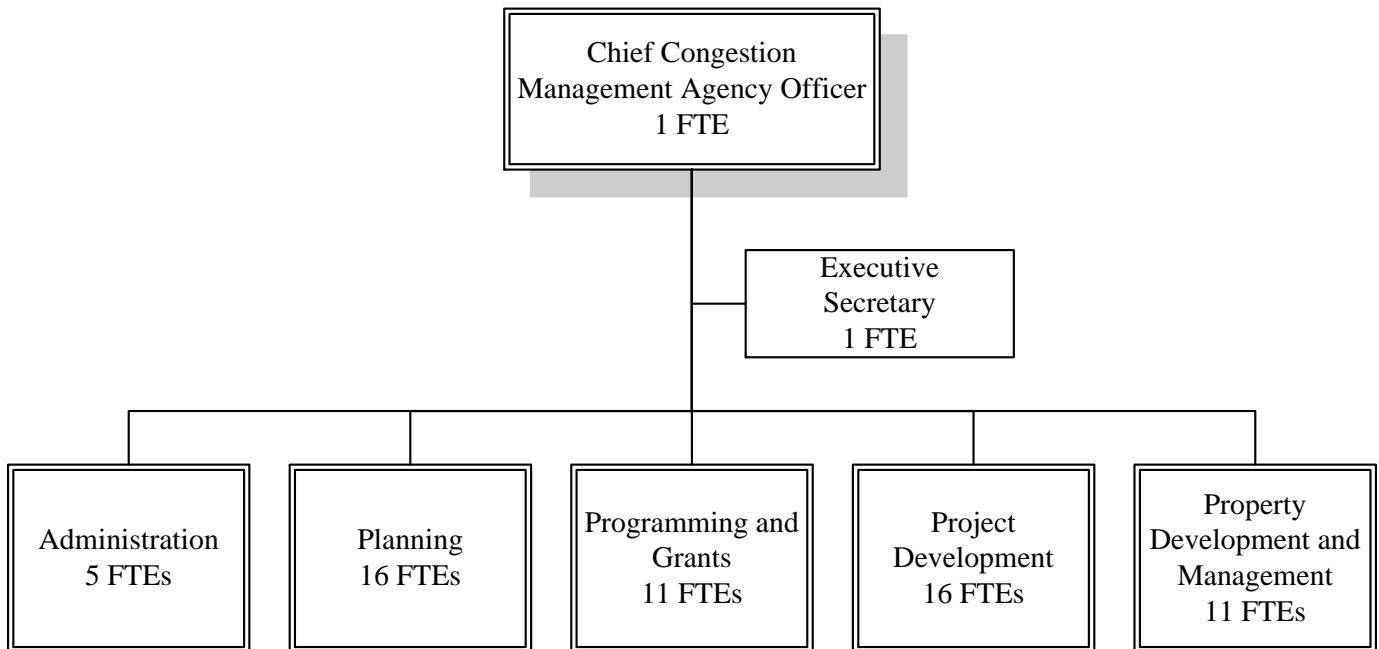
¹ The estimated probability that a given dollar amount will cover a specific group of open or unreported claims.

Congestion Management Division

Under the direction of the Chief Congestion Management Agency Officer, this division is responsible for conducting all Congestion Management Program and VTA transportation planning activities. In addition, the Congestion Management division is responsible for project development activities, project approval, programming and grants management, and property development and management functions.

61 FTEs

(As of 7/1/11)



Congestion Management Division cont.

Department Descriptions

Administration:

Responsible for division budget and personnel administration.

Planning:

Responsible for the planning and conceptual design of all major transit projects, as well as the long range planning functions of the Congestion Management Program (CMP).

Programming and Grants:

Responsible for advocating, programming, managing, and ensuring compliance for all federal, state and regional transit and highway grants, as well as the programming of funds for the CMP.

Project Development:

Responsible for development phases of capital projects including environmental, preliminary engineering, traffic engineering, and Intelligent Transportation Systems (ITS) engineering, as well as the engineering responsibilities of the CMP.

Property Development:

Responsible for the management of VTA's real property assets, acquisition of right-of-way in support of VTA capital projects, and property development.

***Congestion Management Division
Staffing Level Detail¹***

Job Title	FY10 ²	FY11 ³	FY12	FY13
Associate Real Estate Agent	3	3	3	3
Associate Transportation Engineer	1	1	1	1
Chief Congestion Mgt Agency Officer	1	1	1	1
Deputy Director, Planning	1	1	1	1
Deputy Director, Project Development	1	1	1	1
Deputy Director, Property Dev & Mgt	1	1	1	1
Document Control Clerk II	0	1	1	1
Environmental Planner III	2	2	2	2
Executive Secretary	2	1	1	1
Management Analyst	3	2	2	2
Manager, Real Estate & Project Admin	1	1	1	1
Office Specialist II	3	4	4	4
Principal Transportation Planner	2	2	2	2
Secretary	1	0	0	0
Sr Environmental Planner	4	4	4	4
Sr Management Analyst	2	2	2	2
Sr Policy Analyst	0	1	1	1
Sr Real Estate Agent	4	4	4	4
Sr Transportation Engineer	1	1	1	1
Sr Transportation Planner	12	12	12	12
Transportation Engineering Manager	1	1	1	1
Transportation Planner III	11	10	10	10
Transportation Planning Aide	1	0	0	0
Transportation Planning Manager	5	5	5	5
<i>Total</i>	63	61	61	61

¹ Approved positions including vacancies

² As of 6/30/10

³ As of 6/30/11

Staffing Level Changes

Four vacant positions deleted as part of the FY 2012 and FY 2013 budget development process; added one Document Control Clerk II; one Office Specialist II position transferred from Engineering & Construction Division.

Congestion Management Division cont.

FY 2010 & FY 2011 Accomplishments

1. Implemented energy and water conservation measures that are saving approximately \$1 million annually.
2. Obligated over \$220 million in State and Federal Formula Grant Funds.
3. Developed new grants programs (ARRA-American Recovery and Reinvestment Act Program, Project Readiness Initiative and SB 83-Vehicle Registration Fee). Delivered ARRA program.
4. Procured short-term leasing and licensing contracts at VTA properties anticipated to generate approximately \$587 thousand in rental income over the next five years; procured three new telecom licenses anticipated to generate more than \$250 thousand in rental income over the next five years.
5. Permanently disposed of multiple properties declared excess by the VTA Board of Directors, generating funds upwards of \$1.2 million dollars and entered into agreements for additional dispositions anticipated to generate \$6.2 million dollars by December 2011/January 2012.
6. Completed the Environmental Impact Statement and 2nd Supplemental Environmental Impact Report for the Silicon Valley Berryessa Extension (SVBX) Project.
7. Environmentally cleared the US 101 Auxiliary Lanes Project, SR 237/I-880 Express Connector Project, and Capitol Expressway Corridor Pedestrian and Bus Improvements.
8. Established Four-County Mobility Partnership for SR 152 Trade Corridor Project.
9. Implemented ramp metering on SR 87, southbound SR 85 at SR 87, and southbound US 101 at I-880.
10. Completed the environmental document for Wrigley Creek Improvement Project and constructed the project.
11. Implemented first GPS-based (Global Positioning System) signal priority system for transit in the Bay Area for the Rapid 522 service.
12. Initiated conceptual engineering and environmental clearance for El Camino Bus Rapid Transit (BRT).
13. Completed preliminary engineering for Santa Clara/Alum Rock BRT.
14. Completed enhancements to VTA Land Use/Transportation Integration Programs with local agencies including the implementation of the SB 375 Sustainable Communities Strategy (SCS).
15. Completed Light Rail Transit Systems Analysis and Express Bus Business Plan.

Congestion Management Division cont.

FY 2012 & FY 2013 Goals

1. Install and operate solar facilities at North, Cerone, and Chaboya Bus Operating Divisions. (December 2011)
2. Implement projects from the Light Rail Systems Analysis to improve safety, operations, and efficiency of the system. (January 2013)
3. Complete environmental documents for SR 85 Express Lane and US 101 Express Lane. (April 2013)
4. Achieve full entitlement for a transit-oriented development on the east side of Tamien Station with a minimum of 251 multi-family dwelling units. (December 2012)
5. Implement and operate SR 237/I-880 Express Connectors. (March 2012)
6. Complete the Environmental Impact Report/Environmental Assessment for I-280/I-880/Stevens Creek Project. (July 2011)
7. Successfully implement new format for Block Grants. (Summer 2013)
8. Complete the conceptual engineering and initiate environmental clearances for El Camino Bus Rapid Transit (BRT) and initiate next phases of the project. (June 2012)
9. Adopt the countywide long-range transportation plan, Valley Transportation Plan (VTP 2040), incorporating new Sustainable Community Strategy elements. (February 2013)

Congestion Management Division Expense Budget
(Dollars in Thousands)

Category	FY10 Actual	FY11 Adopted Budget ¹	FY11 Projected Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
Labor Costs	7,233	7,386	7,386	7,715	329	4.5%	7,804	88	1.1%
Professional & Special Services	98	196	42	159	117	281.8%	144	(15)	-9.4%
Other Services	6	7	12	6	(6)	-52.0%	6	0	0.0%
Data Processing	5	0	0	30	30	N/A	10	(20)	-65.7%
Office Expense	18	18	18	18	0	1.5%	18	0	0.0%
Employee Related Expense	7	11	6	7	1	10.7%	7	0	0.0%
Miscellaneous	28	23	27	32	5	16.7%	31	(1)	-1.7%
Total Expense	7,395	7,640	7,492	7,967	476	6.4%	8,020	53	0.7%
Reimbursements	(8,488)	(9,050)	(8,628)	(7,888)	740	-8.6%	(7,738)	150	-1.9%
Net Total	(1,093)	(1,410)	(1,137)	79	1,216	-107.0%	282	203	256.1%

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

² Projection as of July 20, 2011

Note: Totals and percentages may not be precise due to independent rounding
Descriptions of each Revenue and Expense Category can be found in Appendix D

Major Variances (Variance in excess of 5% and \$100,000)

Professional & Special Services:

FY 2012 budget reflects an increase of \$117 thousand from FY 2011 actual due primarily to costs associated with grant support consultant services.

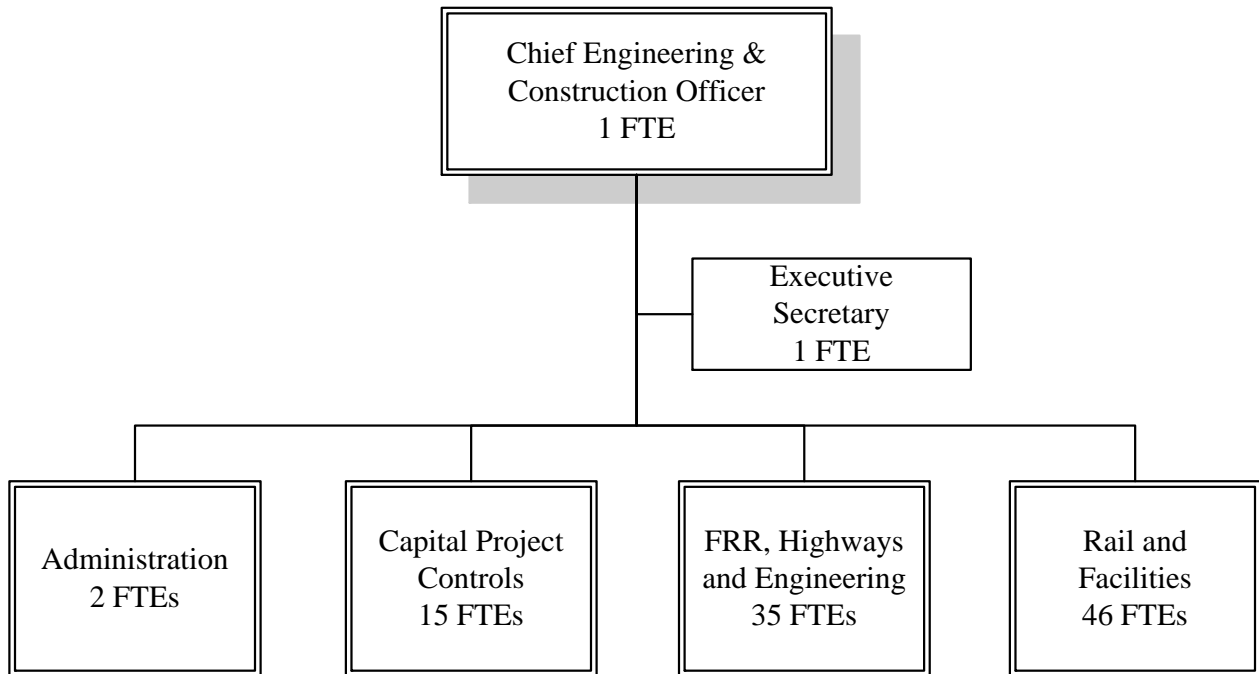
Reimbursements:

FY 2012 budgeted reimbursements are anticipated to decrease \$740 thousand or 8.6% from FY 2011 actual due primarily to a reduction in overhead rates resulting from cost containment measures taken over the last several years and increased use of grant funds.

Engineering & Construction Division

Under the direction of the Chief Engineering & Construction Officer, this division is responsible for the design of VTA projects once project development is complete and the project is approved and funded. The division is responsible for design and construction through turnover of the facility to VTA or the appropriate agency.

100 FTEs
(As of 7/1/11)



Engineering & Construction Division cont.

Department Descriptions

Administration:

Responsible for division budget and personnel administration.

Capital Project Controls:

Responsible for managing cost and schedule reporting on major capital projects, and maintaining project controls software tools for reporting costs and tracking changes that are integrated into VTA's SAP enterprise software.

FRR, Highways and Engineering:

Responsible for managing the design and construction of the Freight Railroad Relocation (FRR) activities and highway projects, and for providing engineering services including utility, survey, right-of-way engineering, hazardous material, and permitting support services to all VTA capital projects.

Rail and Facilities:

Responsible for managing the design and construction of rail projects, including rehabilitation projects on the existing system and light rail expansion projects, facilities projects involving the VTA bus and rail yards, and for providing construction inspection services to all VTA capital projects.

***Engineering & Construction Division
Staffing Level Detail¹***

Job Title	FY10²	FY11³	FY12	FY13
Assistant Architect	1	1	1	1
Assistant Civil Engineer	1	0	0	0
Assistant Transportation Engineer	10	9	9	9
Associate Architect	1	1	1	1
Associate Civil Engineer	1	0	0	0
Associate Electrical Engineer	1	0	0	0
Associate Land Surveyor	1	1	1	1
Associate Mechanical Engineer	2	0	0	0
Associate Systems Design Engineer	2	4	4	4
Associate Transportation Engineer	6	7	7	7
Business Relations Manager	1	1	1	1
Chief Engineering & Construction Officer	1	1	1	1
Construction Inspector	10	9	9	9
Cost & Schedule Coordinator	1	1	1	1
Deputy Director, Construction	2	2	2	2
Document Control Clerk II	3	2	2	2
Engineering Aide	4	4	4	4
Engineering Group Manager	3	3	3	3
Engineering Technician II	3	3	3	3
Engineering Technician III	2	2	2	2
Executive Secretary	2	1	1	1
Management Analyst	2	2	2	2
Manager, Construction Inspection	1	1	1	1
Office Specialist II	7	6	6	6
Office Support Supervisor	3	2	2	2
Permit Technician	1	1	1	1
Principal Construction Inspector	1	1	1	1
Principal Transportation Planner	1	1	1	1
Project Controls Manager	1	1	1	1
Project Controls Specialist II	4	4	4	4
Quality Assurance & Warranty Manager	1	1	1	1

¹ Approved positions including vacancies

² As of 6/30/10

³ As of 6/30/11

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Title	FY10²	FY11³	FY12	FY13
Secretary	2	2	2	2
Sr Architect	3	3	3	3
Sr Construction Inspector	4	4	4	4
Sr Construction Inspector - Lead	2	2	2	2
Sr Cost & Schedule Coordinator	1	1	1	1
Sr Environmental Engineer	1	1	1	1
Sr Land Surveyor	1	1	1	1
Sr Management Analyst	1	1	1	1
Sr Systems Design Engineer	1	1	1	1
Sr Transportation Engineer	3	3	3	3
Survey and Mapping Manager	1	1	1	1
Systems Design Manager	1	1	1	1
Transportation Engineering Manager	4	4	4	4
Utilities Coordination Manager	1	1	1	1
Utility Coordinator	2	2	2	2
<i>Total</i>	108	100	100	100

Staffing Level Changes

Six vacant positions deleted as part of the FY 2012 and FY 2013 budget development process; one Executive Secretary position transferred to SVRT Division; one Office Specialist II position transferred to Congestion Management Division.

Engineering & Construction Division cont.

FY 2010 & FY 2011 Accomplishments

1. Completed 21 of 23 facilities construction contracts within 15% of contract award amounts.
2. Completed six of nine Rail Transit and Highway construction contracts within 12% of contract award amounts.
3. Downtown/East Valley (DTEV) – Capital Expressway Light Rail Project - Pedestrian Improvements - Completed design, property acquisition, and utility relocation; began civil construction.
4. Completed construction of bus stop improvements at 67 locations.
5. Completed rail rehabilitation at Rio Robles, Harwood Spur, Almaden, and Market track crossings.
6. Completed Final Design for US 101 Auxiliary Lanes.
7. Completed Final Design on I-880 Widening.
8. Completed construction of Lower Berryessa Creek Freight Railroad Relocation.
9. Completed final design of Kato Road grade separation.
10. Started construction of US 101/Tully Interchange improvements.

FY 2012 & FY 2013 Goals

1. Complete facilities construction contracts within 15% of contract award amounts. (Ongoing)
2. Complete rail and highway construction contracts within 12% of contract award amounts. (Ongoing)
3. Complete construction of pedestrian improvements along Capitol Expressway as part of the Capitol Expressway Light Rail Project. (Summer 2012)
4. Complete construction of Blossom Hill Pedestrian Grade Separation. (Spring 2012)
5. Complete rail rehabilitation construction at Lick Mill, Taylor, Hedding, and Clayton. (late 2012)
6. Complete construction of bus stop improvements at 40 locations. (mid 2013)

Engineering & Construction Division cont.

7. Complete construction of Guadalupe Corridor elevator and escalator retrofit. (Fall 2012)
8. Complete construction of US 101 operational improvements. (late 2012)
9. Start construction of Kato Road grade separation. (Fall 2011)
10. Start construction of Mission/Warren/Freight Railroad Relocation Program. (mid 2012)

Engineering & Construction Division Expense Budget
(Dollars in Thousands)

Category	FY10 Actual	FY11 Adopted Budget ¹	FY11 Projected Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
Labor Costs	12,904	12,853	12,490	13,942	1,452	11.6%	14,131	190	1.4%
Materials & Supplies	1	1	1	1	0	-27.5%	1	0	0.0%
Professional & Special Services	21	42	1	21	21	3415.9%	21	0	0.0%
Other Services	0	0	1	0	(1)	-82.3%	0	0	0.0%
Data Processing	0	1	0	0	0	0.0%	0	0	0.0%
Office Expense	10	10	8	10	2	25.4%	10	0	0.0%
Employee Related Expense	7	10	8	8	0	0.9%	8	0	0.0%
Miscellaneous	5	8	5	6	0	8.1%	6	0	3.3%
Other Expense	2	0	0	0	0	0.0%	0	0	0.0%
Total Expense	12,950	12,924	12,514	13,988	1,474	11.8%	14,178	190	1.4%
Reimbursements	(18,197)	(17,377)	(17,592)	(15,307)	2,285	-13.0%	(15,212)	96	-0.6%
Net Total	(5,246)	(4,453)	(5,078)	(1,319)	3,759	-74.0%	(1,034)	285	-21.6%

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

² Projection as of July 20, 2011

Note: Totals and percentages may not be precise due to independent rounding

Descriptions of each Revenue and Expense Category can be found in Appendix D

Major Variances
(Variance in excess of 5% and \$100,000)

Labor Costs:

The FY 2012 budget increases \$1.5 million or 11.6% over FY 2011 actual due to the discontinuation of the previous two-year furlough program for executive management and all represented and non-represented administrative staff, as well as increased cost of benefits, specifically health care and pension.

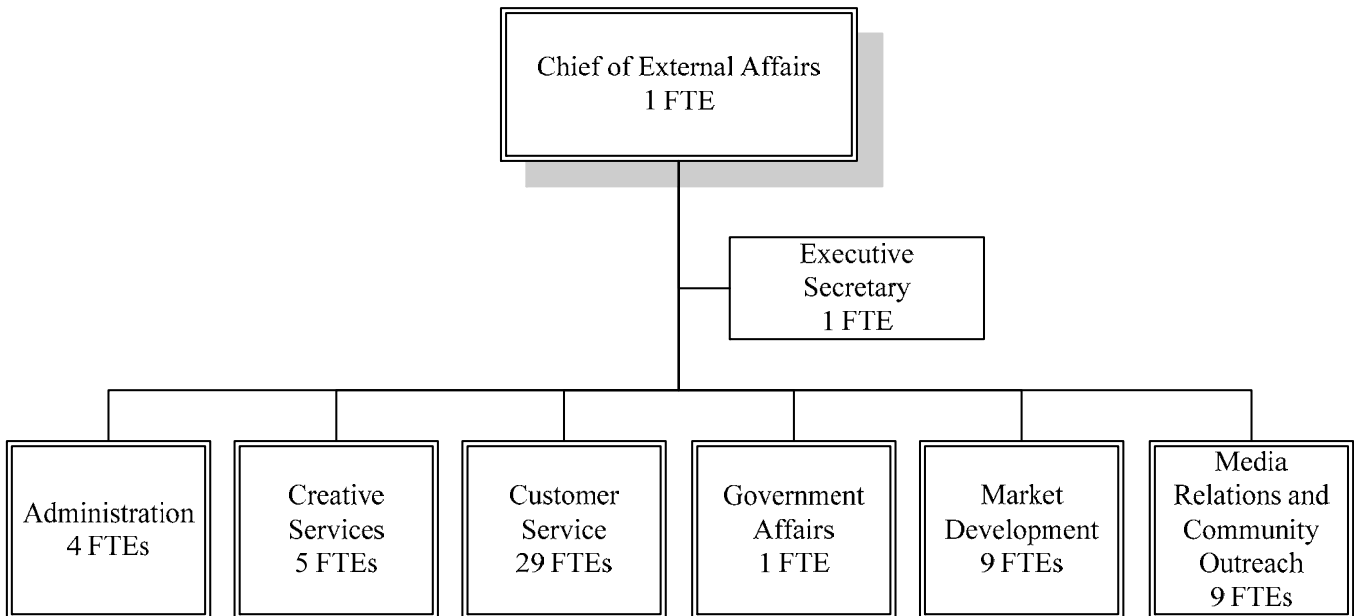
Reimbursements:

FY 2012 budgeted reimbursements are anticipated to decrease \$2.3 million or 13.0% from FY 2011 actual due primarily to a reduction in overhead rates resulting from cost containment measures taken over the last several years and increased use of grant funds.

External Affairs Division

Under the direction of the Chief of External Affairs, this division is responsible for developing and executing a cohesive communication plan for the Authority, integrating media relations, community outreach, marketing, customer service, and government affairs activities supporting VTA's strategic goals.

59 FTEs
(As of 7/1/11)



External Affairs Division cont.

Department Descriptions

Administration:

Responsible for division budget and personnel administration.

Creative Services:

Responsible for creative design and production services for all VTA departments to ensure that VTA materials meet established graphic standards, and are easy to understand.

Customer Service:

Responsible for providing current and potential service recipients with accurate and timely assistance through a telephone contact center, the Downtown and River Oaks Customer Service Centers, community events, site visits, and via VTA's web-site www.vta.org. Also responsible for providing travel training and outreach to seniors and persons with disabilities.

Government Affairs:

Responsible for developing and coordinating VTA's legislative and intergovernmental relations programs.

Market Development:

Responsible for identification of target markets and development of positive advertising campaigns to promote utilization of VTA transit services.

Media Relations and Community Outreach:

Responsible for initiating and responding to media contacts, maintaining updated information about VTA, relaying critical project information to the public, and encouraging public involvement and input for capital project development.

*External Affairs Division
Staffing Level Detail¹*

Job Title	FY10²	FY11³	FY12	FY13
Accessible Services Representative	1	1	1	1
Chief of External Affairs	1	1	1	1
Community Outreach Supervisor	1	0	0	0
Creative Services Manager	1	1	1	1
Customer Services Supervisor	3	3	3	3
Executive Secretary	1	1	1	1
Government Affairs Manager	1	1	1	1
Graphic Designer II	4	4	4	4
Information Services Representative	25	20	20	20
Management Analyst	2	2	2	2
Manager, Market Development	1	1	1	1
Manager, Public Affairs & Customer Info	1	1	1	1
Media Spokesperson	1	1	1	1
Office Specialist II	2	2	2	2
Policy & Community Relations Manager	1	1	1	1
Public Communication Specialist II	9	9	9	9
Public Information Officer	1	1	1	1
Public Relations Supervisor	1	1	1	1
Sales and Promotion Supervisor	1	1	1	1
Secretary	2	2	2	2
Sr Information Representative	3	3	3	3
Sr Management Analyst	1	1	1	1
Sr Transportation Planner	1	1	1	1
Total	65	59	59	59

¹ Approved positions including vacancies

² As of 6/30/10

³ As of 6/30/11

Staffing Level Changes

Six vacant positions deleted as part of the FY 2012 and FY 2013 budget development process.

External Affairs Division cont.

FY 2010 & FY 2011 Accomplishments

1. Worked with statewide professional associations and local elected officials toward enactment of legislation to achieve a transportation funding swap, resulting in a \$16 million STA (State Transit Assistance) allocation to VTA in FY 2011, and a minimum STA Program statewide of \$350 million (approximately \$13 million to VTA) in future years.
2. Conducted public education to raise awareness about the need for funding to support local transportation projects, which contributed to the ultimate success of a ballot measure imposing a \$10 vehicle registration fee to pay for road projects in the County.
3. Provided strategic guidance and communications support to help VTA secure grant funds.
4. Expanded media coverage by utilizing a broader range of outlets, including community based publications, social media sites, and multi-lingual distribution channels.
5. Launched a Speakers Bureau, proactively soliciting opportunities to meet with organizations throughout Santa Clara County.
6. Leveraged social media, including Facebook, Twitter, and YouTube, to communicate with and attract a wider customer base.
7. Produced regional marketing campaign, “Healthier Planet, Healthier You” in collaboration with other Bay Area transit agencies leveraging the talent and scarce resources of all partners. This campaign won an APTA (American Public Transportation Association) Adwheel award for its creative message and appealing graphics.
8. Promoted transit services in South Santa Clara County focusing on expanding reach to Spanish speaking/limited English proficient individuals using Lifeline Transportation Program funding.
9. Supported successful launch of Commuter Express Light Rail service and the Bay Area’s first universal transit card—Clipper®.
10. Updated the community on a number of construction projects impacting local businesses and residents, including the U.S. 101/Tully project, the Blossom Hill Pedestrian Overcrossing, and the Capitol Expressway pedestrian improvement project.
11. Instituted a program to web-cast public meetings live on the Internet, allowing interested viewers to watch meetings at a time that is convenient for their schedule, or from the comfort of their home or office.

External Affairs Division cont.

FY 2012 & FY 2013 Goals

1. Contribute to VTA's financial sustainability and increase revenue through expanded third-party advertising opportunities, partnerships, and marketing of VTA services. (Ongoing)
2. Improve mobility and access to transit throughout the county for all demographic groups, particularly those with limited access to alternative transportation. (Ongoing)
3. Engage community in planning process to ensure a successful launch of VTA Express Bus, Bus Rapid Transit (BRT), and Silicon Valley Express Lanes. (Ongoing)
4. Build partnerships with broader base of stakeholders to help VTA increase the use of public transit, reduce congestion, and maximize resources. (Ongoing)
5. Raise public awareness, political support, and funding for VTA priorities, including more closely integrating transportation and land use planning. (Ongoing)
6. Enhance customer service and the travel experience through increased use of technology, including social media. (Ongoing)

External Affairs Division Expense Budget
(Dollars in Thousands)

Category	FY10 Actual	FY11 Adopted Budget ¹	FY11 Projected Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
Labor Costs	6,112	6,590	6,113	6,494	381	6.2%	6,642	148	2.3%
Materials & Supplies	2	3	2	1	(1)	-45.8%	4	3	239.2%
Professional & Special Services	396	500	281	434	153	54.6%	437	3	0.7%
Other Services	1,057	1,347	775	1,412	637	82.1%	1,414	2	0.2%
Data Processing	0	2	0	0	0	0.0%	0	0	0.0%
Office Expense	20	35	21	22	1	5.1%	22	0	0.0%
Employee Related Expense	21	22	13	26	14	108.2%	26	0	0.4%
Leases & Rents	77	87	80	109	29	36.5%	114	4	3.7%
Miscellaneous	23	86	34	30	(4)	-11.6%	30	0	-1.3%
Contribution to Other Agencies	224	224	210	236	26	12.5%	240	4	1.7%
Total Expense	7,932	8,895	7,529	8,765	1,236	16.4%	8,929	163	1.9%
Reimbursements	(493)	(484)	(620)	(739)	(119)	19.2%	(658)	81	-11.0%
Net Total	7,439	8,412	6,909	8,026	1,117	16.2%	8,271	245	3.1%

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

² Projection as of July 20, 2011

Note: Totals and percentages may not be precise due to independent rounding

Descriptions of each Revenue and Expense Category can be found in Appendix D

Major Variances (Variance in excess of 5% and \$100,000)

Labor Costs:

The FY 2012 budget increases \$381 thousand or 6.2% over FY 2011 actual due to the discontinuation of the previous two-year furlough program for executive management and all represented and non-represented administrative staff, as well as increased cost of benefits, specifically health care and pension.

Professional & Special Services:

FY 2012 budget is \$153 thousand higher than FY 2011 actual due to increased senior and disabled passenger travel training services and costs associated with design of printed materials for new programs (e.g., Clipper[®], Express Bus Service, Real Time Information).

External Affairs Division cont.

Other Services:

FY 2012 budget reflects a \$637 thousand increase over FY 2011 actual due to increased advertising and marketing efforts, as well as additional printing costs of informational items for passengers and other stakeholders.

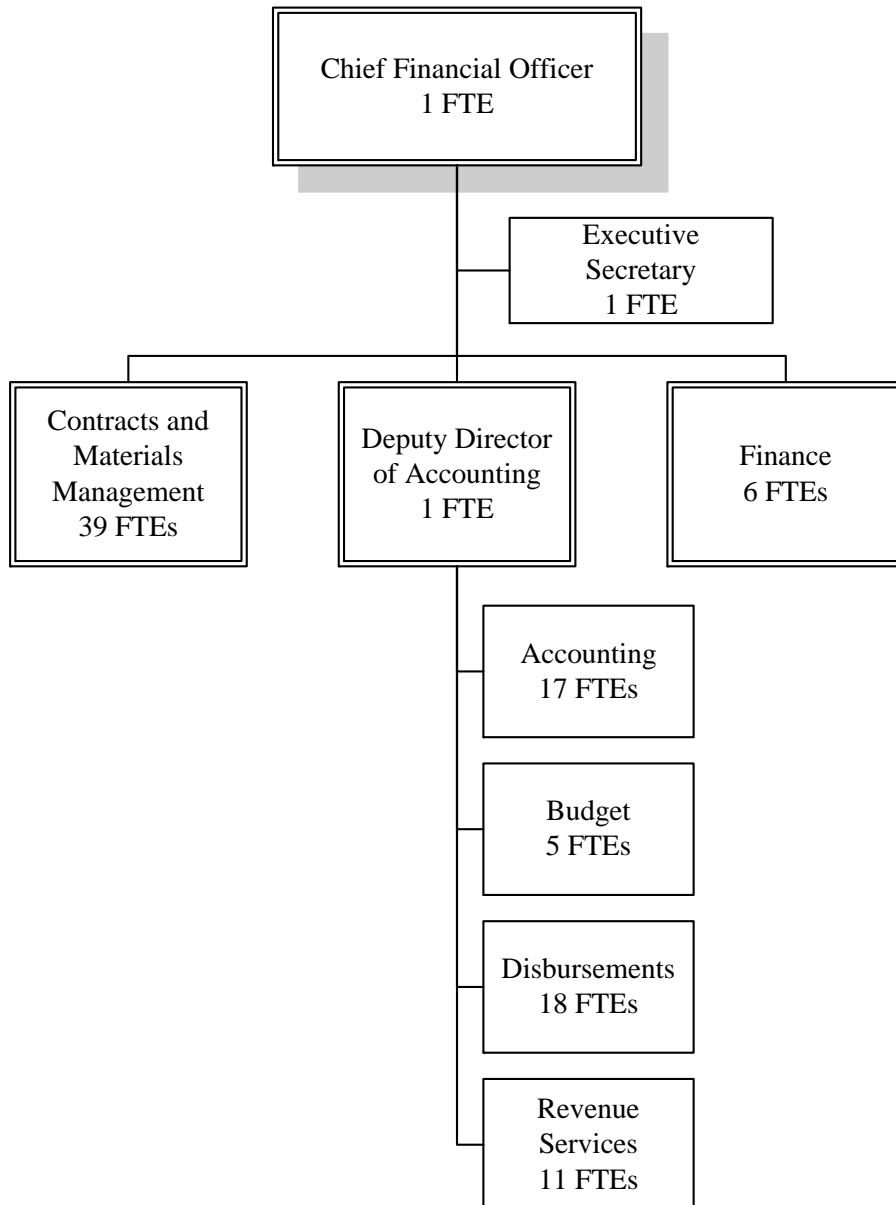
Reimbursements:

FY 2012 budgeted reimbursements are anticipated to increase \$119 thousand or 19.2% from FY 2011 due primarily to increased staff time spent on community outreach efforts in support of capital projects.

Fiscal Resources Division

Under the direction of the Chief Financial Officer, the Fiscal Resources division fulfills the Controller and Treasury functions for VTA including financial reporting, accounting, budgeting, investment services, cash management, debt administration, payroll, accounts receivable, accounts payable, and farebox revenue services. In addition, purchasing, messenger/mail services, contracts administration, and the disadvantaged business enterprise (DBE) program are the responsibility of the Fiscal Resources division.

99 FTEs
(As of 7/1/11)



Fiscal Resources Division cont.

Department Descriptions

Accounting:

Responsible for managing financial and capital accounting activities; maintaining the financial accounting system; external and internal financial reporting; preparation of revenue billings for projects, program contracts, and other program services; and processing and recording of cash deposits.

Budget:

Responsible for development of the biennial operating and capital budget and monitoring the adopted budget throughout the fiscal year.

Contracts and Materials Management:

Responsible for commodity and non-professional service procurements, construction and professional services contracting, disadvantaged business enterprise (DBE) program compliance, messenger and mail service, central receiving, and surplus property disposal.

Disbursements:

Responsible for processing payments to employees and outside vendors.

Finance:

Responsible for identifying need and implementing debt related transactions, preparing and analyzing the financial capacity of VTA, long-term financial planning, establishing effective investment strategies, analyzing investment portfolio performance, reporting investment performance to the Board of Directors, and designing and managing cash management and cash forecasting systems.

Revenue Services:

Responsible for managing the activities of fare media sales and reporting of revenue collection for the bus and light rail operations.

*Fiscal Resources Division
Staffing Level Detail¹*

Job Title	FY10²	FY11³	FY12	FY13
Accessible Services Program Manager	1	0	0	0
Accountant Assistant	15	14	14	14
Accountant II	1	2	2	2
Accountant III	10	9	9	9
Accounts Payable Support Supervisor	0	1	1	1
Buyer Assistant	3	3	3	3
Buyer II	3	3	3	3
Buyer III	3	3	3	3
Chief Financial Officer	1	1	1	1
Client Relationship Supervisor	1	1	1	1
Compliance Review Manager	1	0	0	0
Construction Contracts Administrator II	5	5	5	5
Contracts Administrator II	6	5	5	5
Contracts Manager	1	1	1	1
Contracts Program Manager	2	2	2	2
Deputy Director, Accounting	1	1	1	1
Disbursements Manager	1	1	1	1
Executive Secretary	1	1	1	1
Financial Accounting Manager	1	1	1	1
Financial Analyst	5	2	2	2
Fiscal Resources Manager	3	3	3	3
Investment Program Manager	1	1	1	1
Lead Storekeeper	1	1	1	1
Mail Messenger	4	3	3	3
Management Analyst	3	4	4	4
Management Secretary	3	2	2	2
Manager, Budget Administration	1	0	0	0
Manager, Highway Construction Contracts	1	1	1	1
Office Specialist II	1	1	1	1
Office Support Supervisor	1	2	2	2

¹ Approved positions including vacancies

² As of 6/30/10

³ As of 6/30/11

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Title	FY10²	FY11³	FY12	FY13
Payroll Support Supervisor	0	1	1	1
Purchasing & Materials Manager	1	1	1	1
Purchasing Manager	1	1	1	1
Revenue Services Manager	1	1	1	1
Sr Accountant	9	9	9	9
Sr Auditor	1	0	0	0
Sr Construction Contracts Administrator	3	2	2	2
Sr Financial Analyst	3	3	3	3
Sr Management Analyst	2	2	2	2
Storekeeper	1	1	1	1
Supervising Account Clerk	2	0	0	0
Supervising Vault Room Worker	1	0	0	0
Vault Room Worker	4	4	4	4
<i>Total</i>	110	99	99	99

Staffing Level Changes

Eleven vacant positions deleted as part of the FY 2012 and FY 2013 budget development process.

Fiscal Resources Division cont.

FY 2010 & FY 2011 Accomplishments

1. Issued 2010 Measure A Sales Tax Bonds with a par size of \$650 million. Proceeds from the issuance will be used to fund a portion of the costs of the capital improvements, facilities, and equipment in the 2000 Measure A Transit Improvement Program.
2. Coordinated the issuance of the BART Design Build contract Request for Proposals for the ten-mile Silicon Valley Berryessa Extension project (SVBX) from Warm Springs in Alameda County to the Berryessa Station in San Jose.
3. Executed all documents, including a Remarketing Memorandum in connection with the 2008 Measure A Sales Tax Revenue Refunding Bonds, required to implement the replacement of the liquidity provider for Series C and Series D. Executed all documents, including Standby Bond Purchase Agreements and a Remarketing Memorandum in connection with the 1976 Sales Tax Revenue Refunding Bonds, 2008 Series A-C, required to implement the replacement of the liquidity providers for the 2008 Bonds.
4. Successfully managed the negotiation and implementation of the restructuring of Amalgamated Transit Union, Local 265 (ATU) Spousal Medical/Retiree Dental Vision plan to an employee paid plan.
5. Successfully negotiated with swap counterparties to amend the swap agreements for seven variable-to-fixed interest rate swaps (Swaps) originally entered into in conjunction with the issuance of variable rate sales tax revenue bonds. The amendments remove Ambac from the role of credit support, thereby eliminating any potential risk of termination of the Swaps due to Ambac's rehabilitation proceedings or any subsequent proceedings of a similar nature.
6. Coordinated the implementation of regional Clipper[®] transit fare media card, a smart card which allows transit customers to load cash value and monthly passes to pay for rides on VTA or any transit system in the Bay Area that accepts Clipper[®].
7. Successfully completed a Federal Transit Administration (FTA) Procurement System Review of American Recovery and Reinvestment Act (ARRA) funded bus procurement.
8. Planned and coordinated an information forum for the SVBX Design Build contract which was attended by 550 prime and subcontractors, and worked with the project team to prequalify four Design Build teams to bid on the project.
9. Received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for both the FY 2009 and FY 2010 Comprehensive Annual Financial Reports.

Fiscal Resources Division cont.

10. Received the Government Finance Officers Association of the United States and Canada (GFOA) Distinguished Budget Presentation Award for the FY 2010 and FY 2011 Biennial Budget Book.

FY 2012 & FY 2013 Goals

1. Achieve an annualized rate of return on VTA investments that meets or exceeds the performance benchmarks as defined in the VTA investment policy. Rebalance VTA Operating Investment Portfolios to more closely match use and timing of needed funds and develop investment strategy. Review and update, if necessary, VTA's Investment, Debt, and Swap Policies to maintain financial stability and VTA security. (Ongoing)
2. Develop and implement a short term financing program to advance Full Funding Grant Agreement (FFGA) funding in support of the Silicon Valley Berryessa Extension (SVBX) and provide support for negotiation and execution of a Full Funding Grant Agreement for the BART extension to Berryessa. (Summer 2012)
3. Maintain VTA Transit long-term credit ratings of AAA/Aa3/AA- and 2000 Measure A long-term credit ratings of AA+/Aa3. (Ongoing)
4. Coordinate the Federal Transit Administration (FTA) Triennial Review for compliance with federal requirements as outlined in the grants management practices and program implementation. (July 2011)
5. Review and revise fiscal policies to establish and fund a Sales Tax Stabilization Fund. The objective of the Fund is to enhance VTA's fiduciary governance practices and mitigate the impact of sales tax revenue volatility. (Fall 2011)
6. Complete the procurement and installation of the advanced farebox system. (August 2011)
7. Establish an Other Post Employee Benefit (OPEB) Liability Reduction Fund. The Fund's objective is to enhance VTA's fiduciary governance practices and to mitigate the impacts of increasing levels of unfunded OPEB obligations. (July 2011)
8. Complete an availability and utilization study to demonstrate what level of discrimination may exist in federal contracting. This study is required to justify the continued use of race conscious disadvantaged business enterprise (DBE) goal setting. (December 2012)

Fiscal Resources Division cont.

9. Submit the FY 2011 and FY 2012 Comprehensive Annual Financial Reports to the Government Finance Officers Association (GFOA) for consideration for the Certificate of Achievement for Excellence in Financial Reporting. (October 2011 & October 2012)

10. Submit the FY 2012 and FY 2013 Biennial Budget Book to Government Finance Officers Association (GFOA) for consideration for the Distinguished Budget Presentation Award. (August 2011)

Fiscal Resources Division Expense Budget
(Dollars in Thousands)

Category	FY10 Actual	FY11 Adopted Budget ¹	FY11 Projected Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
Labor Costs	11,596	11,659	11,647	12,445	799	6.9%	12,622	177	1.4%
Materials & Supplies	1	2	1	1	0	64.7%	1	0	0.0%
Professional & Special Services	670	1,100	580	715	134	23.1%	1,009	295	41.3%
Other Services	193	201	182	593	411	226.4%	514	(79)	-13.3%
Data Processing	1	2	7	3	(4)	-53.4%	3	0	0.0%
Office Expense	37	54	50	40	(9)	-19.1%	38	(2)	-5.5%
Employee Related Expense	3	2	3	3	0	0.9%	3	0	0.0%
Miscellaneous	123	195	115	155	40	34.3%	155	0	0.0%
Total Expense	12,624	13,214	12,584	13,955	1,371	10.9%	14,346	391	2.8%
Reimbursements	(1,713)	(1,341)	(939)	(1,091)	(152)	16.2%	(939)	151	-13.9%
Net Total	10,912	11,872	11,645	12,864	1,219	10.5%	13,406	542	4.2%

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

² Projection as of July 20, 2011

Note: Totals and percentages may not be precise due to independent rounding

Descriptions of each Revenue and Expense Category can be found in Appendix D

Major Variances (Variance in excess of 5% and \$100,000)

Labor Costs:

The FY 2012 budget increases \$799 thousand or 6.9% over FY 2011 actual due to the discontinuation of the previous two-year furlough program for executive management and all represented and non-represented administrative staff, as well as increased cost of benefits, specifically health care and pension.

Professional & Special Services:

FY 2012 budget reflects a \$134 thousand increase from FY 2011 actual due to transaction costs related to the Clipper[®] program. FY 2013 budget shows a \$295 thousand increase over FY 2012 due to costs of a disparity study and fare study, both scheduled for FY 2013.

Other Services:

The FY 2012 budget is \$411 thousand higher than FY 2011 actual due to printing costs related to limited-use smart card stock issued by new bus fareboxes to replace previous paper day passes.

Fiscal Resources Division cont.

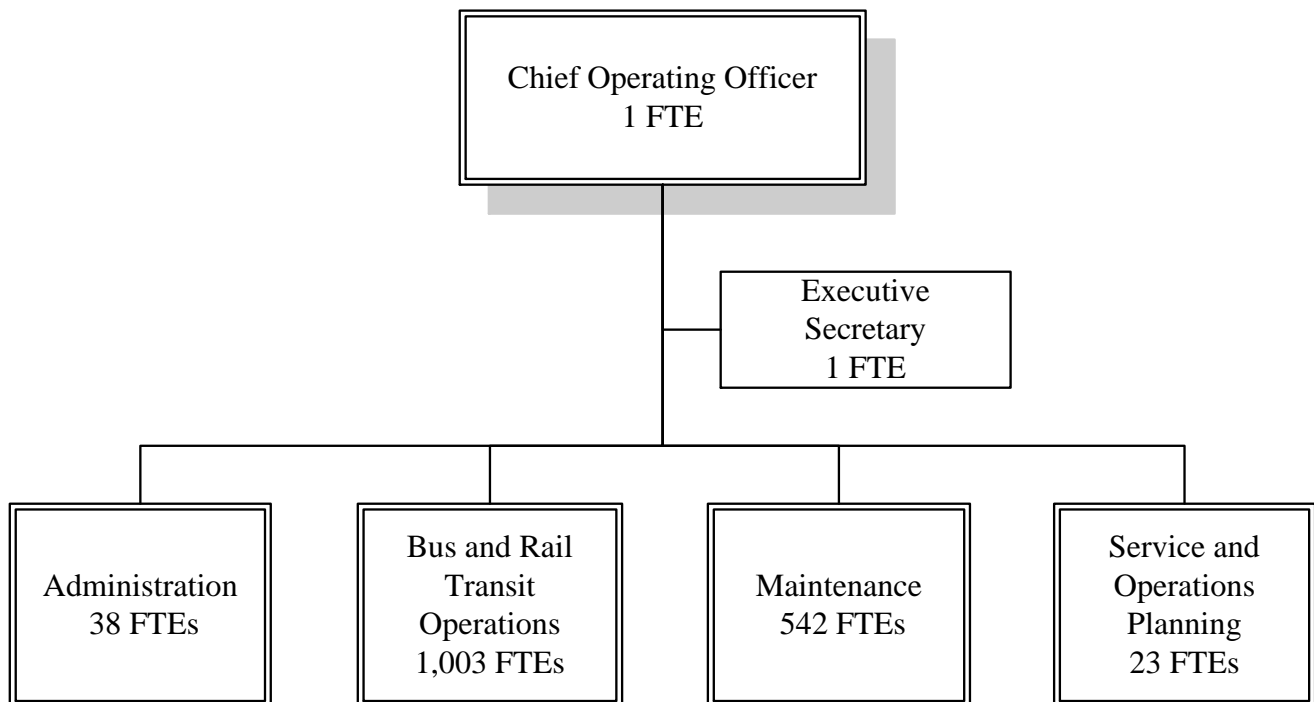
Reimbursements:

FY 2012 budgeted reimbursements are anticipated to increase \$152 thousand or 16.2% from FY 2011 due primarily to increased contract administration support for Silicon Valley BART Extension projects.

Operations Division

Under the direction of the Chief Operating Officer, the Operations division operates, maintains, analyzes, schedules, manages, and provides security for VTA's bus and light rail transit system and facilities. It also oversees contracted shuttle and paratransit service.

1,608 FTEs
(As of 7/1/11)



Operations Division cont.

Department Descriptions

Administration:

Responsible for division budget, capital projects, policies and procedures, and personnel administration (e.g., staffing allocation, discipline and grievance process, absence management, and personnel development and training).

Bus and Rail Transit Operations:

This department includes one light rail and three bus divisions responsible for operating VTA's bus routes and light rail system. This department is also responsible for field supervision, bus and rail technical training, and the operations control center.

Maintenance:

Responsible for maintaining VTA's fleet of buses and light rail vehicles, as well as the light rail system consisting of track, operating signals, a power distribution system, passenger facilities, and the adjoining right-of-way. In addition, this department manages all VTA facilities and non-revenue vehicles and is responsible for bus and rail maintenance engineering and configuration management, maintenance training, quality assurance and warranty services, materials management, and protective services.

Service and Operations Planning:

Responsible for planning, scheduling, and monitoring VTA's bus routes and light rail service; analysis and reporting of VTA transportation and maintenance performance; providing support for VTA operations-related business information systems; ensuring compliance with the Americans with Disabilities Act (ADA) for fixed-route transit operations; coordination of contracted and interagency transit services; and planning and coordination of VTA's bus stops, transit centers, and shelters.

***Operations Division
Staffing Level Detail¹***

Job Title	FY10²	FY11³	FY12	FY13
Account Clerk II	3	0	0	0
Accountant Assistant	1	1	1	1
Assistant Supt. Service Management	1	1	1	1
Assistant Supt. Transit Communications	3	3	3	3
Associate Mechanical Engineer	1	1	1	1
Associate Systems Engineer	2	2	2	2
Automotive Attendant	1	1	1	1
Bus Operator	788	788	802	807
Bus Stop Maintenance Worker	9	13	13	13
Chief Operating Officer	1	1	1	1
Deputy Director, Operations	3	3	3	3
Dispatcher - Bus	21	21	21	21
Dispatcher - LRT	4	4	4	4
Dispatcher Supervisor	1	1	1	1
Electrician	1	1	1	1
Electro - Mechanic	39	41	42	42
Electronic Technician	9	9	9	9
Engineering Technician II	1	0	0	0
Engineering Technician III	1	1	1	1
Executive Secretary	3	3	3	3
Facilities Maintenance Assistant	1	1	1	1
Facilities Maintenance Coordinator	2	2	2	2
Facilities Maintenance Representative	4	4	4	4
Facilities Worker	22	22	23	23
Fare Inspector	10	10	10	10
Foreperson - LRT	3	3	3	3
General Maintenance Mechanic	1	1	1	1
Janitor	8	8	8	8
Lead Bus Stop Maintenance Worker	1	2	2	2
Lead Maintenance Worker - LRT	7	7	7	7
Lead Transit Center Maintenance Worker	1	0	0	0
Light Rail Equipment Superintendent	1	1	1	1

¹ Approved positions including vacancies

² As of 6/30/10

³ As of 6/30/11

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Title	FY10²	FY11³	FY12	FY13
Light Rail Operator	93	96	99	99
Light Rail Power Foreperson	1	1	1	1
Light Rail Power Supervisor	1	1	1	1
Light Rail Signal Maintainer	16	16	16	16
Light Rail Signal Supervisor	2	2	2	2
Light Rail Technical Trainer	3	3	3	3
Light Rail Technical Training Supervisor	1	1	1	1
Light Rail Track Maintenance Supervisor	1	1	1	1
Light Rail Way, Power & Signal Supt	1	1	1	1
Maintenance Instructor - Bus	2	2	2	2
Maintenance Instructor - Light Rail	1	1	1	1
Maintenance Scheduler	7	7	7	7
Maintenance Superintendent	4	4	4	4
Maintenance Worker - LRT	19	19	19	19
Management Aide	1	1	1	1
Management Analyst	8	8	8	8
Management Secretary	1	1	1	1
Manager, Ops Analysis, Reporting & Systems	1	1	1	1
Materials & Warranty Manager	1	1	1	1
Materials Resource Scheduler	3	3	3	3
Office Specialist II	28	31	31	31
Office Support Supervisor	5	5	5	5
Operations Manager	3	3	3	3
Operations Manager, Engineering	1	1	1	1
Operations Systems Supervisor	1	1	1	1
Operator - Trainee	15	15	15	15
Ops Manager, Facilities Maintenance & Security	1	1	1	1
Overhaul & Repair Foreperson	2	2	2	2
Overhaul & Repair Mechanic	22	22	22	22
Overhead Line Worker	8	8	8	8
Paint & Body Foreperson	1	1	1	1
Paint & Body Foreperson - LRT	1	1	1	1
Paint & Body Worker	10	10	10	10
Paint & Body Worker - LRT	5	5	5	5
Parts Clerk	20	20	20	20
Parts Foreperson	1	1	1	1
Policy & Administrative Manager - Ops	1	1	1	1
Quality Assurance & Warranty Specialist	2	2	2	2
Secretary	1	1	1	1

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Title	FY10²	FY11³	FY12	FY13
Service Mechanic	17	17	17	17
Service Worker	61	61	65	66
Service Worker Foreperson	4	4	4	4
Sr Management Analyst	4	4	4	4
Sr Mechanical Engineer	1	1	1	1
Sr Signal Maintainer	2	2	2	2
Sr Systems Engineer	1	1	1	1
Sr Track Worker	7	7	7	7
Substation Maintainer	8	8	8	8
Supervising Maintenance Instructor	1	1	1	1
Supervising Maintenance Instructor - LRT	1	1	1	1
Support Mechanic	3	3	3	3
Technical Trainer	4	4	4	4
Technical Training Supervisor	1	1	1	1
Track Worker	8	8	8	8
Transit Center Maintenance Worker	4	0	0	0
Transit Division Supervisor	9	9	9	9
Transit Foreperson	10	10	10	10
Transit Maintenance Supervisor	13	13	13	13
Transit Mechanic	120	118	118	118
Transit Radio Dispatcher	12	12	12	12
Transit Service Development Spec II	9	10	10	10
Transit Service Development Supervisor	2	2	2	2
Transportation Superintendent	5	5	5	5
Transportation Supervisor	34	34	34	34
Union Business	3	3	3	3
Upholsterer	5	5	5	5
Upholstery Foreperson	1	1	1	1
Utility Worker	2	2	2	2
Vehicle Parts Supervisor	3	3	4	4
Warranty Coordinator	1	1	1	1
Total⁴	1,605	1,608	1,632	1,638

⁴ Does not include Long-Term Leave positions

Staffing Level Changes

Three Light Rail Operator positions added in FY 2011 for Light Rail Express Service; 24 positions added in FY 2012 and 6 positions added in FY 2013 to support service enhancements.

Operations Division cont.

FY 2010 & FY 2011 Accomplishments

1. Successfully planned and implemented an eight percent bus and light rail service reduction in January 2010 and VTA's Express Light Rail service in October 2010, and developed an implementation plan to upgrade Express Bus Service in January 2012.
2. Obtained VTA Board approval to extend OUTREACH paratransit agreement for two years with three one-year options and re-designate OUTREACH as a Consolidated Transportation Services Agency. Continued paratransit cost containment activities with OUTREACH so that projected FY 2011 expenses will be under \$20 million.
3. Obtained almost \$1.5 million in grants from the Bay Area Air Quality Management District's Transportation for Clean Air Fund grant program to support Altamont Commuter Express (ACE) and light rail shuttles. Obtained and implemented a \$980 thousand Lifeline grant to fund improved Gilroy Community Bus Service, new bus stops, and an accompanying multilingual promotional campaign.
4. Modified the Apprentice Operator program that restricted new operators to only operate the smaller Community Buses. These operators can now operate any bus during their first quarter, which saves VTA the high cost of refresher training that would otherwise be needed to re-familiarize them with the standard 40-foot and articulated buses.
5. Consistently exceeded goals for the following operational performance standards: Percent of Scheduled Service Operated, Miles Between Major Mechanical Schedule Loss, and Absenteeism.
6. Reduced the number and duration of road calls and improved bus reliability to achieve 8,000 mean miles between road calls, which is 2,000 miles above goal.
7. Implemented the region-wide Clipper[®] fare technology at VTA. Participated with other agencies and stakeholders in the successful roll-out of this system.
8. Developed specifications and solicited proposals for VTA's first diesel-electric hybrid bus procurement. Awarded contract to Gillig LLC, a local motor coach manufacturer for 70 new American Recovery and Reinvestment Act (ARRA) funded 40-foot hybrid buses, which went into service in late 2010.
9. Improved service reliability by providing standby buses staged at strategic geographic locations throughout the county, shortening response to service disruptions resulting in improved service recovery time.

Operations Division cont.

10. Joint Workforce Investment (JWI), a collaboration between VTA and the Amalgamated Transit Union, Local 265 (ATU), developed and implemented programs designed to create a work environment that supports the long-term professional development and health and wellness of front line employees. Implemented a new operator mentor program, linking experienced operators with new operators to provide peer-to-peer coaching on skills necessary to succeed as a professional bus operator.

FY 2012 & FY 2013 Goals

1. Implement upgraded Express Bus service in January 2012 with improved routes and 20 new vehicles. (January 2012) Develop service plans needed for the Santa Clara/Alum Rock Bus Rapid Transit opening, BART to Warm Springs extension, and light rail system improvements. (Spring 2013)
2. Execute OUTREACH contract extension for two years with three one-year options (July 2011). Develop paratransit fleet plan and procure 160 new paratransit vehicles to replace high mileage vehicles (Spring 2012). Implement new cost containment and operational improvement strategies for paratransit services (Ongoing).
3. Negotiate new cooperative funding agreements for Dumbarton Bridge Express bus service (December 2011), and Monterey-San Jose Express bus service (August 2011).
4. Satisfy the California Air Resources Board (CARB) requirements to make the bus fleet greener with the procurement of small capacity low-floor hybrid diesel-electric buses to replace high mileage, low reliability buses, when available. Continue to implement other VTA Sustainability Program initiatives. (Ongoing)
5. Achieve established operational goals for service delivery. (Ongoing)
6. Reduce mechanical schedule loss by: maintaining light rail reliability goal of 40,000 miles between mechanical failures, reducing the number and duration of road calls to improve bus reliability to maintain 7,000 or above mean miles between road calls and, providing resources that will allow track, signal, and power systems to meet 99% of revenue service availability requirements. (Ongoing)
7. Continue partnership with the Amalgamated Transit Union, Local 265 (ATU), working to develop and implement programs designed to create a work environment that supports the long-term professional development and health and wellness of front line employees. (Ongoing)
8. Work with ATU to explore cross training a group of operators to make them both bus and rail certified. This could help stabilize the workforce at light rail by increasing the number of rail certified operators that could be shared with the bus divisions. (Ongoing)

Operations Division cont.

9. Implement Trapeze Ops Software system to integrate transportation management functions and processes, improve attendance tracking, automate timekeeping for ATU staff, simplify selection of schedules, and improve dispatch functions. (Summer 2013)

Operations Division cont.

Performance Measures

In addition to general division goals, the Operations Division also sets and monitors key performance indicators to measure reliability, efficiency, safety, productivity, and customer satisfaction. The goals are established using historical trend analysis adjusted for variables or factors that affect the results of the performance indicators (e.g., service reductions or enhancements). The goals are reasonable, consistent with VTA’s objectives, and do not compromise VTA’s operating standards.

The table below reports two prior years’ performance and the goal for each of the next two fiscal years. Definitions for individual indicators can be found in the glossary in Appendix L.

	FY10 Actual	FY11 Goal	FY11 Actual¹	FY12 Goal	FY13 Goal
SYSTEM (Bus & Light Rail)					
Total Boarding Riders (in millions)	41.73	>= 45.90	41.41	>= 41.18	>= 42.00
Average Weekday Boarding Riders	134,930	>= 148,000	134,058	>= 133,400	>= 136,100
Boardings per Revenue Hour	30.8	>= 31.3	31.7	>= 31.0	>= 31.3
Percent of Scheduled Service Operated	99.72%	>= 99.30%	99.75%	>= 99.55%	>= 99.55%
Miles Between Major Mechanical Schedule Loss	9,505	>= 6,600	10,733	>= 9,000	>= 9,000
Miles Between Chargeable Accidents	100,113	>= 179,000	116,245	>= 112,300	>= 112,300
Passenger Concerns per 100,000 Boardings	11.7	<= 6.0	12.9	<= 10.6	<= 10.6
BUS OPERATIONS					
Total Boarding Riders (in millions)	31.98	>= 34.90	31.40	>= 31.17	>= 31.79
Average Weekday Boarding Riders	103,575	>= 113,000	102,187	>= 101,500	>= 103,600
Boardings per Revenue Hour	26.2	>= 26.3	26.8	>= 26.1	>= 26.4
Percent of Scheduled Service Operated	99.69%	>= 99.25%	99.73%	>= 99.50%	>= 99.50%
Miles Between Major Mechanical Schedule Loss	8,670	>= 6,000	9,810	>= 8,000	>= 8,000
Miles Between Chargeable Accidents	90,049	>= 160,000	106,857	>= 100,000	>= 100,000
On-time Performance	89.1%	>= 95.0%	88.7%	>= 95.0%	>= 95.0%
Operator Personal Time-off	9.2%	<= 10.0%	9.5%	<= 10.0%	<= 10.0%
Maintenance Personal Time-off	7.1%	<= 8.0%	8.7%	<= 8.0%	<= 8.0%
Passenger Concerns per 100,000 Boardings	14.4	<= 9.0	15.8	<= 11.8	<= 11.8
LIGHT RAIL OPERATIONS					
Total Boarding Riders (in millions)	9.75	>= 11.00	10.01	>= 10.01	>= 10.21
Average Weekday Boarding Riders	31,355	>= 35,000	31,871	>= 31,900	>= 32,500
Boardings per Revenue Hour	73.1	>= 78.9	75.6	>= 72.5	>= 74.0
Percent of Scheduled Service Operated	99.98%	>= 99.90%	99.98%	>= 99.90%	>= 99.90%
Miles Between Major Mechanical Schedule Loss	43,657	>= 40,000	39,821	>= 40,000	>= 40,000
Miles Between Chargeable Accidents	1,091,425	>=2,190,140	365,023	>=2,221,000	>=2,221,000
On-time Performance	88.2%	>= 95.0%	87.7%	>= 95.0%	>= 95.0%
Operator Personal Time-off	8.8%	<= 10.0%	10.2%	<= 10.0%	<= 10.0%
Maintenance Personal Time-off	7.5%	<= 8.0%	7.4%	<= 8.0%	<= 8.0%
Way, Power & Signal Personal Time-off	4.5%	<= 8.0%	7.7%	<= 8.0%	<= 8.0%
Passenger Concerns per 100,000 Boardings	2.9	<= 3.0	3.9	<= 2.8	<= 2.8

¹ Preliminary

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Operations Division Expense Budget
(Dollars in Thousands)

Category	FY10 Actual	FY11 Adopted Budget ¹	FY11 Projected Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
Labor Costs	189,989	194,624	192,534	200,812	8,278	4.3%	208,813	8,001	4.0%
Materials & Supplies	15,504	15,183	15,113	16,611	1,498	9.9%	16,763	152	0.9%
Security	7,273	8,019	7,470	7,910	440	5.9%	8,056	146	1.8%
Professional & Special Services	568	416	359	687	328	91.3%	727	40	5.8%
Other Services	4,920	5,279	4,786	4,970	183	3.8%	4,954	(16)	-0.3%
Fuel	10,151	10,886	12,186	16,602	4,416	36.2%	16,606	4	0.0%
Traction Power	3,072	3,506	3,006	3,441	435	14.5%	3,535	94	2.7%
Tires	1,528	1,694	1,466	1,569	103	7.0%	1,611	42	2.7%
Utilities	2,535	2,460	2,579	2,604	25	1.0%	2,604	0	0.0%
Data Processing	25	50	24	30	6	24.2%	30	0	0.0%
Office Expense	173	178	157	175	18	11.5%	175	0	0.0%
Communications	1	0	1	1	0	0.1%	1	0	0.0%
Employee Related Expense	136	181	127	152	25	19.5%	145	(6)	-4.1%
Leases & Rents	172	182	178	172	(6)	-3.3%	172	0	0.0%
Miscellaneous	84	54	267	181	(86)	-32.1%	81	(100)	-55.1%
Subtotal Operating Expense	236,131	242,711	240,254	255,917	15,663	6.5%	264,274	8,356	3.3%
Paratransit ³	26,376	24,014	22,383	25,723	3,339	14.9%	26,343	621	2.4%
Caltrain ³	18,149	16,157	16,157	15,947	(209)	-1.3%	15,947	0	0.0%
Light Rail Shuttles ³	41	39	44	40	(4)	-9.2%	40	0	0.0%
Altamont Commuter Express ³	4,389	4,679	4,403	4,384	(19)	-0.4%	4,404	20	0.5%
Highway 17 Express ³	325	428	252	394	142	56.3%	400	6	1.5%
Dumbarton Express ³	410	486	410	451	41	9.9%	451	0	0.0%
Monterey-San Jose Exp. Service ³	40	51	40	40	0	-0.9%	40	0	0.0%
Contribution to Other Agencies	83	150	67	83	16	23.6%	83	0	0.0%
Subtotal Other Expense	49,813	46,004	43,756	47,062	3,305	7.6%	47,708	646	1.4%
Total Expense	285,944	288,715	284,011	302,979	18,968	6.7%	311,982	9,003	3.0%
Reimbursements	(10,351)	(8,745)	(8,824)	(9,503)	(679)	7.7%	(9,690)	(188)	2.0%
Net Total	275,592	279,970	275,187	293,476	18,290	6.6%	302,292	8,815	3.0%

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

² Projection as of July 20, 2011

³ Includes allocation of indirect costs

Note: Totals, subtotals, and percentages may not be precise due to independent rounding
Descriptions of each Revenue and Expense Category can be found in Appendix D

Operations Division cont.

Major Variances (Variance in excess of 5% and \$500,000)

Materials & Supplies:

FY 2012 budget increases \$1.5 million due primarily to maintenance costs associated with additional service and higher fuel prices for non-revenue vehicles.

Fuel:

The FY 2012 budget shows a \$4.4 million increase over FY 2011 actual due primarily to a higher projected price per gallon for diesel, bio-diesel, and gasoline. The FY 2012 and FY 2013 budget assumes \$3.84 per gallon (including taxes) for diesel versus the \$3.00 per gallon average paid in FY 2011.

Paratransit:

FY 2012 budget reflects a \$3.3 million increase over FY 2011 actual expenses primarily due to an anticipated increase in trips provided of 57,000 for FY 2012. The overall improved economic climate results in clients taking more trips. In addition, other non-VTA transportation programs are being negatively impacted due to state and local agency budget cuts, resulting in additional passengers utilizing VTA paratransit services.

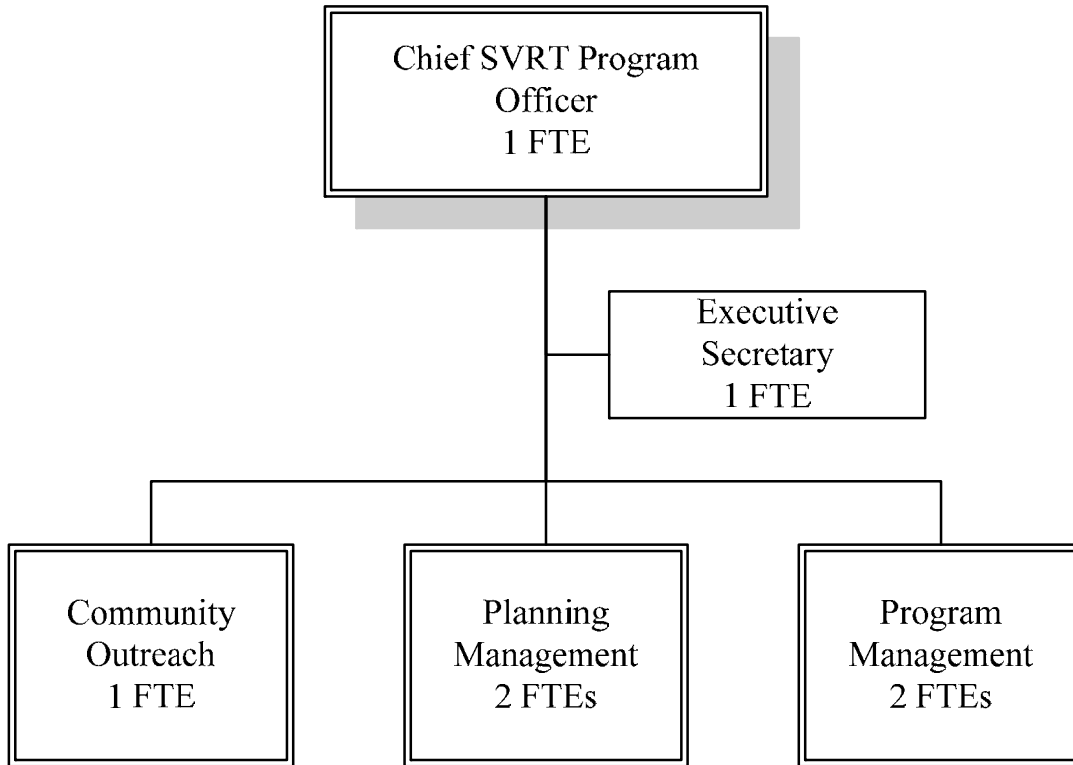
Reimbursements:

FY 2012 budgeted reimbursements are anticipated to increase \$679 thousand or 7.7% from FY 2011 due primarily to increased activity relating to new capital projects, namely light rail vehicle overhaul, miscellaneous bus procurements, and integration of new Trapeze Ops software.

Silicon Valley Rapid Transit (SVRT) Division

Under the direction of the Chief SVRT Program Officer, this office is responsible for providing oversight and coordination for all Silicon Valley BART Extension related activities. This division is responsible for program management, project scope and definition, program administration, planning, engineering and development activities, community outreach, program support services, real estate acquisition and development, and coordinating required support activities with other VTA divisions.

7 FTEs
(As of 7/1/11)



***SVRT Division
Staffing Level Detail¹***

Job Title	FY10 ²	FY11 ³	FY12	FY13
Chief SVRT Program Officer	1	1	1	1
Deputy Director, Marketing & Public Affairs	1	1	1	1
Deputy Director, SVRT Program Office	1	1	1	1
Executive Secretary	1	2	2	2
Management Analyst	1	1	1	1
Transportation Planner III	1	1	1	1
<i>Total</i>	6	7	7	7

¹ Approved positions including vacancies

² As of 6/30/10

³ As of 6/30/11

Staffing Level Changes

One Executive Secretary position transferred from Engineering & Construction Division.

SVRT Division cont.

FY 2010 & FY 2011 Accomplishments

1. Entered federal New Starts funding program with entry into Preliminary Engineering and then Final Design for the BART Silicon Valley Berryessa Extension (SVBX).
2. Received Federal Record of Decision on the SVBX Project.
3. Approved Final Environmental Impact Statement and 2nd Supplemental Final Environmental Impact Report for SVBX.
4. Submitted all required documents for review by Federal Transit Administration (FTA) for New Starts Program Full Funding Grant Application for SVBX.
5. Developed project delivery strategy for SVBX extension that utilizes Design Build contracting.
6. Executed cooperative agreements with local jurisdictions to facilitate inter-agency collaboration and efficient project delivery.
7. Began Right-of-Way acquisition for various Silicon Valley BART Extension projects.
8. Established a strong community outreach and information program for various Silicon Valley BART Extension projects.
9. Established the BART Silicon Valley Management Committee that included Executive Managers from BART and VTA.

FY 2012 & FY 2013 Goals

1. Execute Full Funding Grant Agreement with FTA for New Starts funding on SVBX. (January 2012)
2. Award Design Build contract and begin construction on the Line, Track, Systems, and Stations work for SVBX. (December 2011)
3. Award final design and construction contract(s) for the Milpitas and Berryessa Station areas. (June 2013)
4. Begin construction on the final Freight Railroad Relocation construction projects. (June 2012)
5. Execute funding agreements for BART-contracted activities such as vehicle procurement (February 2013) and Hayward Maintenance Complex. (December 2012)
6. Continue real estate acquisition and relocation activities. (Ongoing)

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

SVRT Division Expense Budget
(Dollars in Thousands)

Category	FY10 Actual	FY11 Adopted Budget ¹	FY11 Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY 2013 Adopted Budget	Variance from FY12 Budget	% Var
Labor Costs	990	1,091	1,090	1,068	(22)	-2.0%	1,081	13	1.2%
Office Expense	1	1	2	1	(1)	-36.7%	1	0	0.0%
Employee Related Expense	0	4	0	0	0	0.0%	0	0	0.0%
Miscellaneous	1	0	0	1	1	N/A	1	0	0.0%
Total Expense	992	1,095	1,092	1,070	(22)	-2.0%	1,083	13	1.2%
Reimbursements	(1,573)	(1,090)	(1,617)	(1,421)	196	-12.1%	(1,448)	(27)	1.9%
Net Total	(581)	5	(525)	(351)	174	-33.1%	(365)	(13)	3.8%

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

² Projection as of July 20, 2011

Note: Totals and percentages may not be precise due to independent rounding

Descriptions of each Revenue and Expense Category can be found in Appendix D

Major Variances (Variance in excess of 5% and \$100,000)

Reimbursements:

FY 2012 budgeted reimbursements are anticipated to decrease \$196 thousand or 12.1% from FY 2011 actual due primarily to a reduction in overhead rates resulting from cost containment measures taken over the last several years and increased use of grant funds.

Non-Departmental

VTA groups all expenses that are beyond the control of an individual division or difficult to be allocated meaningfully to any one division.

Non-Departmental Expense Budget
(Dollars in Thousands)

Category	FY10 Actual	FY11 Adopted Budget ¹	FY11 Projected Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
Labor Costs	53	77	54	60	6	11.0%	60	0	0.0%
Contribution to Other Agencies	0	7,177	7,177	0	(7,177)	-100.0%	0	0	0.0%
Debt Service	17,541	20,539	17,764	19,637	1,873	10.5%	20,464	827	4.2%
Total Expense	17,594	27,793	24,996	19,697	(5,298)	-21.2%	20,524	827	4.2%

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on December 10, 2009

² Projection as of July 20, 2011

Note: Totals and percentages may not be precise due to independent rounding
 Descriptions of each Revenue and Expense Category can be found in Appendix D

Major Variances
(Variance in excess of 5% and \$100,000)

Contribution to Other Agencies:

The FY 2012 budget shows a \$7.1 million decrease from FY 2011 actual due to a one-time expense to record \$7.2 million Caltrain Right-of-Way payment liability in FY 2011.

Debt Service:

FY 2012 budget reflects \$1.9 million increase from FY 2011 actual due primarily to higher anticipated interest rates for variable rate bonds, increased liquidity costs, and slightly higher bond principal payments.

VTA Transit Capital Program

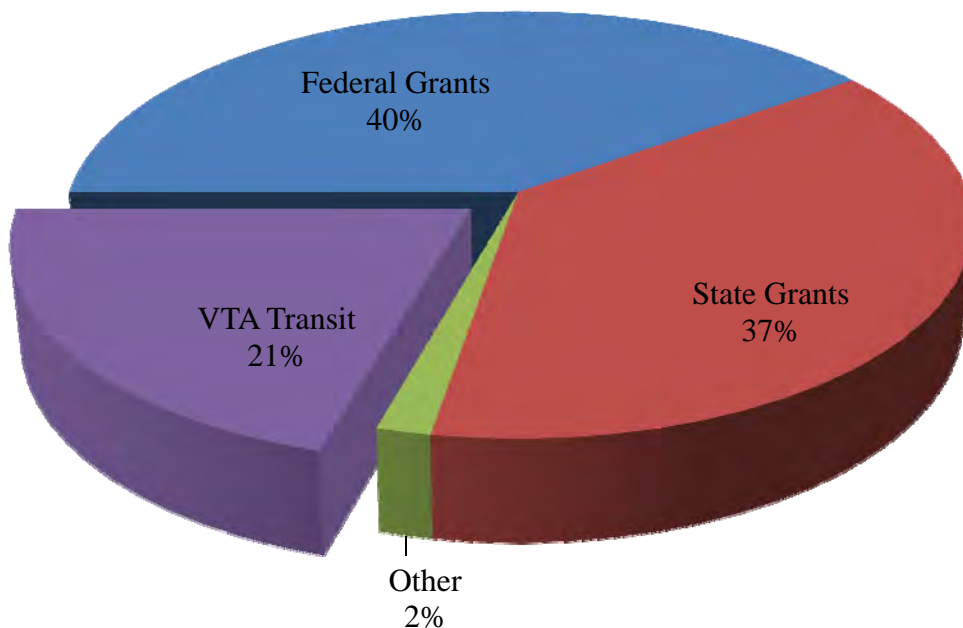
Overview

The FY 2012 and FY 2013 VTA Transit Capital Program strives to maintain needed capital infrastructure and keep VTA assets in a state of good repair. Over 60 projects were submitted for consideration. Each project was reviewed and rated based upon the project's overall merit using a previously developed evaluation criteria scale. The projects were then ranked based on their overall score and matched against available funding.

As in previous years, the Capital Improvement Program Oversight Committee (CIPOC), which is composed of VTA's Chief Officers and a representative of the General Manager, has continued its ongoing review and monitoring of the entire capital program. This process continually examines every capital project as to its criticality to VTA's operations, strategic plan, and goals.

The FY 2012 and FY 2013 Adopted Biennial Budget creates 32 new VTA Transit Capital projects, including \$2.0 million to fund capital contingency, and augments 6 existing projects. It utilizes \$61.4 million of grants or other outside funding and requires a VTA Transit Fund commitment of \$31.8 million, \$12.6 million of which is scheduled to come from Federal Formula Funds (see Federal Operating Grants assumptions on page 48). As the chart below illustrates, 79% of the FY 2012 and FY 2013 appropriation is funded with grants or other non-VTA sources. Any shortfall in anticipated grant funding could require either the use of additional VTA Transit funds if alternate sources are not available, or a reduction in project scope.

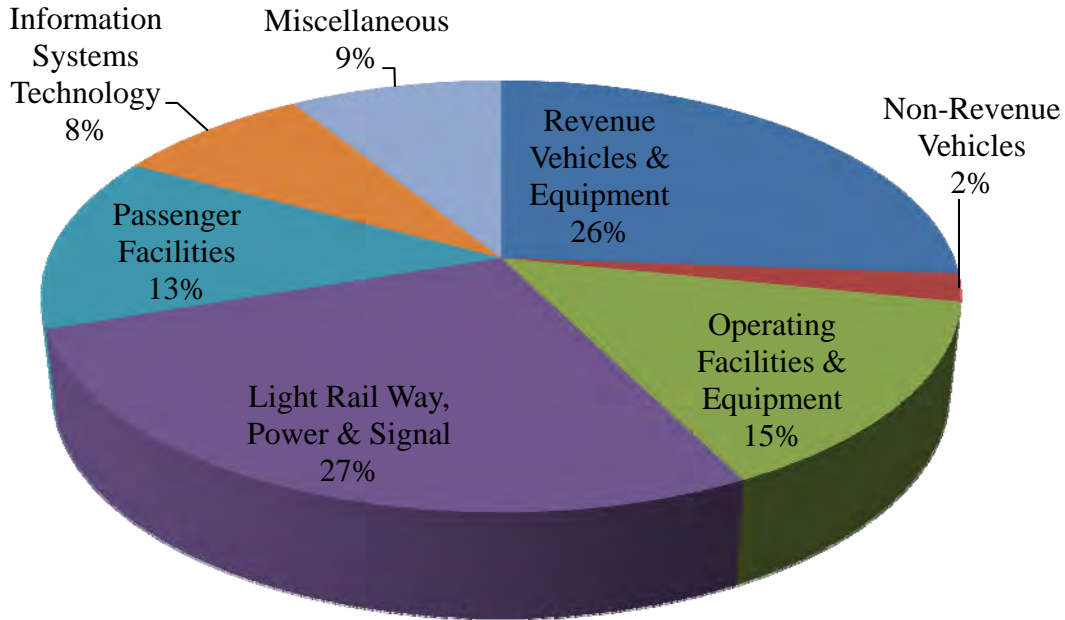
VTA Transit FY 2012 and FY 2013 Appropriation by Funding Source



VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

As the chart below illustrates, over 50% of the FY 2012 and FY 2013 appropriation is related to purchasing and maintaining revenue vehicles (26%) and keeping the light rail system in a state of good repair (27%).

***VTA Transit
FY 2012 and FY 2013 Appropriation by Category***



The table on the following page lists each project by category and general funding source. The subsequent pages provide a brief description, identified funding sources, and potential operating cost impacts for each project.

Capital project appropriations, with the exception of the VTA Transit Capital Contingency, do not expire at the end of the fiscal year and are carried forward until the project is completed. Appropriation for the VTA Transit Capital Contingency expires at the end of the two-year budget cycle. Capital carryover is defined as appropriation that is unspent at the end of the fiscal year. The local share of capital carryover is reported as restricted assets on VTA’s financial statements. The table on page 133 reflects the projected carryover at June 30, 2011, as well as the total available appropriation for the VTA Transit Capital Program after the FY 2012 and FY 2013 appropriations, by project and funding source.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

VTA Transit
Schedule of FY 2012 & FY 2013 Appropriation
(Dollars in Thousands)

Project	FY 2012					FY 2013				
	Funding Source				Total	Funding Source				Total
	Federal	State	Other	VTA		Federal	State	Other	VTA	
1. Community Bus Procurement	0	6,046	0	0	6,046	0	3,079	0	0	3,079
2. Express Bus Vehicle Procurement	0	14,000	0	0	14,000	0	0	0	0	0
3. Kinkisharyo LRV Overhaul Program	1,030	0	0	257	1,287	0	0	0	0	0
Revenue Vehicles & Equipment Total	1,030	20,046	0	257	21,333	0	3,079	0	0	3,079
4. Non-Revenue Vehicle Procurement	0	1,931	0	0	1,931	0	0	0	0	0
Non-Revenue Vehicles Total	0	1,931	0	0	1,931	0	0	0	0	0
5. Auditorium Upgrade	0	0	0	500	500	0	0	0	0	0
6. Cerone Core Switch Replacement	0	0	0	729	729	0	0	0	125	125
7. Chaboya Paving Rehabilitation	0	0	0	0	0	0	0	0	2,184	2,184
8. Facilities & Equip Emergency Repair FY12	0	0	0	500	500	0	0	0	0	0
9. Facility Maintenance Equipment Program FY12	0	0	0	550	550	0	0	0	238	238
10. Green Sustainability Facility Improvements	0	0	0	500	500	0	0	0	500	500
11. HVAC Replacement Program FY12	0	0	0	835	835	0	0	0	342	342
12. LRV Body Shop-Dust Separation Wall	436	0	0	109	545	0	0	0	0	0
13. LRV Maintenance Shop Hoist	2,750	0	0	687	3,437	0	0	0	0	0
14. Paving Management Program FY12	0	0	0	526	526	0	0	0	340	340
15. Roofing Management Program FY12	0	0	0	1,112	1,112	0	0	0	397	397
Operating Facilities & Equipment Total	3,186	0	0	6,048	9,234	0	0	0	4,125	4,125
16. Bridge Repairs and Hamilton Structure Stabilization	1,360	0	0	340	1,700	0	0	0	0	0
17. LR Signal Sys Assmnt/SCADA System Replcmnt	2,800	0	0	700	3,500	0	0	0	0	0
18. LRT Crossovers and Switches	580	0	0	145	724	0	0	0	0	0
19. North First Street Corridor LR Speed Improvements	0	0	0	481	481	0	0	0	481	481
20. Overhead Catenary System (OCS) Rehab Program	5,552	0	0	1,388	6,940	0	0	0	0	0
21. Rail Rehab and Replacement Program	4,249	0	0	1,062	5,311	0	0	0	0	0
22. Traction Power Substation Replacement Program	4,320	0	0	1,080	5,400	0	0	0	0	0
23. Update Santa Teresa Interlock Signal House	688	0	0	172	860	0	0	0	0	0
Light Rail Way, Power & Signal Total	19,548	0	0	5,368	24,916	0	0	0	481	481
24. Bus Stop Pavement/Duckout Improv FY12 & FY13	418	0	0	104	522	418	0	0	104	522
25. Security Improvement Projects FY12 & FY13	0	4,994	0	0	4,994	0	4,994	0	0	4,994
26. Transit Center Park & Ride Upgrades	0	0	0	218	218	0	0	0	0	0
27. West San Carlos Infill Station	0	0	0	0	0	0	0	1,000	0	1,000
Passenger Facilities Total	418	4,994	0	322	5,734	418	4,994	1,000	104	6,516
28. Clipper® Gigabit Network Replacement	0	0	0	713	713	0	0	0	713	713
29. Core Network Equipment Lease	0	0	0	131	131	0	0	0	209	209
30. Dictaphone Replacement	0	0	0	160	160	0	0	0	150	150
31. Diridon Tunnel Radio Replacement	210	0	0	52	262	0	0	0	0	0
32. Emergency IT Infrastructure Replacement	0	0	0	75	75	0	0	0	0	0
33. Replace SCADA Servers, Workstations & Displays	0	0	0	581	581	0	0	0	0	0
34. SAP Grants Management Module	0	0	572	30	602	0	0	0	0	0
35. SCADA GEIsys Software Upgrade	0	0	0	1,250	1,250	0	0	0	0	0
36. Trapeze OPS Software Installation	0	0	0	933	933	0	0	0	1,867	1,867
Information Systems & Technology Total	210	0	572	3,925	4,706	0	0	0	2,938	2,938
37. Caltrain Capital - Annual Local Match	0	0	0	3,136	3,136	0	0	0	3,136	3,136
Capital Contingency	0	0	0	2,000	2,000	0	0	0	0	0
Miscellaneous Total	0	0	0	5,136	5,136	0	0	0	3,136	3,136
Grand Total	24,391	26,971	572	21,057	72,991	418	8,074	1,000	10,785	20,277

VTA Transit Capital Program

Description of FY 2012 & FY 2013 Appropriated Projects

Revenue Vehicles and Equipment

1. Community Bus Procurement

This project replaces 40 small-capacity community buses that were purchased in 2007 and 2008. The useful life of this type of bus is six to seven years. Based on the life span, these buses are scheduled for replacement in 2013 and 2014.

Operating Cost Impact: Projected maintenance savings of \$690 thousand for the first year vehicles are in service due to warranty.

Funding Source	FY 2012	FY 2013
State-Prop 1B	\$6,045,529	\$3,079,471
Total	\$6,045,529	\$3,079,471

2. Express Bus Vehicle Procurement

To implement the findings of the Express Bus Business Plan, VTA will purchase approximately 15 additional higher-quality vehicles for the new Express Bus System. These new, distinctly designed express coaches will include amenities suitable for this type of service, including Wi-Fi, fully cushioned reclining seats, overhead luggage racks, and various other features not found on standard transit coaches.

Operating Cost Impact: Implementing this new service will result in increased operating costs of \$600 thousand in FY 2012 and \$1.5 million in FY 2013.

Funding Source	FY 2012	FY 2013
State-Prop 1B	\$14,000,000	\$0
Total	\$14,000,000	\$0

3. Kinkisharyo Light Rail Vehicle Overhaul Program

This project will rebuild the pantographs and air conditioning units on 49 of the 99 Kinkisharyo Light Rail Vehicles. These rebuilds conform to the manufacturer's recommendations and have been deemed necessary to keep the trains in a state of good repair. This is the first phase of a larger program that in the second phase will rebuild the remaining trains' pantographs and air conditioning units.

Operating Cost Impact: There is some potential maintenance savings associated with lower emergency failures. However, there are currently no statistics available on this type of failure so operating cost impact is not currently quantifiable.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Funding Source	FY 2012	FY 2013
Federal-Sec. 5309	\$1,029,600	\$0
VTA Transit	257,400	0
Total	\$1,287,000	\$0

Non-Revenue Vehicles

4. Non-Revenue Vehicle Procurement

This ongoing program schedules the acquisition of Non-Revenue Vehicles to replace existing units which have exceeded their useful life. This FY 2012 & FY 2013 request provides for the replacement of 75 vehicles including 35 sedans, 30 vans, 5 high-capacity vans, 2 station wagons, 2 trucks, and 1 SUV. The vehicles being replaced have an average age of 13 years and have been driven an average of over 117,000 miles.

Operating Cost Impact: Projected maintenance savings of \$120 thousand for the first year vehicles are in service due to warranty.

Funding Source	FY 2012	FY 2013
State-Prop 1B	\$1,931,430	\$0
Total	\$1,931,430	\$0

Operating Facilities & Equipment

5. Auditorium Upgrade

This project would make modifications to the Auditorium at the River Oaks administrative campus to facilitate its use for meetings of the Board of Directors.

Operating Cost Impact: There is no impact on operating costs.

Funding Source	FY 2012	FY 2013
VTA Transit	\$500,000	\$0
Total	\$500,000	\$0

6. Cerone Core Switch Replacement

This project replaces the electrical switchgear and sub-panels at the Cerone Bus Operating Division. The original existing electrical switchgear and original sub-panel at Cerone were made by Federal Pacific Electric, Inc. which is now out of business and their products no longer hold a United Laboratories (UL) listing or meet the current National Fire Protection Association (NFPA) safety standards. In the industry, Federal Pacific's products are known to fail and because they have been delisted, finding replacement parts or a vendor willing to make repairs has been difficult.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Operating Cost Impact: There is no direct operating cost impact. However, replacement now would avoid a costly and time consuming emergency replacement should the equipment fail in the future.

Funding Source	FY 2012	FY 2013
VTA Transit	\$728,620	\$125,000
Total	\$728,620	\$125,000

7. Chaboya Paving Rehabilitation

This project will provide necessary pavement rehabilitation for the bus parking area at the Chaboya Bus Operating Division. No substantial pavement treatment has been performed at this location since 1997 when the pavement received a seal coat and some limited areas of failed pavement were removed and replaced. The pavement has since reached its useful life and is subject to increased failures. In order to provide the necessary structural section to support the heavy bus loading, the pavement requires a structural asphalt overlay. The scope includes the removal of asphalt in areas where the existing pavement is deficient and overlay of the entire bus pavement area with a standard depth to achieve a desired 15-year life span.

Operating Cost Impact: There is no impact on operating cost associated with keeping facility in a state of good repair.

Funding Source	FY 2012	FY 2013
VTA Transit	\$0	\$2,183,500
Total	\$0	\$2,183,500

8. Facilities & Equipment Emergency Repair FY12

This project allows VTA to expedite unplanned repairs that may be required at facilities or to equipment that is essential to normal or safe operations. These funds are administered by the Chief Operating Office and are not used for regular anticipated maintenance activities.

Operating Cost Impact: There is no impact on operating costs.

Funding Source	FY 2012	FY 2013
VTA Transit	\$500,000	\$0
Total	\$500,000	\$0

9. Facility Maintenance Equipment Program FY12

This project allows for the scheduled replacement of equipment that has reached the end of its useful life. It allows VTA to proactively keep its equipment in a state of good repair, while reducing repair expenses and downtime.

Operating Cost Impact: There is no impact on operating cost associated with keeping equipment in a state of good repair.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Funding Source	FY 2012	FY 2013
VTA Transit	\$550,440	\$237,930
Total	\$550,440	\$237,930

10. Green Sustainability Facility Improvements

The continuation of the VTA Board approved Sustainability Program includes energy reduction, solid waste reduction, hazardous waste reduction, recycling programs, water conservation, and solar energy projects. New projects for the two-year period include lighting retrofits, water reduction projects, and reclaimed water evaluations.

Operating Cost Impact: A complete scope of this project has yet to be identified. However, the first identifiable task is to install Utility Management Software that will provide a more efficient way to manage utility usage. This software installation will result in an estimated cost of \$50 thousand for software maintenance and license in FY 2012 and an estimated net annual savings of \$125 thousand in subsequent fiscal years.

Funding Source	FY 2012	FY 2013
VTA Transit	\$500,000	\$500,000
Total	\$500,000	\$500,000

11. Heating, Ventilation and Air Conditioning (HVAC) Replacement Program FY12

This ongoing program schedules equipment replacement for HVAC units that are normally at least four years past the engineered life and are no longer economical to repair or operate. New units allow better system control and interface with the Pacific Gas & Electric Demand Response Programs. The payback on new units is five to eight years depending on the age of the equipment being replaced.

Operating Cost Impact: Utility savings projected at \$100 thousand per year based on manufacturers' estimates.

Funding Source	FY 2012	FY 2013
VTA Transit	\$834,500	\$342,000
Total	\$834,500	\$342,000

12. Light Rail Vehicle Body Shop-Dust Separation Wall

This project will provide for the construction of a 6,120 sq. ft. (225ft x 24ft) dust separation wall at the Guadalupe Operations Division light rail vehicle maintenance body shop. This wall will prevent dust and grit, created from sanding and grinding activities in the body shop, from entering into the adjacent heavy component (truck and gearbox) rebuild shop areas, where dust can damage and shorten the life of rebuilt trucks and heavy components waiting for use. This wall will also provide improved air quality for electro-mechanics working outside the body shop who are currently exposed to dust and grit. The construction will utilize two existing roll up fabric doorways, that will be relocated from their current positions, to allow forklift access.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Operating Cost Impact: There is no impact on operating costs. However, the project will improve safety in the work environment for staff.

Funding Source	FY 2012	FY 2013
Federal-Sec. 5309	\$436,000	\$0
VTA Transit	109,000	0
Total	\$545,000	\$0

13. Light Rail Vehicle Maintenance Shop Hoist

This project will add one in-floor Light Rail Vehicle (LRV) hoist at the LRV Maintenance Shop. This additional lift will supplement the existing in-floor hoist and provide additional capability to quickly change trucks (three per LRV) associated with truck overhauls and repairs, wheel truing, and preventive maintenance inspections. The set of portable LRV lifts that were originally provided are time consuming to set up and move into place and they present a large number of cables that connect the eight units causing a tripping hazard and interfering with work on the LRV.

Operating Cost Impact: Anticipate additional \$3 thousand per year for maintenance contract.

Funding Source	FY 2012	FY 2013
Federal-Sec. 5309	\$2,749,856	\$0
VTA Transit	687,464	0
Total	\$3,437,320	\$0

14. Paving Management Program FY12

This ongoing program provides paving maintenance and repair to all VTA operational, administrative, passenger, equipment, and park-and-ride facilities. Maintenance and repair includes slurry sealing on a five to eight-year cycle for light-duty lots and grinding with overlays for bus divisions and heavy vehicle roadways on a five-year schedule.

Operating Cost Impact: There is no impact on operating cost associated with keeping facility in a state of good repair.

Funding Source	FY 2012	FY 2013
VTA Transit	\$526,000	\$340,000
Total	\$526,000	\$340,000

15. Roofing Management Program FY12

This is an ongoing, comprehensive program to maximize the useful life and integrity of VTA facilities. This program includes the proactive scheduling of roofing rehabilitation prior to major failure, as well as unscheduled repairs, seasonal cleaning, annual roof inspections, and emergency leak response.

Operating Cost Impact: There is no impact on operating cost associated with keeping roofing in a state of good repair.

Funding Source	FY 2012	FY 2013
VTA Transit	\$1,112,000	\$396,500
Total	\$1,112,000	\$396,500

Light Rail Way, Power & Signal

16. Bridge Repairs and Hamilton Structure Stabilization

In accordance with California Public Utilities Commission (CPUC) requirements, VTA recently completed an inspection of all light rail bridges and structures. The inspection findings indicate that a number of structures show defects that either need further investigation or require corrective actions. This project funds a consultant to address further detailed investigation in those areas required and take corrective actions for those items that have an immediate need to be addressed, including additional stabilization measures for the Hamilton structure and repair of cracks in various other structures.

Operating Cost Impact: There are no material operating costs associated with keeping the bridges and structures in a state of good repair.

Funding Source	FY 2012	FY 2013
Federal-Sec. 5309	\$1,360,000	\$0
VTA Transit	340,000	0
Total	\$1,700,000	\$0

17. LR Signal System Assessment/SCADA System Replacement

This project will provide for an assessment of the state of repair and condition of the overall VTA Light Rail Signal System and its ability to accommodate future planned light rail operating scenarios, and to develop life-cycle replacement guidelines and cost estimates for the specific rehabilitation of the Guadalupe Corridor signalization system. This system includes signals, controllers, interrogators, loops, gates, warning lights, signal controls, etc.

In addition, this project will also provide funding for the initial engineering of the signal rehabilitation and light rail SCADA system replacement planned for 2014. The SCADA system provides safety critical controls for operation of the light rail system, and includes the supervisory consoles, displays, servers, and other infrastructure at the Guadalupe Light Rail Operating Division such as the operations control center, way power & signal, and emergency operations center.

Operating Cost Impact: There are no material operating costs associated with keeping the signal system in a state of good repair.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Funding Source	FY 2012	FY 2013
Federal-Sec. 5309	\$2,800,000	\$0
VTA Transit	700,000	0
Total	\$3,500,000	\$0

18. Light Rail Track Crossovers and Switches

The existing light rail system includes a minimal number of track crossovers to allow train movements from one track to another where double track is provided. In certain areas where track crossovers are not currently available, operational flexibility is limited. Adding track crossovers will improve the ability to provide trackway maintenance and improve train scheduling. This project will begin a series of crossover installations in priority locations. The scope of this work includes the design and construction of two crossovers with associated power switches along the Guadalupe Corridor (located near the Karina and Bonaventura light rail stations).

Operating Cost Impact: There are no material operating costs associated with the addition of these special track crossovers. However, the operational flexibility for service planning and reacting to maintenance issues (either track way or vehicle) is improved with the project.

Funding Source	FY 2012	FY 2013
Federal-Sec. 5309	\$579,578	\$0
VTA Transit	144,895	0
Total	\$724,473	\$0

19. North First Street Corridor Light Rail Speed Improvements

This project will fund the design and analysis necessary to improve operating speeds in the North First Street portion of the Guadalupe Corridor. The Light Rail Systems Analysis included several recommendations in the Tier III category to improve speeds in one of the slowest segments of the system, the North First Street corridor between Civic Center and Tasman stations. Among the recommendations were fencing along the entire corridor, improvements to traffic signals, a grade separation at Montague Expressway, and skip-stop service. The design and analysis will allow VTA to begin the submission and review process with the California Public Utility Commission (CPUC), which regulates rail operating speeds.

Operating Cost Impact: There is no direct operating cost impact associated with this project as it is a design and analysis project. However, increasing speed capabilities in the corridor is projected to increase future ridership.

Funding Source	FY 2012	FY 2013
VTA Transit	\$481,000	\$481,000
Total	\$481,000	\$481,000

20. Overhead Catenary System (OCS) Rehab Program

The OCS originally installed for the Guadalupe Corridor Project is over 20 years old. A recent assessment study identified elements of the OCS that need to be either rehabilitated or replaced. This program includes the initial design of the rehabilitation of OCS system contact wire, section insulators, and the redesign and replacement of all under-bridge supports for the Guadalupe Corridor. It is expected that the design work will be completed within 15 months and construction will proceed at that time.

Operating Cost Impact: There are no material operating costs associated with keeping the overhead catenary system in a state of good repair.

Funding Source	FY 2012	FY 2013
Federal-Sec. 5309	\$5,551,701	\$0
VTA Transit	1,387,925	0
Total	\$6,939,626	\$0

21. Rail Rehab and Replacement Program

This ongoing program helps maintain running the light rail system at optimum levels. The activities in this program include the following: an annual rail grinding and measurement program to refine wear trends; special trackwork replacement at various locations for wear and tear including embedded crossovers, tie replacement cycles and other track components; ballast replacement concurrent with tie replacement; and crossing replacements where concrete breaks are visible.

Operating Cost Impact: There are no material operating costs associated with this project. The intent of this project is the keep assets in a state of good repair.

Funding Source	FY 2012	FY 2013
Federal-Sec. 5309	\$4,248,631	\$0
VTA Transit	1,062,158	0
Total	\$5,310,789	\$0

22. Traction Power Substation Replacement Program

The 14 Traction Power Substations (TPSS) on the Guadalupe Corridor are over 20 years old. In FY 2008, an assessment study identified the need to replace these substations. This program continues the replacement of the TPSS; four at a time every five years. This budget request covers the cost to procure, test, install, and implement the four TPSS to be replaced during this budget cycle.

Operating Cost Impact: There are no material operating costs associated with this project. The intent of this project is the keep assets in a state of good repair.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Funding Source	FY 2012	FY 2013
Federal-Sec. 5309	\$4,320,000	\$0
VTA Transit	1,080,000	0
Total	\$5,400,000	\$0

23. Update Santa Teresa Interlock Signal House

The light rail system includes train signals at certain locations that require special train movements. At the end of the South Guadalupe Corridor near Santa Teresa, there is special trackwork to facilitate various train maneuvers in both directions. This special trackwork includes a train signal system that is interlocked to provide safe train movements. The technology that was used when the extension was originally constructed approximately 20 years ago was a simple relay based system. This technology is outdated and the equipment has reached its useful life. The equipment is also difficult to diagnose problems and maintain since spare parts are not readily available. Without proper monitoring and diagnostics, intermittent failures are difficult to locate and adversely impact light rail service. As the system ages, the reliability will decrease and greater maintenance effort will be needed. The scope of this project includes the rehabilitation and updating of the Santa Teresa Interlock System from the current relay system to an advanced Vital Logic Controller (VHLC) system with associated advanced monitoring and diagnostics.

Operating Cost Impact: There are no material operating costs associated with this project. The intent of this project is to keep assets in a state of good repair.

Funding Source	FY 2012	FY 2013
Federal-Sec. 5309	\$688,000	\$0
VTA Transit	172,000	0
Total	\$860,000	\$0

Passenger Facilities

24. Bus Stop Pavement/Duckout Improvements FY12 & FY13

VTA is committed to maintaining and improving safe bus stops, bus stop accessibility, and sound operating conditions for transit vehicles. This project will provide physical improvements at bus stops to ensure Americans with Disabilities Act (ADA) compliance and improve the overall passenger environment throughout Santa Clara County. The improvements typically include increasing passenger waiting pads, enhancing sidewalk access, providing additional lighting at bus stops and repairing bus pavement at heavily used bus stops. In addition, accessibility improvements will be made to enable wheelchair use of the bus stops and to provide appropriate access clearances.

Operating Cost Impact: There are no material operating costs associated with keeping bus stops in a state of good repair.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Funding Source	FY 2012	FY 2013
Federal-Sec. 5307	\$417,818	\$417,818
VTA Transit	104,455	104,455
Total	\$522,273	\$522,273

25. Security Improvement Projects FY12 & FY13

This project reserves grant funding identified specifically for transit security projects from the California Transit Security Grant Program-California Transit Assistance Fund. The specific activities will be identified, consistent with grant guidelines and assessments of projects.

Operating Cost Impact: Unknown pending identification of specific activities.

Funding Source	FY 2012	FY 2013
State-TSGP	\$4,994,207	\$4,994,207
Total	\$4,994,207	\$4,994,207

26. Transit Center Park & Ride Upgrades

This project will provide for refurbishment and repair of maintenance issues at transit centers and park and ride lots throughout the VTA service area.

Operating Cost Impact: There are no material operating costs associated with this project. The intent of this project is the keep assets in a state of good repair.

Funding Source	FY 2012	FY 2013
VTA Transit	\$218,000	\$0
Total	\$218,000	\$0

27. West San Carlos Infill Station

This project would use developer contributions to design and construct an in-fill West San Carlos Light Rail station at Sunol and Azurais Streets in San Jose to support changing development patterns and increased development density in the area. This initial budget request would use an existing \$1 million contribution from KB Homes to conduct preliminary engineering and environmental clearance. Funds to construct the station would come from, and are reliant on, external sources.

Operating Cost Impact: There are no direct operating costs associated with this project as it is a study for preliminary engineering and environmental clearance. However, if an additional light rail station is built, the average annual cost to maintain one light rail station is \$38 thousand.

Funding Source	FY 2012	FY 2013
Other-Developer	\$0	\$1,000,000
Total	\$0	\$1,000,000

Information Systems & Technology

28. Clipper® Gigabit Network Replacement

The Clipper® Gigabit Network is a system of fiber optic cables, and IP (Internet Protocol) based switching equipment that is used to connect multiple technology elements at each of the light rail system’s platforms, the Guadalupe Light Rail Operating Division, and the administrative campus at River Oaks. This system is used to communicate to VTA’s light rail station based systems and technology elements (e.g., Ticket Vending Machines (TVMs), closed-circuit television cameras, Clipper® devices, real time information signs, public address speakers, etc.). This project will replace the end-of-life networking equipment with a new state of the art network system. The current equipment has been termed "end of life" by the manufacturer and is increasingly difficult to support and maintain. In addition, it is anticipated that an upcoming Payment Card Industry (PCI) audit will show that the current network system is not PCI compliant and does not meet minimum security protocols. VTA needs the network to be fully PCI compliant in order to process credit card transactions at the TVMs on the light rail platforms. The new system will also have enhanced usability features, such as the ability to monitor the overall health of the system and correct problems proactively.

Operating Cost Impact: There is no immediate operating cost impact associated with this project.

Funding Source	FY 2012	FY 2013
VTA Transit	\$712,500	\$712,500
Total	\$712,500	\$712,500

29. Core Network Equipment Lease

This project covers years three to five of a five-year “lease to own” purchase agreement for electronic “core” network equipment, primarily switches, and routers that control and direct electronic data.

Operating Cost Impact: There is no operating cost impact associated with this project.

Funding Source	FY 2012	FY 2013
VTA Transit	\$130,626	\$208,801
Total	\$130,626	\$208,801

30. Dictaphone Replacement

This project will replace the dictaphone equipment used to record and store radio, phone, and operations control center audio with a new state of the art audio recording and storage system. The current equipment has been termed "end of life" by the manufacturer and is increasingly difficult to support and maintain. The new system will have enhanced usability features. This project will provide for a new dictaphone recording system at the Guadalupe Light Rail Operating Division and Cerone, Chaboya, and North Bus Operating Divisions.

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Operating Cost Impact: There is no immediate operating cost impact associated with this project.

Funding Source	FY 2012	FY 2013
VTA Transit	\$160,000	\$150,000
Total	\$160,000	\$150,000

31. Diridon Tunnel Radio Replacement

This project will replace radio equipment used in the San Jose Diridon tunnel with a state of the art radio system. The current system does not meet minimum security standards and is increasingly difficult to support and maintain. The new system will have enhanced usability features and could be tuned to include additional public safety radio frequencies in use by VTA’s partners including San Jose Police and Fire Departments, Santa Clara County Sheriff, and the Silicon Valley Regional Interoperability Project. This upgrade is mandated due to the change of VTA radio frequencies as a result of the Federal Communications Commission’s narrow banding program.

Operating Cost Impact: Estimated annual maintenance of \$24 thousand.

Funding Source	FY 2012	FY 2013
Federal-Sec. 5309	\$209,600	\$0
VTA Transit	52,400	0
Total	\$262,000	\$0

32. Emergency Technology Infrastructure Replacement

As part of the FY 2010 and FY 2011 budget process, this project was initiated specifically to address the need for replacement of critical technology infrastructure as they arose over the two-year timeframe. This budget request replenishes the project to its previous funding level to cover the next two-year cycle. These funds are administered by the Chief Technology Officer and are not used for regular anticipated technology infrastructure replacements.

Operating Cost Impact: There are no material operating costs associated with this project.

Funding Source	FY 2012	FY 2013
VTA Transit	\$75,000	\$0
Total	\$75,000	\$0

33. Replace SCADA Servers, Workstations & Displays

This project will replace the Supervisory Control and Data Acquisition (SCADA) system servers and workstations with virtual servers on the latest operating system that General Electric Transportation Services (GETS) supports. The SCADA system provides the operations control center (OCC) staff with the ability to track trains, monitor track switches, and control power throughout the system. The current servers and workstations are ten years old, and support for these aging systems is becoming difficult. The new system will provide substantial performance and reliability improvements. This project will also replace the OCC

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SCADA projection display system with more readable and lower maintenance LCD/Plasma integrated display screens.

Operating Cost Impact: There are no material operating costs associated with this project.

Funding Source	FY 2012	FY 2013
VTA Transit	\$581,000	\$0
Total	\$581,000	\$0

34. SAP Grants Management Module

This project will configure and implement the SAP Grants Management Module with VTA’s SAP Public Sector enterprise accounting system. The Grants Management Module is an optional component to the SAP for Public Sector system and will be especially valuable for managing revenues of large projects with complex funding such as the BART to Silicon Valley project.

Operating Cost Impact: There are no operating costs associated with this project. All additional licenses are included in the existing SAP Enterprise license.

Funding Source	FY 2012	FY 2013
Other-2000 Measure A	\$571,852	\$0
VTA Transit	30,098	0
Total	\$601,950	\$0

35. SCADA GEisys Software Upgrade

This project will upgrade the GEisys SCADA (Supervisory Control and Data Acquisition) and other software to support Station Control Units which are controllers deployed in the field at each station to provide reliable public address and visual message board communications with the passengers at the light rail platforms. The SCADA system provides the operations control center staff with the ability to track trains, monitor track switches, control power throughout the system, and send public audio and visual messages to patrons at the light rail stations. The current system is dependent on aging centralized controllers and field equipment and has failed at critical times when announcements to inform the public of delays were needed. This project will address the reliability issues and will provide a refresh of the aging equipment.

Operating Cost Impact: There are no material operating costs associated with this project.

Funding Source	FY 2012	FY 2013
VTA Transit	\$1,250,000	\$0
Total	\$1,250,000	\$0

36. Trapeze OPS Software Installation

This project covers the purchase and installation of Trapeze OPS software. Trapeze OPS is a fully integrated transportation management software encompassing transit operations such as

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route scheduling, bidding, dispatching, timekeeping, managing workforce, and reporting. Integration with the Payroll and Human Resources departments, Customer Service, and vehicle maintenance systems is included. Other key functionalities include web tools, transit intelligence reporting, remote employee sign-in, and remote employee access to employee profile and schedules.

Operating Cost Impact: This implementation will result in approximately \$160,000 additional maintenance fees annually.

Funding Source	FY 2012	FY 2013
VTA Transit	\$933,000	\$1,867,000
Total	\$933,000	\$1,867,000

Miscellaneous

37. Caltrain Capital - Annual Local Match

The local capital funds that Caltrain receives from VTA and the other two funding partners (San Mateo County Transit District and the City and County of San Francisco) are used to match state and federal grant funds that are provided to Caltrain. Most Caltrain capital projects are funded with a combination of federal and local funds, and the costs are split equally by the three member agencies. This budget includes \$3.1 million in both FY 2012 and FY 2013 to support Caltrain’s Capital Budget.

Operating Cost Impact: There is no direct operating costs impact to VTA with this project. Operating and maintenance costs for Caltrain service are incorporated within the Caltrain operating subsidy.

Funding Source	FY 2012	FY 2013
VTA Transit	\$3,136,350	\$3,136,350
Total	\$3,136,350	\$3,136,350

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VTA Transit Total Available Appropriation

Capital project appropriations, with the exception of the VTA Transit Capital Contingency, do not expire at the end of the fiscal year and are carried forward until the project is completed. Appropriation for the VTA Transit Capital Contingency expires at the end of the two-year budget cycle. Capital carryover is defined as appropriation that is unspent at the end of the fiscal year. The local share of capital carryover at the end of each fiscal year is reported as restricted assets on the agencies financial statements. The following table reflects the projected carryover at June 30, 2011, as well as the total available appropriation for the VTA Transit Capital Program after the FY 2012 and FY 2013 appropriations, by project and funding source.

(Dollars in Thousands)

Project #	Project Name	Funding Source	A Adopted Budget Through FY11	B Projected Expenditures Through FY11 ¹	C=(A-B) Projected FY11 Capital Carryover	D FY12 Appropriation	E FY13 Appropriation	F=(C+D+E) Total Available Appropriation
P-0624	Bus Farebox Replacement	State	10,000	1,360	8,640	0	0	8,640
		VTA Transit	498	42	456	0	0	456
		Total	10,498	1,402	9,097	0	0	9,097
P-0662	Small Capacity Bus Procurement	State	750	0	750	0	0	750
		VTA Transit	276	0	276	0	0	276
		Total	1,026	0	1,026	0	0	1,026
P-0663	Bus CCTV Replacement	Federal	2,719	2,588	132	0	0	132
		State	139	138	1	0	0	1
		VTA Transit	182	146	37	0	0	37
		Total	3,041	2,872	169	0	0	169
P-0664	Paratransit Vehicles	Federal	597	594	3	0	0	3
		VTA Transit	199	152	47	0	0	47
		Total	796	745	51	0	0	51
P-0687	Advanced ZEB Demo Project	VTA Transit	6,248	1,816	4,432	0	0	4,432
P-0698	Hybrid Bus Procurement	Federal	53,429	41,725	11,704	0	0	11,704
		State	6,901	4,497	2,404	0	0	2,404
		VTA Transit	1,045	254	791	0	0	791
		Total	61,375	46,476	14,899	0	0	14,899
P-0716	Paratransit Vehicles	State	7,637	0	7,637	0	0	7,637
P-0748	Automatic Passenger Counters Hrdwr	VTA Transit	275	0	275	0	0	275
P-0754	Kinkisharyo LRV Overhaul Program	Federal	0	0	0	1,030	0	1,030
		VTA Transit	0	0	0	257	0	257
		Total	0	0	0	1,287	0	1,287
P-0760	Express Bus Vehicle Procurement	State	0	0	0	14,000	0	14,000
P-0768	Community Bus Procurement	State	0	0	0	6,046	3,079	9,125
	Revenue Vehicles & Equipment Total		90,896	53,312	37,585	21,333	3,079	61,997
P-0713	CARB Vehicle Compliance Program	State	2,608	2,306	302	0	0	302
P-0753	Service Body Truck	VTA Transit	55	0	55	0	0	55
P-0774	Non-Revenue Vehicle Procurement	State	0	0	0	1,931	0	1,931
	Non-Revenue Vehicles Total		2,663	2,306	357	1,931	0	2,288
P-0427	HazMat Removal / Fac. Design & Const	VTA Transit	264	156	109	0	0	109
P-0482	Clipper® Site Prep and Bus CIDs Install	State	2,238	2,236	2	0	0	2
		VTA Transit	2	2	0	0	0	0
		Total	2,239	2,237	2	0	0	2

¹ Projection as of July 20, 2011

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Project #	Project Name	Funding Source	A Adopted Budget Through FY11	B Projected Expenditures Through FY11 ¹	C=(A-B) Projected FY11 Capital Carryover	D FY12 Appropriation	E FY13 Appropriation	F=(C+D+E) Total Available Appropriation
P-0572	Bus Signal Priority	Federal	729	467	262	0	0	262
		VTA Transit	182	116	66	0	0	66
		Total	911	583	328	0	0	328
P-0603	Rail Simulation	VTA Transit	250	146	104	0	0	104
P-0631	Painting Management Program FY08	VTA Transit	1,736	624	1,112	0	0	1,112
P-0633	HVAC Replacement Program FY08	VTA Transit	783	597	186	0	0	186
P-0637	Chaboya Division Bus Wash	Federal	796	752	44	0	0	44
		VTA Transit	215	188	27	0	0	27
		Total	1,011	940	71	0	0	71
P-0646	Green Sustainability Facility Imprvmnts	VTA Transit	3,000	2,832	168	500	500	1,168
P-0669	Cerone Small Bus Facility Upgrades	VTA Transit	2,790	602	2,188	0	0	2,188
P-0674	Painting Management Program FY09	VTA Transit	1,848	549	1,299	0	0	1,299
P-0675	Pavement Management Program FY09	VTA Transit	717	266	451	0	0	451
P-0683	Emergency Security Telephones	State	581	581	0	0	0	0
		VTA Transit	40	2	38	0	0	38
		Total	621	583	38	0	0	38
P-0684	Chaboya Division Site Hardening	Federal	1,067	571	496	0	0	496
		State	982	577	405	0	0	405
		Total	2,049	1,148	901	0	0	901
P-0704	Facilities & Equip Emerg Repair FY10	VTA Transit	120	0	120	0	0	120
P-0708	Protective Services Office Reconfig.	VTA Transit	106	81	26	0	0	26
P-0714	Guadalupe Emerg Power Generator Upg	State	942	0	942	0	0	942
P-0731	Repl Chaboya Training Facility Floors	VTA Transit	213	135	79	0	0	79
P-0736	Bus Stop Pavmnt/Duckout Improv FY11	Federal	422	0	422	0	0	422
		VTA Transit	105	0	105	0	0	105
		Total	527	0	527	0	0	527
P-0738	Facilities Programwide	VTA Transit	300	48	252	0	0	252
P-0741	SCADA System Hardening	Federal	1,100	0	1,100	0	0	1,100
		State	2,702	0	2,702	0	0	2,702
		Total	3,802	0	3,802	0	0	3,802
P-0742	SCADA Core Switch Ntwk Sec. Upg	Federal	439	0	439	0	0	439
		VTA Transit	110	0	110	0	0	110
		Total	549	0	549	0	0	549
P-0745	Multi-Pocket Currency Sorter	VTA Transit	29	0	29	0	0	29
P-0746	Guadalupe Employee Parking Expansion	VTA Transit	200	5	195	0	0	195
P-0750	GFCI (switchgear) Testing & Replacmnt	VTA Transit	212	0	212	0	0	212
P-0758	Facilities & Equip Emerg. Repair FY12	VTA Transit	0	0	0	500	0	500
P-0759	Cerone Core Switch Replacement	VTA Transit	0	0	0	729	125	854
P-0765	HVAC Replacmnt Program FY12	VTA Transit	0	0	0	835	342	1,177
P-0766	Roofing Management Program FY12	VTA Transit	0	0	0	1,112	397	1,509
P-0767	Facility Maint. Equip Program FY12	VTA Transit	0	0	0	550	238	788
P-0773	Paving Management Program FY12	VTA Transit	0	0	0	526	340	866
P-0776	LRV Body Shop-Dust Separation Wall	Federal	0	0	0	436	0	436
		VTA Transit	0	0	0	109	0	109
		Total	0	0	0	545	0	545
P-0777	LRV Maintenance Shop Hoist	Federal	0	0	0	2,750	0	2,750
		VTA Transit	0	0	0	687	0	687
		Total	0	0	0	3,437	0	3,437
P-0780	Auditorium Upgrade	VTA Transit	0	0	0	500	0	500
NEW	Chaboya Paving Rehabilitation	VTA Transit	0	0	0	0	2,184	2,184
Operating Facilities & Equipment Total			25,223	11,531	13,691	9,234	4,125	27,050
P-0394	Guadalupe Corridor ROW Disposition	VTA Transit	1,129	1,126	3	0	0	3
P-0471	Measure B Rail Projects Overhead	VTA Transit	8,616	8,611	5	0	0	5
Rail Facility Expansion Total			9,744	9,736	8	0	0	8

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Project #	Project Name	Funding Source	A Adopted Budget Through FY11	B Projected Expenditures Through FY11 ¹	C=(A-B) Projected FY11 Capital Carryover	D FY12 Appropriation	E FY13 Appropriation	F=(C+D+E) Total Available Appropriation
P-0567	Tasman West ROW Closeout	VTA Transit	242	218	24	0	0	24
P-0610	LR Bridge/Structural Inspection	VTA Transit	470	449	21	0	0	21
P-0626	Substation Rehab & Replacement	Federal	3,972	2,414	1,558	0	0	1,558
		State	1,150	738	412	0	0	412
		VTA Transit	481	132	349	0	0	349
		Total	5,603	3,283	2,319	0	0	2,319
P-0643	Cooling Sys for LR Signal/Comm Cab	VTA Transit	314	13	301	0	0	301
P-0666	Track Intrusion Abatement	Federal	1,208	800	408	0	0	408
		VTA Transit	1,485	591	894	0	0	894
		Total	2,693	1,391	1,302	0	0	1,302
P-0670	Rail Rehab and Replacement Program	Federal	5,921	2,421	3,500	4,249	0	7,749
		State	1,466	248	1,218	0	0	1,218
		VTA Transit	652	575	77	1,062	0	1,139
		Total	8,039	3,244	4,795	5,311	0	10,106
P-0681	Additional Track Intrusion Prevention	VTA Transit	1,700	131	1,569	0	0	1,569
P-0689	Traction Power Substation Replc Prog	Federal	4,050	53	3,997	4,320	0	8,317
		State	1,350	13	1,337	0	0	1,337
		VTA Transit	2,700	29	2,671	1,080	0	3,751
		Total	8,100	96	8,004	5,400	0	13,404
P-0695	Wayside Worker Safety Notification Sys	VTA Transit	871	15	856	0	0	856
P-0696	Light Rail Signal Retrofit	VTA Transit	110	43	67	0	0	67
P-0705	Laser Intrusion Detection System	Federal	601	0	601	0	0	601
		State	563	174	389	0	0	389
		Total	1,164	174	990	0	0	990
P-0707	OH Cat. Sys (OCS) Rehab Program	Federal	3,450	47	3,403	5,552	0	8,954
		State	1,150	12	1,138	0	0	1,138
		VTA Transit	0	0	0	1,388	0	1,388
		Total	4,600	59	4,541	6,940	0	11,481
P-0755	Diridon Tunnel Radio Replacement	Federal	0	0	0	210	0	210
		VTA Transit	0	0	0	52	0	52
		Total	0	0	0	262	0	262
P-0757	LRT Crossovers and Switches	Federal	0	0	0	580	0	580
		VTA Transit	0	0	0	145	0	145
		Total	0	0	0	724	0	724
P-0761	Bridge Repairs & Structure Stabilization	Federal	0	0	0	1,360	0	1,360
		VTA Transit	0	0	0	340	0	340
		Total	0	0	0	1,700	0	1,700
P-0762	LR Signal Sys Assmnt/SCADA Rplcmnt	Federal	0	0	0	2,800	0	2,800
		VTA Transit	0	0	0	700	0	700
		Total	0	0	0	3,500	0	3,500
P-0763	N. First St Corr LR Speed Improvements	VTA Transit	0	0	0	481	481	962
P-0771	Update Santa Teresa Intlock Signl House	Federal	0	0	0	688	0	688
		VTA Transit	0	0	0	172	0	172
		Total	0	0	0	860	0	860
P-0790	Hamilton Ave Freight Track Repair	VTA Transit	265	0	265	0	0	265
Light Rail Way, Power & Signal Total			34,171	9,116	25,055	25,178	481	50,714
P-0625	Guad Corr Platform Retrofit-South Line	Federal	18,423	14,632	3,791	0	0	3,791
		VTA Transit	8,471	6,054	2,417	0	0	2,417
		Total	26,895	20,686	6,208	0	0	6,208

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Project #	Project Name	Funding Source	A Adopted Budget Through FY11	B Projected Expenditures Through FY11 ¹	C=(A-B) Projected FY11 Capital Carryover	D FY12 Appropriation	E FY13 Appropriation	F=(C+D+E) Total Available Appropriation
P-0632	Security Projects	Federal	1,150	0	1,150	0	0	1,150
		State	493	0	493	0	0	493
		VTA Transit	173	9	164	0	0	164
		Total	1,816	9	1,807	0	0	1,807
P-0641	Upgrade Light Rail Stations PA System	Federal	1,205	1,042	163	0	0	163
		VTA Transit	301	260	41	0	0	41
		Total	1,506	1,302	204	0	0	204
P-0688	ELocker Retrofit Program	State	23	22	1	0	0	1
		Other	153	26	127	0	0	127
		VTA Transit	23	0	23	0	0	23
		Total	198	48	150	0	0	150
P-0703	Bus Stop Pavmnt/Duckout Improv FY10	Federal	578	578	0	0	0	0
		VTA Transit	146	145	1	0	0	1
		Total	724	723	1	0	0	1
P-0751	CCTV's @ Selected LR Platforms I	State	750	0	750	0	0	750
P-0752	CCTV's @ Selected LR Platforms II	Federal	693	0	693	0	0	693
		State	215	0	215	0	0	215
		Total	908	0	908	0	0	908
P-0764	Transit Center Park & Ride Upgrades	VTA Transit	0	0	0	218	0	218
P-0770	Security Improv Proj FY12 & FY13	State	0	0	0	4,994	4,994	8,324
P-0781	Bus Stop Improvements FY12 & FY13	Federal	0	0	0	418	418	836
		VTA Transit	0	0	0	104	104	209
		Total	0	0	0	522	522	1,045
NEW	West San Carlos Infill Station	Other	0	0	0	0	1,000	1,000
Passenger Facilities Total			32,797	22,768	10,029	5,734	6,516	22,279
P-0049	Advanced Comm System (ACS)	Federal	12,720	12,720	0	0	0	0
		VTA Transit	7,463	7,356	107	0	0	107
		Total	20,183	20,076	107	0	0	107
P-0329	Real Time Information (RTI)	Federal	2,353	1,386	967	0	0	967
		State	2,530	731	1,799	0	0	1,799
		VTA Transit	1,656	645	1,011	0	0	1,011
		Total	6,539	2,762	3,777	0	0	3,777
P-0546	Clipper® TVM Integration	Federal	1,750	478	1,272	0	0	1,272
		State	2,553	2,286	267	0	0	267
		Other	1,888	1,720	168	0	0	168
		VTA Transit	620	18	602	0	0	602
		Total	6,811	4,503	2,309	0	0	2,309
P-0616	Board Office Doc Processng Automation	VTA Transit	134	98	36	0	0	36
P-0630	Server Replacement	VTA Transit	2,274	1,504	770	0	0	770
P-0635	VTA Customer Subscription System	VTA Transit	68	31	37	0	0	37
P-0711	Emerg IT Infrastructure Replacement	VTA Transit	286	0	286	75	0	361
P-0724	Core Network Equipment Lease	VTA Transit	311	311	0	131	209	339
P-0733	Radio Narrowbanding	VTA Transit	690	0	690	0	0	690
P-0747	Comm Sys - INIT/Passgr Counts on LR	VTA Transit	45	0	45	0	0	45
P-0756	Dictaphone Replacement	VTA Transit	0	0	0	160	150	310
P-0769	SCADA GEIsys Software Upgrade	VTA Transit	0	0	0	1,250	0	1,250
P-0772	Repl SCADA Serv, Workstns, Displays	VTA Transit	0	0	0	581	0	581
P-0778	SAP Grants Management Module	Other	0	0	0	572	0	0
		VTA Transit	0	0	0	30	0	602
		Total	0	0	0	602	0	602
P-0779	Trapeze OPS Software Installation	VTA Transit	0	0	0	933	1,867	2,800
P-0782	Clipper® Gigabit Network Replacement	VTA Transit	0	0	0	713	713	1,425
P-0789	Yard Network Security Upgrades	VTA Transit	319	0	319	0	0	319
Information Sys & Technology Total			37,660	29,285	8,376	4,444	2,938	15,758

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Project #	Project Name	Funding Source	A Adopted Budget Through FY11	B Projected Expenditures Through FY11¹	C=(A-B) Projected FY11 Capital Carryover	D FY12 Appropriation	E FY13 Appropriation	F=(C+D+E) Total Available Appropriation
P-0692	West San Carlos Developer Cost Fund	Other	100	16	84	0	0	84
P-0693	W. San Carlos Remediation and Demo	Other	1,000	24	976	0	0	976
P-0709	Joint Development - Sites A, B & C	Other	300	120	180	0	0	180
P-0775	Caltrain Capital - Annual Local Match	VTA Transit	0	0	0	3,136	3,136	6,273
NEW	Capital Contingency	VTA Transit	0	0	0	2,000	0	2,000
Miscellaneous Total			1,400	160	1,240	5,136	3,136	9,513
Grand Total			234,554	138,214	96,340	72,991	20,277	189,607

VTA Transit Debt Service

Debt Policy Overview

VTA’s debt policy permits issuance of long-term debt to accomplish the following objectives: accelerate the delivery of projects, spread cost over the useful life of an asset, smooth out annual cash flow, optimize overall financial resources, finance unfunded actuarial liabilities, and refund existing debt. As of June 30, 2011, VTA had four outstanding bond issues secured by 1976 half-cent sales tax revenues.

VTA’s debt policy states that debt affordability shall be determined by the requirements of VTA’s bond indentures (e.g., additional bonds test/debt service coverage) and VTA’s ability to meet all of its ongoing operating, capital, and reserve requirements. The bond indenture for issues secured by the 1976 half-cent sales tax requires a minimum gross sales tax revenue bond coverage ratio of 2.0 times annual debt service with a debt service reserve fund, or 3.0 times annual debt service without a debt service reserve fund. The table below shows the calculation of the debt coverage ratio for FY 2012 and FY 2013 for debt secured by the 1976 half-cent sales tax.

***VTA Transit
Debt Coverage Ratio
Issues Secured by 1976 Half-Cent Sales Tax
(Dollars in Thousands)***

	FY12	FY13
Sales Tax Revenues	156,242	165,273
Debt Service ¹	18,147	19,016
Coverage Ratio	8.6	8.7

¹Principal and Interest

The tables on the following pages show additional information about outstanding debt secured by the 1976 half-cent sales tax.

***VTA Transit
Outstanding Debt as of 6/30/11
Sales Tax Revenues Bonds
Secured by 1976 Half-Cent Sales Tax
(Dollars in Thousands)***

Series	Type of Debt	Interest Rate	Par Amount
1998 Series A Junior Lien	Variable Rate	3.95% ¹	35,585
2000 Series A Junior Lien	Variable Rate	3.95% ¹	29,010
2007 Series A Refunding	Traditional Fixed	3.97% ²	22,685
2008 Series A-C Refunding	Synthetically Fixed	3.71% ³	164,880
Total			252,160

¹ June 30, 2011 rate including liquidity and remarketing fees

² All-in TIC

³ Including liquidity and remarketing fees

***VTA Transit
Debt Service Schedule
Sales Tax Revenues Bonds
Secured by 1976 Half-Cent Sales Tax
(Dollars in Thousands)***

Fiscal Year	Principal	Interest	Total
2012	9,520	8,627	18,147
2013	9,840	9,176	19,016
2014	9,860	7,845	17,705
2015	10,120	7,474	17,594
2016	15,470	7,099	22,570
2017-2021	85,750	27,024	112,774
2022-2026	102,025	11,500	113,524
2027-2031	9,575	272	9,847
Total	252,160	79,017	331,177

VTA Transit
FY 2012 and FY 2013 Debt Service Detail
Sales Tax Revenues Bonds
Secured by 1976 Half-Cent Sales Tax
(Dollars in Thousands)

Category	FY12 Adopted Budget	FY13 Adopted Budget
Interest Expense	8,627	9,176
Principal	9,520	9,840
Other Bond Charges ¹	1,490	1,448
Total	19,637	20,464

¹ Includes liquidity fees, remarketing fees, trustee fees, and other bond related charges

VTA Transit Debt Service

Overview of Outstanding Debt Issues

1998 Series A Junior Lien

In March 1998, \$50 million of 1998 Series A Junior Lien Sales Tax Revenues Bonds (1998 Bonds) were issued through the California Transit Variable Rate Program of the California Transit Finance Authority (CTFA) to finance certain capital expenditures. The 1998 Bonds bear interest at a weekly rate, which is determined by the Remarketing Agent to be the rate necessary to remarket the bonds at par value. Their maturities extend to October 1, 2027, and they are subject to mandatory and optional redemption provisions.

2000 Series A Junior Lien

In November 2000, \$40 million of 2000 Series A Junior Lien Sales Tax Revenue Bonds (2000 Bonds) were issued through the California Transit Variable Rate Program of the California Transit Finance Authority (CTFA) to finance certain capital expenditures. The 2000 Bonds bear interest at a weekly rate, which is determined by the Remarketing Agent to be the rate necessary to remarket the bonds at par value. Their maturities extend to October 1, 2027, and they are subject to mandatory and optional redemption provisions.

2007 Series A Refunding

In April 2007, \$26.3 million of 2007 Series A Sales Tax Revenue Refunding Bonds (2007 Bonds) were issued at a true interest cost of 3.97% to current refund a portion of the 1997 Series A Sales Tax Revenue Bonds maturing in series on June 1 of each year from 2010-2021 (Defeased 1997 Bonds). The Defeased 1997 Bonds were originally issued to advance refund 1991 Series A Sales Tax Revenue Bonds, advance refund 1994 Series C Certificates of Participation, and pay for certain capital expenditures. Proceeds of the 2007 Bonds were deposited into an escrow account held by a Trustee, and were used to pay the principal and accrued interest on the Defeased 1997 Bonds on the redemption date of June 1, 2007. VTA realized cash flow savings of approximately \$2.1 million.

2008 Series A-C Refunding

In June 2008, \$168.6 million of 2008 Series A-C Sales Tax Revenue Refunding Bonds (2008 VTA Bonds) were issued to current refund the 2005 Series A-C Sales Tax Revenue Refunding Bonds (Defeased 2005 Bonds). The 2005 Bonds were originally issued to finance the retirement of a portion of the 2001 Series A Senior Lien Sales Tax Revenue Bonds. The 2008 VTA Bonds were issued as variable rate demand bonds and bear interest at a weekly rate, which is determined by the Remarketing Agent to be the rate necessary to remarket the 2008 VTA Bonds at par value. The Defeased 2005 Bonds were insured by Ambac Assurance Corporation, a municipal insurance provider, who had been downgraded by all three national rating agencies in January 2008. As a result of the downgrade, VTA was paying weekly interest rates that were above market rates. The 2008 VTA Bonds were issued as uninsured weekly variable rate bonds to eliminate the higher interest rates associated with Ambac-insured variable rate demand bonds.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

There were no cash flow savings or economic gain or loss associated with this refunding. The maturities of the 2008 VTA Bonds extend to June 1, 2026 and are subject to optional and mandatory redemption and optional and mandatory tender for purchase before maturity.

In conjunction with the Defeased 2005 Bonds and subsequently the 2008 VTA Bonds, VTA entered into swap agreements with various counterparties. Under the agreements, VTA pays a fixed rate to the counterparties and in return, the counterparties pay VTA a variable rate based on a percentage of LIBOR¹. The variable rate that VTA receives from the counterparties is intended, over the life of the bonds, to offset the payments VTA makes to bondholders.

¹ LIBOR—London Interbank Offering Rate—A daily reference rate based on the interest rate at which banks offer to lend unsecured funds to other banks in the London wholesale (interbank) money market.

SECTION 3
2000 MEASURE A TRANSIT
IMPROVEMENT PROGRAM



2000 Measure A Transit Improvement Program

Overview

The 2000 Measure A Transit Improvement Program, a 30-year plan of major transit improvement capital projects, was approved by Santa Clara County voters in November 2000. The 2000 Measure A Ordinance implemented a 30-year half-cent sales tax (Tax) that became effective on April 1, 2006, and is scheduled to expire on March 31, 2036. Pursuant to the ballot measure, revenues from the Tax are limited to the following uses:

- Fund operating and maintenance costs for increased bus, rail, and paratransit service.
- Extend BART from Fremont through Milpitas to Downtown San Jose and the Santa Clara Caltrain Station.
- Provide connections from Mineta San Jose International Airport to BART, Caltrain, and VTA light rail.
- Extend Light Rail from Downtown San Jose to the East Valley.
- Purchase low-floor light rail vehicles.
- Improve Caltrain: double-track to Gilroy and electrify from Palo Alto to Gilroy.
- Increase Caltrain service.
- Construct a new Palo Alto Intermodal Transit Center.
- Improve bus service in major bus corridors.
- Upgrade Altamont Commuter Express (ACE).
- Improve Highway 17 Express bus service.
- Connect Caltrain with Dumbarton Rail Corridor.
- Purchase Zero Emission buses and construct service facilities.
- Develop new light rail corridors.

VTA periodically issues bonds in order to advance projects in anticipation of future sales tax receipts. In November 2010, VTA issued \$645.9 million of 2010 Series A-B Measure A Sales Tax Revenue Bonds to fund a portion of 2000 Measure A capital project activities during the next few years. The bonds were issued as traditional fixed rate debt, with coupon payments that range from 3-5% and a final maturity of April 1, 2032. The 2010 Series A Bonds (\$469.7M) were issued as Taxable Build America Bonds (BABs) which provide a direct payment to VTA from the federal government equal to 35% of the interest costs. The BABs program was created by the American Recovery and Reinvestment Act of 2009 as a means to reduce borrowing costs for municipal entities such as VTA. Including the 35% direct federal subsidy, VTA's all in cost of borrowing for the full \$645.9 million bond issue was 3.55%.

The 2000 Measure A Transit Improvement Program budget appropriation is broken into two major components. The operating budget includes appropriation for non-project specific expenditures such as professional services, debt service, and operating assistance to VTA Transit. The capital budget appropriation reflects the anticipated expenditures and commitments on capital projects for the two-year budget period.

2000 Measure A Transit Improvement Program Operating Budget Assumptions

Revenues

2000 Measure A Half-Cent Sales Tax

During FY 2010, sales tax receipts from the 2000 Measure A half-cent sales tax increased 1.5%, following a decline of 14.5% in FY 2009. The decline in sales tax during FY 2009 was a result of the severe economic recession that began in December 2007 and ended in June 2009¹.

Although FY 2010 had minimal year-over-year growth of 1.5%, the last two quarters demonstrated that a significant recovery had begun in Santa Clara County, with year-over-year increases in sales tax receipts of 9.2% and 17.5% in the third and fourth quarters, respectively. The positive year-over-year increases resulted primarily from increased taxable sales within the Transportation and Business to Business economic categories. These two categories, which account for nearly 50% of taxable sales in Santa Clara County, experienced year-over-year increases of 21.4% and 26.7%, respectively. Extraordinary growth in these economic categories were primarily driven by electronics, office equipment, and auto sales, reflecting potential pent up demands due to suppressed spending during the recession.

Year-to-date growth in FY 2011 has been tempered somewhat, albeit with significant year-over-year increases of 6.6%, 10.6%, and 9.7% for the first three quarters. Transportation and Business to Business activities again led the increases in the first three quarters. However, the growth in these two categories is not as robust as the last two quarters in FY 2010. This could indicate that a reversion to normal, sustainable levels has begun for taxable sales related to these categories.

The Adopted Biennial Budget assumes an increase in sales tax revenues of 3.5% and 5.8% in FY 2012 and FY 2013, respectively. This reflects anticipation of a slight pull back in FY 2012 growth from FY 2011 as the Business to Business and Transportation economic categories revert to sustainable growth levels prior to full recovery in the other economic segments. Recovery in the other segments is not anticipated until there are significant increases in both employment and construction activities linked to housing.

Investment Earnings

The investment earnings are derived from three primary sources; short, mid, and long-term investment portfolios. Pursuant to VTA's adopted investment policy and California Government Code, 100% of surplus assets are invested in domestic fixed income. All three portfolios are invested by a money manager whose performance is evaluated by comparing actual earnings against the appropriate benchmark for each portfolio's duration. The estimated earnings rate for these funds is 1.9% in FY 2012 and 2.4% in FY 2013.

¹ Source: the National Bureau of Economic Research

Expenses

VTA Operating Assistance

A portion of the 2000 Measure A tax is used to provide operating assistance for VTA Transit. The Adopted Biennial Budget includes 18.5% of the 2000 Measure A sales tax revenue to be paid to VTA Transit for use in funding VTA operations.

Debt Service

This expense category reflects the debt service attributable to assets already placed in service, as well as the debt service on the portion of 2010 Series A Build America Bond (BABs) proceeds not yet applied to project expenditures. The remaining debt service is eligible for capitalization and is appropriated under the Capital Budget (page 150).

***2000 Measure A Transit Improvement Program
Comparison of Revenues and Expenses
(Dollars in Thousands)***

Line	Category	FY10 Actual	FY 11 Adopted Budget	FY11 Projected Actual ¹	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
1	2000 Half-Cent Sales Tax	139,305	138,638	151,518	155,528	4,010	2.6%	164,518	8,990	5.8%
2	Federal BABs Subsidy ²	0	0	5,848	9,399	3,551	60.7%	9,399	0	0.0%
3	Investment Earnings	1,245	7,154	10,228	9,207	(1,021)	-10.0%	11,921	2,714	29.5%
4	Other Income	385	373	378	391	13	3.5%	391	0	0.0%
5	Total Revenue	140,935	146,164	167,972	174,525	6,553	3.9%	186,229	11,704	6.7%
6	VTA Operating Assistance	25,712	29,588	27,966	28,706	740	2.6%	30,365	1,659	5.8%
7	Professional & Special Services	475	489	523	530	7	1.4%	531	1	0.2%
8	Other Services	0	4	13	5	(8)	-62.1%	5	0	0.0%
9	Leases & Rents	0	0	0	1	1	N/A	1	0	0.0%
10	Contributions to Other Agencies	0	150	0	722	722	N/A	150	(572)	-79.2%
11	Debt Service	16,618	21,046	21,010	27,894	6,884	32.8%	24,767	(3,127)	-11.2%
12	Repayment Obligation	11,276	12,000	11,293	12,074	780	6.9%	11,954	(120)	-1.0%
13	Total Expense	54,081	63,277	60,805	69,932	9,127	15.0%	67,773	(2,159)	-3.1%
14	Revenues Over (Under) Expenses	86,854	82,887	107,167	104,593			118,456		

¹ Projection as of July 20, 2011

² Represents 35% of the interest cost for 2010 Sales Tax Revenue Bonds, 2010 Series A, Build America Bonds which were issued in November 2010

Note: Totals, subtotals, and percentages may not be precise due to independent rounding. Descriptions of each Revenue and Expense Category can be found in Appendix E.

Major Variances (Variance in excess of 5% and \$500,000)

Revenues

2000 Half-Cent Sales Tax:

FY 2013 sales tax revenues are projected to increase by 5.8% from FY 2012 reflecting a rebound in taxable sales from the recent economic recession.

Federal BABs Subsidy:

FY 2012 budget is \$3.6 million higher than FY 2011 actual reflecting a full year of subsidy on the bonds issued in November 2010.

Investment Earnings:

The FY 2012 budget reflects a \$1.0 million decrease from FY 2011 actual, and FY 2013 budget reflects a \$2.7 million increase over FY 2012. This variation is due to large gain on investments recorded in FY 2011 and anticipated increases in portfolio size and interest rates for FY 2013.

Expenses

VTA Operating Assistance:

FY 2013 budget is \$1.7 million or 5.8% higher than FY 2012, reflecting the projected increase in sales tax revenues.

Contributions to Other Agencies:

The FY 2013 budget reflects a decrease of \$572 thousand from FY 2012. FY 2012 budget includes a one-time contribution to the VTA Transit Fund for purchase of the SAP Grants Management Module.

Debt Service:

The FY 2012 budget shows a \$6.9 million increase over FY 2011 actual reflecting a full year of debt service on the 2010 Series A-B Bonds. FY 2013 reflects a decrease of \$3.1 million from FY 2012 as more of the Taxable Build American Bonds (BABs) proceeds are drawn down and the interest becomes eligible to be capitalized rather than expensed.

Repayment Obligation:

FY 2012 budget is \$780 thousand more than FY 2011 actual due to increased liquidity fees on VTA 2008 Bonds reimbursed by the 2000 Measure A Transit Improvement Program.

***2000 Measure A Transit Improvement Program
Sources and Uses of Funds Summary***
(Dollars in Thousands)

<u>Line</u>	<u>Description</u>	<u>FY10 Actual</u>	<u>FY11 Projected Actual¹</u>	<u>FY12 Adopted Budget</u>	<u>FY13 Adopted Budget</u>
1	Total Revenues	140,935	167,972	174,525	186,229
2	Total Non-Project Expenses	<u>54,081</u>	<u>60,805</u>	<u>69,932</u>	<u>67,773</u>
3	Revenues Over (Under) Expenses	86,854	107,167	104,593	118,456
4	Project Expenditures	132,963	150,406	473,727	655,300
5	Less: Funding from Grants & Other Sources	<u>(72,868)</u>	<u>(726,083)²</u>	<u>(181,210)</u>	<u>(282,142)</u>
6	2000 Measure A Share (From)/To Reserves	60,095	(575,676)	292,517	373,158
7	Beginning Undesignated Reserves ³	256,449	283,208	966,051	778,127
8	Revenues Over (Under) Expenses	86,854	107,167	104,593	118,456
9	2000 Measure A Share (From)/To Reserves	<u>(60,095)</u>	<u>575,676</u>	<u>(292,517)</u>	<u>(373,158)</u>
10	Ending Undesignated Reserves ^{3,4}	283,208	966,051	778,127	523,425

¹ Projection as of July 20, 2011

² Includes 2010 Bond Proceeds

³ Net Assets less funds that are restricted by bond covenants, Board designations, and policy guidelines

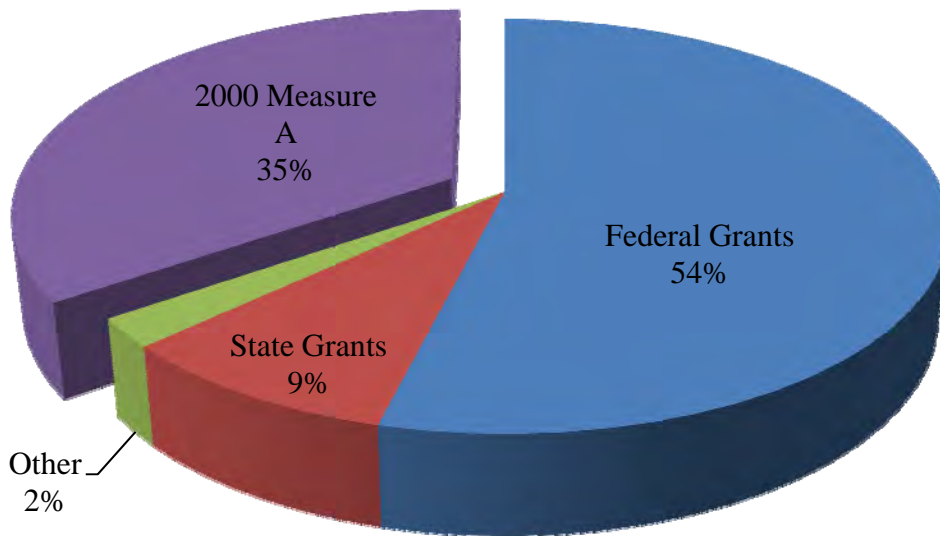
⁴ FY 2011 Undesignated Reserves increase due to receipt of 2010 Bond Proceeds. FY 2012 and FY 2013 Undesignated Reserves decrease from prior year levels due to increased spending on capital projects, primarily Santa Clara/Alum Rock Bus Rapid Transit (BRT) and Silicon Valley Rapid Transit (SVRT) related projects.

2000 Measure A Transit Improvement Program Capital Budget Assumptions

In accordance with the practice instituted during the FY 2010 and FY 2011 budget process, the FY 2012 and FY 2013 2000 Measure A Capital Budget was developed with the intent to more clearly reflect the planned capital spending to be incurred or committed in the next two years.

The FY 2012 and FY 2013 2000 Measure A Capital Program utilizes cash-on-hand (including 2010 bond proceeds) and projected cash receipts, and does not anticipate incurring additional debt in the two-year period. The total additional appropriation for the identified projects for FY 2012 and FY 2013 is \$1.7 billion. Project funding for the two-year period is appropriated in FY 2012 in order to facilitate administration of the program. As the table below illustrates, 65% of the FY 2012 appropriation is funded by grants or other non-2000 Measure A sources.

2000 Measure A Transit Improvement Program FY 2012 Appropriation by Funding Source



The table on the following page lists each project by category and general funding source. The subsequent pages provide a brief description, identified funding sources, and potential operating cost impacts for each project.

Capital project appropriations do not expire at the end of the fiscal year and are carried forward until the project is completed. Capital carryover is defined as appropriation that is unspent at the end of the fiscal year. The table on page 158 reflects the projected carryover at June 30, 2011, as well as the total available appropriation for the 2000 Measure A Capital Program after the FY 2012 and FY 2013 appropriations, by project and funding source.

**2000 Measure A Transit Improvement Program
Schedule of FY 2012 & FY 2013 Appropriation
(Dollars in Thousands)**

Project	FY 2012 & FY 2013					Total
	Funding Source					
	Federal	State	City	Other	2000 Measure A	
1. Silicon Valley BART Extension (Incl FRR & Warm Springs)	900,000	146,840	(14,885)	54,110	401,051	1,487,116
SVRT Program Total	900,000	146,840	(14,885)	54,110	401,051	1,487,116
2. Capitol Expressway Light Rail to Eastridge Phase II	20,000	0	0	0	0	20,000
3. Long T-Tasman Light Rail Improvement Planning Study	0	0	0	0	850	850
4. Vasona Extension to Vasona Junction (SR85)	5,150	0	0	0	0	5,150
Light Rail Program Total	25,150	0	0	0	850	26,000
5. Caltrain Electrification	0	0	0	0	500	500
Commuter Rail Program Total	0	0	0	0	500	500
6. BRT Articulated Bus Procurement	0	10,000	0	0	19,750	29,750
7. Division Modifications to Accommodate BRT Buses	0	0	0	0	12,830	12,830
8. King Road BART BRT	0	0	0	0	1,051	1,051
9. Money Counting Facility Replacement	0	0	0	0	4,170	4,170
10. Stevens Creek BRT CE/Environmental	0	0	0	0	5,000	5,000
11. Valley Rapid - El Camino Real	0	0	0	0	10,603	10,603
Bus Program Total	0	10,000	0	0	53,404	63,404
12. Capitalized Interest and Other Bond Costs	0	0	0	0	57,500	57,500
13. Fund Exchange Payments	0	0	0	0	75,790	75,790
14. Programwide Expenses	0	0	0	0	5,500	5,500
Measure A Programwide Total	0	0	0	0	138,790	138,790
Grand Total	925,150	156,840	(14,885)	54,110	594,595	1,715,810

2000 Measure A Transit Improvement Program Description of FY 2012 & FY 2013 Appropriated Projects

SVRT Program

1. Silicon Valley BART Extension (including FRR and Warm Springs Extension)

The Silicon Valley BART Extension Project extends BART from Warm Springs, through Milpitas and downtown San Jose to Santa Clara, a distance of 16.1 miles. The first phase, the Silicon Valley Berryessa Extension (SVBX) Project, implements the first 10 miles from Warm Springs to San Plumas Avenue in San Jose, including two stations (Milpitas and Berryessa), and is expected to be completed in 2018. In addition to construction of the extension, this project includes appropriation for; relocation of the existing freight railroad (Freight Railroad Relocation or FRR); other corridor establishment and maintenance including new railroad and roadway underpass structures at Mission Boulevard, Warren Avenue, and Kato Road; and VTA's contribution towards the Warm Springs Extension.

In May 2010, the VTA Board authorized the General Manager to pursue Design Build as the delivery method for the SVBX Project. The project will be delivered using two separate contract packages. The first package includes line, track, stations, and systems. The Request for Proposals (RFP) on this package was issued on March 25, 2011, with contract award scheduled for December 2011. The second contract package will include the station campuses and roadways, and is expected to be awarded in 2013.

This FY 2012 and FY 2013 budget request will augment existing appropriation to fund planned costs that will be either incurred or committed in the next two years. These costs include award of the two contract packages discussed above, utility relocation, right-of-way acquisition, initial payments for vehicle procurement, design and property acquisition for the component repair facility, and the final stages of grade separation and freight track relocation.

The SVBX Project is being implemented in cooperation with the Federal Transit Administration (FTA) New Starts Program. The funding plan for the project assumes receipt of a Full Funding Grant Agreement (FFGA) from FTA in early 2012. Recent FTA milestones include: September 2010—New Starts submittal to FTA to advance the project into the Final Design phase of the New Starts Program; February 2011—Inclusion in the President's recommended Federal FY 2012 budget for a Full Funding Agreement; March 2011—FTA submitted to Congress the required 10-Day notice of its intent to approve the project into the Final Design phase of the New Starts Program; April 2011—Final Design Approval Letter received from FTA. The FY 2012 and FY 2013 request also reflects the anticipated allocation of the balance of state Traffic Congestion Relief Program (TCRP) funds for the project.

Operating Cost Impact: Upon completion, net operating costs (expenses less fare, advertising, and parking revenues) are projected at approximately \$20 million per year. Operating costs for the BART Extension will be funded by an eighth-cent sales tax approved in November 2008. See BART Operating Sales Tax Program on page 181.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Funding Source	FY12 & FY13
Federal-FFGA	\$900,000,000
State-TCRP	146,840,210
City ¹	(14,885,000)
Other	54,110,000
2000 Measure A	401,050,790
Total	\$1,487,116,000

¹ Reflects correction of an over allocation of City of Fremont funding in a previous appropriation.

Light Rail Program

2. Capitol Expressway Light Rail to Eastridge Phase II

Phase II will extend light rail from the existing Alum Rock Light Rail Station to the Eastridge Transit Center. Subsequent to the bus and pedestrian improvement work currently underway, this initial budget for Phase II is intended to advance the utility relocation and right-of-way work for light rail. Planned procurement and relocation activities include: an in-ground water facility, electric towers, Pacific Gas & Electric and communications duct banks along the expressway, right-of-way to perform these relocations, and securing of properties for light rail improvement especially between Ocala and Cunningham.

Operating Cost Impact: When fully operational, operating costs are projected at \$2.0 million per year with revenues projected at \$440 thousand per year for net annual cost of \$1.6 million.

Funding Source	FY12 & FY13
Federal-TBD	\$20,000,000
Total	\$20,000,000

3. Long T-Tasman Light Rail Improvement Planning Study

This project would initiate the planning and design process to accomplish the “Long T” capital improvement to the Tasman Light Rail corridor, eventually allowing a direct train (with express service) linking Mountain View to Alum Rock. This initial work will coordinate design activities between the cities of Mountain View and Santa Clara along with the County of Santa Clara and the High Speed Rail Authority. In addition to doubling the level of service on the Tasman segment, this improvement will serve as a required distribution and feeder service for the future BART-Light Rail connection at the Montague Light Rail Station and Milpitas BART station. The project was recommended as part of the Light Rail System Analysis, adopted by the VTA Board in 2010. It is expected that future budget allocations will be needed for preliminary engineering and construction. A target opening date of 2018 is assumed.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Operating Cost Impact: Operating costs dependent on service level savings/impact on ridership. Current study and future detailed engineering study will provide more information on service level improvements and ridership impact.

Funding Source	FY12 & FY13
2000 Measure A	\$850,000
Total	\$850,000

4. Vasona Extension to Vasona Junction (SR 85)

The 5.3 mile Vasona Light Rail line between Downtown San Jose and Campbell was opened in October 2005. An extension from the end of the line at Winchester Station in Campbell to Vasona Junction (Winchester Boulevard and SR 85) in Los Gatos would add another 1.5 miles, two stations, and a transit center with parking at Vasona Junction. Conceptual engineering and both state and federal environmental clearances were completed in 2000. The environmental studies are currently being updated in order to make the extension project eligible for federal funding. This budget request augments existing appropriation to allow for the advancement of design should federal funding become available.

Operating Cost Impact: When fully operational, operating costs are projected at \$240 thousand per year with revenues projected at \$150 thousand per year for net annual cost of \$90 thousand.

Funding Source	FY12 & FY13
Federal-TBD	\$5,150,000
Total	\$5,150,000

Commuter Rail Program

5. Caltrain Electrification

This budget request is for support of VTA staff and consultants as VTA participates in technical and public meetings and provides technical review of the combined Caltrain Electrification and High Speed Rail (HSR) Project. Though the first increment of this project will be built in the Central Valley, the combined HSR/Caltrain team has indicated that engineering plans and Environmental Impact Statements will still be produced in the next two fiscal years for both segments in Santa Clara County. The project will directly impact VTA facilities from Palo Alto to Gilroy. Areas of particular attention are the Palo Alto Transit Center; Mountain View Transit Center and Light Rail Station; coordination with Silicon Valley BART Extension engineering in Santa Clara and San Jose Diridon Station area; Morgan Hill and Gilroy Stations; and coordination with the SR 152 Project. The budget amount requested can support VTA staff resources and some engineering consultant support but is not sufficient to directly contribute to the lead agencies (California High Speed Rail Authority and Caltrain).

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Operating Cost Impact: Caltrain is responsible for the direct operation of the system. However, any operational cost impacts may impact future VTA operating contributions.

Funding Source	FY12 & FY13
2000 Measure A	\$500,000
Total	\$500,000

Bus Program

6. BRT Articulated Bus Procurement

The Board of Directors adopted the Bus Rapid Transit (BRT) Strategic Plan in May 2008. The BRT Strategic Plan includes implementation of the Santa Clara/Alum Rock/El Camino corridor (Valley Rapid 522) in late 2013 and the Stevens Creek corridor (Valley Rapid 523) in 2016. This FY 2012 request brings the project’s total appropriation to the level needed to procure 46 hybrid diesel-electric, stylized, articulated vehicles to be used for this service. This project will also fund VTA staff time for vehicle engineering, contracts, inspections, training, etc., and other costs including spare parts and radios.

Operating Cost Impact: Estimated annual fuel savings of \$245 thousand.

Funding Source	FY12 & FY13
State-Prop 1B	\$10,000,000
2000 Measure A	19,750,000
Total	\$29,750,000

7. Division Modifications to Accommodate BRT Buses

Facility modifications are required in order to accommodate Bus Rapid Transit (BRT) buses at the Chaboya and North Bus Operating Divisions. The BRT program requires the use of articulated buses. North Division is presently the only division that has the capability to maintain and operate articulated buses. In order to be effective for this operation, the Chaboya Division needs modification including maintenance bays to accommodate the 60-foot articulated buses. Additionally, the BRT buses will have unique features that will require facility upgrades to effectively accommodate these buses.

Operating Cost Impact: These modifications will decrease the operating costs of the BRT program due to shorter dead head conditions and more efficient maintenance of the buses.

Funding Source	FY12 & FY13
2000 Measure A	\$12,830,000
Total	\$12,830,000

8. King Road BART Bus Rapid Transit (BRT)

This project would be necessary to serve the new BART extension, making the connection from the end-of-line Berryessa station to Downtown San Jose and Santa Clara. The current

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Silicon Valley Berryessa Extension federal New Starts application assumes a very high level of bus service, allowing ridership at the new station to achieve cost effective levels. A number of potential alternative routing will need to be examined prior to beginning formal design and environmental clearance for the project. This process will entail working with the East San Jose community, elected officials, and stakeholders. The funding will be used to complete an alternatives analysis, conceptual design of the selected alternative(s), and environmental clearance.

Operating Cost Impact: When implemented, additional cost will be dependent on service level and hourly cost of operations and maintenance. The cost of the additional BRT service will be offset by local bus service reductions for a planned cost neutral effect on overall operating costs.

Funding Source	FY12 & FY13
2000 Measure A	\$1,051,000
Total	\$1,051,000

9. Money Counting Facility Replacement

This project constructs a new revenue processing facility to replace VTA’s existing undersized and inefficient Money Room. The existing facility is over 30 years old and cannot be readily expanded. A new facility is required in order to maintain revenue security and support the implementation of new Ticket Vending Machines (TVMs) for planned Bus Rapid Transit (BRT) service.

Operating Cost Impact: The project is not expected to have a significant impact on VTA operating costs. Staffing levels will not be affected.

Funding Source	FY12 & FY13
2000 Measure A	\$4,170,000
Total	\$4,170,000

10. Stevens Creek BRT Conceptual Engineering/Environmental

This project provides budget for conceptual engineering and environmental documentation for the Stevens Creek Bus Rapid Transit (BRT) Project. The corridor extends 8.6 miles from downtown San Jose to De Anza College in Cupertino along San Carlos Street and Stevens Creek Boulevard, serving Valley Fair and Santana Row shopping centers. The project will build 12 new BRT stations with enhanced passenger amenities, as well as provide faster transit travel times through exclusive bus lanes and transit signal priority. The service will be operated with new articulated and branded hybrid buses. Conceptual engineering will bring design documentation to the 10% level. The plan estimates rideship in 2030 to be almost 16,000 new riders with the implementation of the project. The project will be characterized by segments of dedicated lanes with center platforms and segments of mixed flow operations with curb bulb-out stations.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Operating Cost Impact: When fully operational, costs are expected to be approximately \$13 million a year with projected fare revenues of roughly \$2.4 million. The cost of the additional BRT service will be offset by local bus service reductions for a planned cost neutral effect on overall operating costs.

Funding Source	FY12 & FY13
2000 Measure A	\$5,000,000
Total	\$5,000,000

11. Valley Rapid - El Camino Real

This project provides budget for preliminary engineering and environmental documentation for the El Camino Real Bus Rapid Transit (BRT) Project. The corridor extends 17 miles from downtown San Jose to Palo Alto along The Alameda and El Camino Real. Sixteen new BRT stations will be built along with facilities to provide faster transit travel times, such as exclusive bus lanes and traffic signals with transit priority. The service will be operated with new articulated branded hybrid buses. Preliminary engineering brings design documentation to the 30% level. It is anticipated that this project will compete for federal Small Starts funding and require federal and California Environmental Quality Act (CEQA) environmental clearance. The project is expected to add 6,000 new transit riders in the corridor.

Operating Cost Impact: When fully operational, costs are expected to be approximately \$20 million a year with projected fare revenues of roughly \$3.7 million. The cost of the additional BRT service will be offset by local bus service reductions for a planned cost neutral effect on overall operating costs.

Funding Source	FY12 & FY13
2000 Measure A	\$10,603,000
Total	\$10,603,000

Measure A Programwide

12. Capitalized Interest and Other Bond Costs

This project represents interest and debt related ancillary charges that arise from the issuance of sales tax revenue bonds, the proceeds of which fund a portion of various 2000 Measure A capital projects.

Funding Source	FY12 & FY13
2000 Measure A	\$57,500,000
Total	\$57,500,000

Operating Cost Impact: None

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

13. Fund Exchange Payments

This project facilitates the distribution of funds to projects and programs in exchange for State Transportation Improvement Program (STIP) funds approved by the Board of Directors on February 1, 2007, December 13, 2007, and December 2, 2010.

<u>Funding Source</u>	<u>FY12 & FY13</u>
2000 Measure A	<u>\$75,790,000</u>
Total	<u><u>\$75,790,000</u></u>

Operating Cost Impact: None

14. Programwide Expenses

This project facilitates the capture of costs related to managing the overall 2000 Measure A Transit Improvement Program. These costs are then reallocated to the individual 2000 Measure A projects on a quarterly basis.

<u>Funding Source</u>	<u>FY12 & FY13</u>
2000 Measure A	<u>\$5,500,000</u>
Total	<u><u>\$5,500,000</u></u>

Operating Cost Impact: None

2000 Measure A Transit Improvement Program Total Available Appropriation

Capital project appropriations do not expire at the end of the fiscal year and are carried forward until the project is completed. Capital carryover is defined as appropriation that is unspent at the end of the fiscal year. The local share of capital carryover at the end of each fiscal year is reported as restricted assets on the agencies financial statements. The following table reflects the projected carryover at June 30, 2011, as well as the total available appropriation for the 2000 Measure A Capital Program after the FY 2012 appropriation, by project and funding source. Project funding for the two-year period is appropriated in FY 2012 in order to facilitate administration of the program.

(Dollars in Thousands)

Project #	Project Name	Funding Source	A Adopted Budget Through FY11	B Projected Expenditures Through FY11 ¹	C=(A-B) Projected FY11 Capital Carryover	D FY12 Appropriation	E=(C+D) Total Available Appropriation
SVRT	Silicon Valley Bart Extension	Federal	11,796	11,758	38	900,000	900,038
		State	501,727	487,116	14,611	146,840	161,451
		City	58,021	12,905	45,115	(14,885)	30,230
		Other	33,414	18,522	14,892	54,110	69,002
		2000 Measure A	481,400	311,277	170,123	401,051	571,174
		Total	1,086,358	841,579	244,780	1,487,116	1,731,896
SVRT Program Total			1,086,358	841,579	244,780	1,487,116	1,731,896
P-0476	DTEV-CELR To Eastridge	State	159	157	2	0	2
		2000 Measure A	47,325	46,882	444	0	444
		Total	47,485	47,039	446	0	446
P-0552	New Rail Corridors Study	2000 Measure A	1,528	676	852	0	852
P-0587	Vasona Ext. to Vasona Junction (SR85)	Federal	6,855	0	6,855	5,150	12,005
		2000 Measure A	810	504	306	0	306
		Total	7,664	504	7,160	5,150	12,310
P-0660	Light Rail System Analysis	2000 Measure A	1,754	1,680	74	0	74
P-0722	Projects from LR Systems Analysis	2000 Measure A	5,000	0	5,000	0	5,000
P-0743	CELR - Pedestrian Improvements	State	16,000	1,789	14,211	0	14,211
		2000 Measure A	4,040	1,772	2,268	0	2,268
		Total	20,040	3,561	16,479	0	16,479
P-0744	CELR - Eastridge Transit Center	State	29,000	189	28,811	0	28,811
		2000 Measure A	22,071	1,447	20,624	0	20,624
		Total	51,071	1,636	49,435	0	49,435
P-0784	Long T-Tasman LR Impvmnt Plng Study	2000 Measure A	0	0	0	850	850
P-0787	Capitol Expway LR to Eastridge Phase II	Federal	0	0	0	20,000	20,000
Light Rail Program Total			134,542	55,096	79,446	26,000	105,446
P-0498	Dumbarton Rail Corridor	2000 Measure A	2,114	1,913	202	0	202
P-0511	Caltrain Service Upgrades	2000 Measure A	15,360	13,777	1,583	0	1,583
P-0529	Palo Alto Intermodel Transit Center	Federal	248	167	81	0	81
		City	62	42	20	0	20
		2000 Measure A	51	5	46	0	46
		Total	361	214	147	0	147

¹ Projection as of July 20, 2011

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Project #	Project Name	Funding Source	A Adopted Budget Through FY11	B Projected Expenditures Through FY11 ¹	C=(A-B) Projected FY11 Capital Carryover	D FY12 Appropriation	E=(C+D) Total Available Appropriation
P-0550	Caltrain South County Capacity Improv.	State	33,000	13,924	19,076	0	19,076
		2000 Measure A	28,533	2,321	26,212	0	26,212
		Total	61,533	16,245	45,288	0	45,288
P-0595	Caltrain Electrification	2000 Measure A	808	414	394	500	894
P-0740	Bike Sharing Pilot Project	Other	500	0	500	0	500
		2000 Measure A	251	111	140	0	140
		Total	751	111	640	0	640
P-3201	Caltrain Mountain View Parking Structure	City	425	86	339	0	339
		2000 Measure A	577	239	338	0	338
		Total	1,002	325	677	0	677
P-3202	Caltrain/UP Blossom Hill Ped. Grade Sep	Federal	2,470	644	1,826	0	1,826
		State	7,210	4,225	2,986	0	2,986
		City	250	250	0	0	0
		2000 Measure A	609	35	575	0	575
		Total	10,540	5,153	5,387	0	5,387
P-3203	Caltrain Safety Enhancements	2000 Measure A	20,968	14,032	6,936	0	6,936
P-3204	SC Sta. Pedestrian Underpass Extension	Federal	1,468	116	1,352	0	1,352
		2000 Measure A	620	499	121	0	121
		Total	2,088	615	1,473	0	1,473
P-3205	Santa Clara & SJ Diridon Station Upgrade	2000 Measure A	12,666	3,889	8,777	0	8,777
	Commuter Rail Program Total		128,191	56,688	71,503	500	72,003
P-0336	ZEB Bus Procurement	Federal	7,702	7,638	64	0	64
		State	1,000	1,000	0	0	0
		Other	2,805	2,805	0	0	0
		2000 Measure A	3,233	3,222	11	0	11
		Total	14,740	14,665	75	0	75
P-0449	ZEB Facility Improvements	State	300	300	0	0	0
		Other	2,113	2,113	0	0	0
		2000 Measure A	2,415	2,369	46	0	46
		Total	4,829	4,783	46	0	46
P-0475	Valley Rapid - Santa Clara / Alum Rock	State	90,000	6,244	83,756	0	83,756
		2000 Measure A	24,060	320	23,740	0	23,740
		Total	114,060	6,564	107,495	0	107,495
P-0551	Bus Rapid Transit Strategic Plan	2000 Measure A	1,532	1,254	278	0	278
P-0715	Stevens Creek BRT CE/Environmental	2000 Measure A	1,000	0	1,000	5,000	6,000
P-0717	Valley Rapid - El Camino Real	2000 Measure A	8,726	2,551	6,174	10,603	16,777
P-0719	BRT Articulated Bus Procurement	State	0	0	0	10,000	10,000
		2000 Measure A	18,250	13	18,237	19,750	37,987
		Total	18,250	13	18,237	29,750	47,987
P-0725	Highway-Based BRT Alternative Analysis	Federal	725	725	0	0	0
		2000 Measure A	197	195	1	0	1
		Total	922	920	2	0	2
P-0783	King Road BART BRT	2000 Measure A	0	0	0	1,051	1,051
P-0785	Division Modifications for BRT Buses	2000 Measure A	0	0	0	12,830	12,830
P-0786	Money Counting Facility Replacement	2000 Measure A	0	0	0	4,170	4,170
	Bus Program Total		164,058	30,751	133,307	63,404	196,711
P-0588	San Jose Mineta APM	2000 Measure A	4,020	1,174	2,846	0	2,846
	San Jose Mineta APM Total		4,020	1,174	2,846	0	2,846
P-0500	Capitalized Interest and Other Bond Costs	2000 Measure A	11,093	3,567	7,526	57,500	65,026
P-0510	Programwide Expenses	2000 Measure A	1,345	500	846	5,500	6,346
P-0712	Fund Exchange Payments	2000 Measure A	32,190	28,392	3,798	75,790	79,588
	Measure A Programwide Total		44,628	32,459	12,169	138,790	150,959
	Grand Total		1,561,797	1,017,746	544,051	1,715,810	2,259,861

2000 Measure A Transit Improvement Program Debt Service

Debt Policy Overview

VTA’s debt policy permits issuance of long-term debt to accomplish the following objectives: accelerate the delivery of projects, spread cost over the useful life of an asset, smooth out annual cash flow, optimize overall financial resources, finance unfunded actuarial liabilities, and refund existing debt. As of June 30, 2011, VTA had three outstanding bond issues secured by 2000 Measure A half-cent sales tax revenues.

VTA’s debt policy states that debt affordability shall be determined by the requirements of the 2000 Measure A bond indentures (e.g., additional bonds test/debt service coverage) and VTA’s ability to meet all of its ongoing operating, capital, and reserve requirements. The bond indenture for issues secured by the 2000 Measure A half-cent sales tax requires a minimum gross sales tax revenue bond coverage ratio of 1.3 times annual debt service.

The table below shows the calculation of the current debt coverage ratio for FY 2012 and FY 2013 for debt secured by the 2000 Measure A half-cent sales tax.

Debt Coverage Ratio
Issues Secured by 2000 Measure A Half-Cent Sales Tax
(Dollars in Thousands)

	FY12	FY13
Sales Tax Revenues	155,528	164,518
Debt Service ¹	52,484	52,475
Coverage Ratio	3.0	3.1

¹Principal and Interest

The tables on the following pages show additional information about outstanding debt secured by the 2000 Measure A half-cent sales tax.

Outstanding Debt as of 6/30/11
Sales Tax Revenues Bonds
Secured by 2000 Measure A Half-Cent Sales Tax
(Dollars in Thousands)

Series	Type of Debt	Interest Rate	Par Amount
2007 Series A Refunding	Traditional Fixed	4.62% ¹	117,665
2008 Series A-B Refunding	Synthetically Fixed	5.02% ²	117,925
2008 Series C-D Refunding	Synthetically Fixed	4.74% ³	117,950
2010 Series A	Traditional Fixed (Taxable BABs ⁴)	3.79% ¹	469,730
2010 Series B	Traditional Fixed	2.33% ¹	176,160
Total			999,430

¹ All-in TIC

² Including liquidity and remarketing fees as of June 30, 2011.

³ Including liquidity and remarketing fees as of June 30, 2011.

⁴ Build America Bonds

Debt Service Schedule
Sales Tax Revenues Bonds
Secured by 2000 Measure A Half-Cent Sales Tax
(Dollars in Thousands)

Fiscal Year	Principal	Interest	Total
2012	2,525	49,959	52,484
2013	2,625	49,850	52,475
2014	24,595	49,457	74,052
2015	25,775	48,275	74,050
2016	26,965	47,085	74,050
2017-2021	155,180	214,677	369,857
2022-2026	194,110	170,570	364,680
2027-2031	245,710	108,481	354,191
2032-2036	321,945	36,709	358,654
Total	999,430	775,064	1,774,494

Note: Totals may not be precise due to independent rounding

***FY 2012 and FY 2013 Debt Service Detail
Sales Tax Revenues Bonds
Secured by 2000 Measure A Half-Cent Sales Tax¹
(Dollars in Thousands)***

Category	FY12 Adopted Budget	FY13 Adopted Budget
Interest Expense	49,959	49,850
Principal	2,525	2,625
Other Bond Charges ²	2,580	2,622
Total	55,064	55,097

¹ Includes debt service from both the Operating (page 146) and Capital (page 150) Budgets

² Includes liquidity fees, remarketing fees, trustee fees, and other bond related charges

2000 Measure A Transit Improvement Program

Overview of Outstanding Debt Issues

2007 Measure A Series A

In September 2007, \$120.1 million of 2007 Measure A Series A Sales Tax Revenue Refunding Bonds (2007 Measure A Bonds) were issued at a true interest cost of 4.60% to current refund Series F and G of the 2006 Measure A Sale Tax Revenue Bonds (Defeased Bonds). The Defeased Bonds were originally issued to finance the retirement of a portion of Measure A Sales Tax Revenue Bonds, Series 2003 A, 2004 A and 2004 B. Proceeds of the 2007 Measure A Bonds were deposited into an escrow account held by a Trustee, and were used to pay the principal and accrued interest on the Defeased Bonds on the redemption date of November 6, 2007. Maturities for the 2007 Measure A Bonds extend to April 1, 2036.

2008 Measure A Series A-D

In June 2008, \$236.7 million of 2008 Series A-D Measure A Sales Tax Revenue Refunding Bonds (2008 Measure A Bonds) were issued to current refund Series A-D of the 2006 Bonds (Defeased Bonds). The Defeased Bonds were originally issued to finance the retirement of a portion of Measure A Sales Tax Revenue Bonds Series 2003 A, 2004 A, and 2004 B. The 2008 Measure A Bonds were issued as variable rate demand bonds and bear interest at a weekly rate, which is determined by the Remarketing Agent to be the rate necessary to remarket the 2008 Measure A Bonds at par value. The Defeased Bonds were issued as auction rate securities insured by Ambac Assurance Corporation, a municipal insurance provider, who had been downgraded by all three national rating agencies. As a result of the downgrade and disruption in the auction rate market, VTA was paying weekly interest rates that were above market rates. By issuing the 2008 Measure A Bonds as uninsured variable rate demand bonds, VTA was able to eliminate the higher interest rates caused by the Ambac bond insurance and the auction rate structure.

In conjunction with the Defeased 2006 Bonds and subsequently the 2008 Measure A Bonds, VTA entered into swap agreements with various counterparties. Under the agreements, VTA pays a fixed rate to the counterparties and in return, the counterparties pay VTA a variable rate based on a percentage of LIBOR¹. The variable rate that VTA receives from the counterparties is intended, over the life of the bonds, to offset the payments VTA makes to bondholders.

2010 Measure A Series A-B

In November 2010, \$645.9 million of 2010 Series A-B Measure A Sales Tax Revenue Bonds (2010 Measure A Bonds) were issued to fund certain Measure A transit capital improvement

¹ LIBOR—London Interbank Offering Rate—A daily reference rate based on the interest rate at which banks offer to lend unsecured funds to other banks in the London wholesale (interbank) money market.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

projects, most notably the BART extension to Berryessa. The bonds were issued as a combination of taxable, Build America Bonds (Series A), and traditional tax-exempt bonds (Series B). Both are fixed interest rate bonds. VTA receives a 35% Federal subsidy on its interest cost for the taxable Build America Bonds, which brings the net cost on those bonds in line with the interest rate for tax-exempt bonds. The true interest cost for the 2010 Measure A Bonds was 3.54%.

SECTION 4
CONGESTION MANAGEMENT
PROGRAM (CMP)



Congestion Management Program

Overview

Congestion Management Agencies (CMAs) were created in 1990 by Proposition 111 and its accompanying legislation, which required that every county with an urbanized population of more than 50,000 establish a CMA. CMAs were designed to meet the goals of increasing the efficiency of existing transit and roadway systems, planning the best capital improvements to these systems, and improving the local land use decision-making process.

In 1994, VTA was designated as the CMA for Santa Clara County through a Joint Powers Agreement entered into by the 15 cities and the County of Santa Clara. VTA's Congestion Management Program (CMP) serves as the CMA for Santa Clara County. The CMP, which is fiscally separate from VTA Transit, is funded through assessments to local jurisdictions (Member Agencies), federal and state planning grants, grant program manager administration fees, State Transportation Improvement Program (STIP) Planning Programming and Monitoring Funds, and fees for services provided.

The CMP Work Program outlines the major tasks to be addressed during Fiscal Year 2012 and Fiscal Year 2013. The Work Program includes statutory requirements, Board initiated activities, Member Agency requested activities, and staff recommended initiatives regarding federal, state, and regional issues.

The CMP Work Program consists of four main work areas:

- Capital Improvements Program
- Congestion Management Program Conformance
- Land Use and Transportation Integration
- Plans and Studies

Capital Improvements Program

The Capital Improvements Program (CIP) consists of Santa Clara County's currently programmed projects using CMA-monitored federal, state, regional and local funds and/or included in the first 10 years of the most current Valley Transportation Plan (VTP 2035). The major activities of the CIP are: grant programming and policy development, programmed projects monitoring, and Member Agency project delivery assistance.

Congestion Management Program Conformance

The CMP statutes require biennial monitoring of the freeways, rural highways, and designated CMP intersections that compose the CMP Network to ensure that Member Agencies are conforming to the CMP Level of Service (LOS) standard of LOS "E" (traffic volume at or close to capacity). VTA exceeds this requirement by monitoring nearly all elements of the CMP Network annually. Data collected through the monitoring process is shared with Member Agencies to allow for up-to-date traffic analysis. Member Agencies with facilities found to be

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

out of conformance with the LOS standard risk losing gas tax subventions provided by Proposition 111.

Land Use and Transportation Integration

CMP staff work with local agencies in land use and transportation integration by providing technical guidance through the Community Design and Transportation Manual of Best Practices, an active development review program, and a monthly Land Use and Transportation Integration Working Group to ensure local land use decisions compliment VTA's roadway and transit investments.

Plans and Studies

CMP staff collaborates with local agencies on planning and engineering studies, refining projects and moving them forward for funding consideration, regional studies-such as the Grand Boulevard Initiative, and an ongoing, comprehensive transportation systems operations study.

***Congestion Management Program
Comparison of Revenues and Expenses
(Dollars in Thousands)***

Line	Category	FY10 Actual	FY11 Adopted Budget ¹	FY1 Projected Actual ²	FY12 Adopted Budget	Variance from FY11 Actual	% Var	FY13 Adopted Budget	Variance from FY12 Budget	% Var
1	Federal Operating Grants	1,235	1,085	1,398	1,367	(31)	-2.3%	1,371	4	0.3%
2	State Operating Grants	731	980	832	880	48	5.8%	880	0	0.0%
3	Investment Earnings	12	0	18	12	(6)	-31.8%	12	0	0.0%
4	Member Agency Fees	2,495	2,582	2,407	2,407	0	0.0%	2,407	0	0.0%
5	Other Income	15	1,250	1,106	170	(936)	-84.6%	160	(10)	-5.9%
6	Total Revenue	4,488	5,897	5,762	4,836	(925)	-16.1%	4,830	(6)	-0.1%
7	Professional & Special Services	518	379	345	693	347	100.5%	548	(145)	-20.9%
8	Other Services	23	31	4	13	9	202.6%	18	5	37.2%
9	Data Processing	7	12	8	51	44	561.2%	24	(27)	-52.6%
10	Miscellaneous	9	25	1	9	9	1783.9%	9	0	0.0%
11	Contribution to Other Agencies	0	1,000	867	0	(867)	-100.0%	0	0	N/A
12	VTA Staff Services	3,694	5,125	3,868	3,727	(141)	-3.6%	3,708	(19)	-0.5%
13	Total Expense	4,252	6,572	5,092	4,493	(599)	-11.8%	4,307	(186)	-4.1%
14	Revenues Over (Under) Expenses	235	(675)	669	343			523		

¹ Reflects Adopted Budget approved by the Board on June 4, 2009 and amended on June 3, 2010

² Projection as of July 20, 2011

Note: Totals, subtotals, and percentages may not be precise due to independent rounding. Descriptions of each Revenue and Expense Category can be found in Appendix F.

Major Variances (Variance in excess of 5% and \$100,000)

Revenues

Other Income:

The FY 2012 budget reflects a decrease of \$936 thousand from FY 2011 actual. This variation is primarily due to a one-time reimbursement for election costs related to SB 83 Vehicle Registration Fees-Traffic Congestion Relief and Road Improvement Measure in FY 2011.

Expenses

Professional & Special Services:

FY 2012 budget reflects a \$347 thousand increase over FY 2011 actual and FY 2013 budget reflects a \$145 thousand decrease from FY 2012. This variation is due to a concentration of effort on the development of VTP 2040 (long-range countywide transportation plan) in FY 2012 and the timing of various other activities in the CMP Work Program.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Contribution to Other Agencies:

The FY 2012 budget reflects a decrease of \$867 thousand from FY 2011 actual. FY 2011 actual reflects a one-time expense for election costs related to SB 83 Vehicle Registration Fees-Traffic Congestion Relief and Road Improvement Measure.

***Congestion Management Program
Sources and Uses of Funds Summary***
(Dollars in Thousands)

<u>Line</u>	<u>Description</u>	<u>FY10 Actual</u>	<u>FY11 Projected Actual¹</u>	<u>FY12 Adopted Budget</u>	<u>FY13 Adopted Budget</u>
1	Total Revenues	4,488	5,762	4,836	4,830
2	Total Expenses	<u>4,252</u>	<u>5,092</u>	<u>4,493</u>	<u>4,307</u>
3	Revenues Over (Under) Expenses	235	669	343	523
4	Beginning Fund Balance	52	287	956	1,299
5	Revenues Over (Under) Expenses	<u>235</u>	<u>669</u>	<u>343</u>	<u>523</u>
6	Ending Fund Balance ²	287	956	1,299	1,822

¹ Projection as of July 20, 2011

² The increase in Fund Balance for Fiscal Year 2011 results from a reduced FY 2011 Work Program due to initial budget concerns and \$300 thousand in unanticipated revenues. The increase in Fund Balance for Fiscal Years 2012 and 2013 is in anticipation of funding needs for upcoming special projects.

***Congestion Management Program
FY 2012 and FY 2013
Member Assessments***

Member Agency	FY 2012	FY 2013
County of Santa Clara	\$271,738	\$271,738
Campbell	50,529	50,529
Cupertino	77,628	77,628
Gilroy	37,768	37,768
Los Altos	24,926	24,926
Los Altos Hills	6,647	6,647
Los Gatos	34,402	34,402
Milpitas	76,986	76,986
Monte Sereno	1,998	1,998
Morgan Hill	25,104	25,104
Mountain View	125,020	125,020
Palo Alto	141,471	141,471
San Jose	783,945	783,945
Santa Clara	207,074	207,074
Saratoga	21,691	21,691
Sunnyvale	248,609	248,609
Subtotal:	\$2,135,535	\$2,135,535
VTA - Managing Agency Contribution	271,738	271,738
TOTAL:	<u>\$2,407,274</u>	<u>\$2,407,274</u>

SECTION 5
VTP HIGHWAY IMPROVEMENT
PROGRAM



VTP Highway Improvement Program

Overview

VTP 2035 is the current approved long-range countywide transportation plan (Valley Transportation Plan) for Santa Clara County. Developed by the Congestion Management Program (CMP) and adopted in January 2009, projects must be included in the plan as a pre-requisite for eligibility to receive federal, state, regional, and local discretionary fund programming. VTA enters into construction agreements with cities in the County for various projects that are included in VTP 2035.

The total additional appropriation for the identified VTP Highway Improvement Program Projects for FY 2012 and FY 2013 is \$100.6 million. Project funding for the two-year period is appropriated in FY 2012 in order to facilitate administration of the program. One hundred percent of these expenditures will be funded by grants, through agreements with the appropriate city, or a fund exchange (consisting of state funding sources swapped with 2000 Measure A Funds).

The table on the following page lists each project and its general funding source category. The subsequent pages provide a brief description, identified funding sources, and potential operating cost impacts for each project.

Capital project appropriations do not expire at the end of the fiscal year and are carried forward until the project is completed. Capital carryover is defined as appropriation that is unspent at the end of the fiscal year. The table on page 175 reflects the projected carryover at June 30, 2011, as well as the total available appropriation for the VTP Highway Improvement Program after the FY 2012 and FY 2013 appropriations, by project and funding source.

***VTP Highway Improvement Program
Schedule of FY 2012 & FY 2013 Appropriation
(Dollars in Thousands)***

Project	FY 2012 & FY 2013		
	Funding Source		Total
	State	Fund Exchange	
1. I-880/I-280 Improvements (Stevens Creek)	30,170	0	30,170
2. SR 152 Realignment	17,200	2,200	19,400
3. SR 237 Express Lanes-Phase II Extension	20,000	0	20,000
4. US 101/Capitol Expwy/Yerba Buena Interchange	31,000	0	31,000
<i>Grand Total</i>	<i>98,370</i>	<i>2,200</i>	<i>100,570</i>

VTP Highway Improvement Program Description of FY 2012 & FY 2013 Appropriated Projects

1. I-880/I-280 Improvements (Stevens Creek)

This project improves traffic operations, safety, and access between the I-880 and I-280 freeway corridors including modifications to the SR 17/I-280/I-880 freeway-to-freeway interchange. Specific improvements include: reconfiguration of the existing full cloverleaf I-880/Stevens Creek Boulevard Interchange to improve traffic flow in the interchange area by widening and realigning ramps; widening the overcrossing structure at Stevens Creek Boulevard over I-880; improving intersections and providing enhanced access to pedestrians and bicyclists; and separating freeway-to-freeway traffic from local traffic by constructing a new direct connector from northbound I-280 to northbound I-880.

Funding Source	FY12 & FY13
State-CMIA	\$30,170,000
Total	\$30,170,000

Operating Cost Impact: The California Department of Transportation (Caltrans) assumes responsibility for maintenance and operations upon project completion. There is no operating cost impact to VTA.

2. SR 152 Realignment

This project will initiate and complete the project approval/environmental document phase, including preliminary alignment engineering and environmental investigations, on new alignments for SR 152 between US 101 and SR 156 in Santa Clara and San Benito counties. The project will also develop and evaluate corridor management strategies, including potential roadway pricing for the 82 mile length of SR 152 between Santa Cruz and Madera Counties. The purpose of this project is to improve truck/freight movement, air quality, traffic operations, and safety between the Central Valley and the South Bay via an east-west connection between SR 99 and US 101. The project is needed to enhance the commercial goods movement corridor connecting the Central Valley and the South Bay.

Funding Source	FY12 & FY13
State-TBD	\$15,000,000
State-ITIP	2,200,000
Fund Exchange	2,200,000
Total	\$19,400,000

Operating Cost Impact: The California Department of Transportation (Caltrans) assumes responsibility for maintenance and operations upon project completion. There is no operating cost impact to VTA.

3. SR 237 Express Lanes-Phase II Extension

This project will convert the existing carpool lane to Express Lanes between North First Street in San Jose and Mathilda Avenue in Sunnyvale. The project is the second phase of the SR 237 Express Lanes Project which would extend the limits of the Phase I project – SR 237/I-880 Express Connectors Project between I-880 and North First Street. The SR 237 Express Lanes Project is part of the Silicon Valley Express Lanes Program that was approved by VTA Board of Directors in December 2008. Eligible carpool lane users will use the Express Lanes free of charge while solo drivers will pay a fee using FasTrak transponders that are used to cross the Bay Area bridges. Toll rates will vary based on the level of congestion to ensure Express Lanes will flow freely at all times. Additional striping, signage, and enforcement beacons will be included as part of the project to ensure smooth traffic operations.

Funding Source	FY12 & FY13
State-TBD	\$20,000,000
Total	\$20,000,000

Operating Cost Impact: The Silicon Valley Express Lanes Program (see page 179) will be responsible for the maintenance and operation of the Express Lanes upon project completion. Toll revenues are projected to exceed expenditures with the net revenues providing a new funding source for transportation improvements including public transit.

4. US 101/Capitol Expressway/Yerba Buena Interchange

This project will improve freeway operations and reduce congestion on US 101 in the City of San Jose. The project includes: modification of the Capitol Expressway Interchange from full cloverleaf to partial cloverleaf, construction of a northbound slip on-ramp and modification of the collector distributor road between Yerba Buena and Capitol Expressway, construction of a two-lane southbound off-ramp to Yerba Buena Road, and addition of a southbound auxiliary lane between Capitol Expressway and Yerba Buena.

Funding Source	FY12 & FY13
State-CMIA	\$31,000,000
Total	\$31,000,000

Operating Cost Impact: The California Department of Transportation (Caltrans) assumes responsibility for maintenance and operations upon project completion. There is no operating cost impact to VTA.

VTP Highway Improvement Program Total Available Appropriation

Capital project appropriations do not expire at the end of the fiscal year and are carried forward until the project is completed. Capital carryover is defined as appropriation that is unspent at the end of the fiscal year. The following table reflects the projected carryover at June 30, 2011, as well as the total available appropriation for the VTP Highway Improvement Program after the FY 2012 and FY 2013 appropriations, by project and funding source. Project funding for the two-year period is appropriated in FY 2012 in order to facilitate administration of the program.

(Dollars in Thousands)

Project #	Project Name	Funding Source	A	B	C=(A-B)	D	E=(C+D)
			Adopted Budget Through FY11	Projected Expenditures Through FY11 ¹	Projected FY11 Capital Carryover	FY12 Appropriation	Total Available Appropriation
P-0372	I-880/Coleman Avenue Interchange	State	68,746	68,661	85	0	85
		City	11,178	11,134	44	0	44
		Total	79,924	79,795	129	0	129
P-0430	SR 152/SR 156 Interchange	Federal	17,373	15,797	1,576	0	1,576
		State	11,204	10,210	994	0	994
		Fund Exchange	8,113	7,085	1,027	0	1,027
		Total	36,689	33,093	3,596	0	3,596
P-0455	I-880/I-280 Improvements (Stevens Creek)	Federal	18,320	4,621	13,699	0	13,699
		State	0	0	0	30,170	30,170
		City	1,550	1,517	33	0	33
		Fund Exchange	2,155	319	1,836	0	1,836
		Other	1,605	0	1,605	0	1,605
		Total	23,630	6,457	17,173	30,170	47,343
P-0478	Silicon Valley Express Lanes	Fund Exchange	2,800	2,786	14	0	14
		Other	150	147	3	0	3
		Total	2,950	2,933	17	0	17
P-0519	US 101 Imprvmnts I-280 to Yerba Buena	State	1,215	267	948	0	948
		City	4,000	3,657	343	0	343
		Fund Exchange	6,089	4,661	1,428	0	1,428
		Other	50,016	257	49,759	0	49,759
		Total	61,320	8,841	52,479	0	52,479
P-0535	Coyote Ridge Butterfly Habitat Mgmt	City	996	918	78	0	78
		Fund Exchange	245	192	53	0	53
		Total	1,241	1,110	131	0	131
P-0563	Mary Avenue Extension	City	5,365	840	4,525	0	4,525
		Fund Exchange	1,315	203	1,112	0	1,112
		Other	2,410	0	2,410	0	2,410
		Total	9,090	1,043	8,047	0	8,047
P-0565	US 101/De La Cruz Blvd./Trimble Road	City	4,800	539	4,261	0	4,261
		Other	100	0	100	0	100
		Total	4,900	539	4,361	0	4,361

¹ Projection as of July 20, 2011

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Project #	Project Name	Funding Source	A	B	C=(A-B)	D	E=(C+D)
			Adopted Budget Through FY11	Projected Expenditures Through FY11 ¹	Projected FY11 Capital Carryover	FY12 Appropriation	Total Available Appropriation
P-0570	SR 85 & 237 Improvements	City	250	250	0	0	0
		Fund Exchange	500	363	137	0	137
		Other	1,250	0	1,250	0	1,250
		Total	2,000	613	1,387	0	1,387
P-0606	US 101 Widening & 25/101 Intchg Improv	Fund Exchange	5,500	5,335	165	0	165
		Other	5,644	0	5,644	0	5,644
		Total	11,144	5,335	5,809	0	5,809
P-0617	SR 152 Realignment	State	2,800	2,494	306	17,200	17,506
		Fund Exchange	2,800	2,495	305	2,200	2,505
		Other	150	144	6	0	6
		Total	5,750	5,133	617	19,400	20,017
P-0619	US 101 Aux.Lanes - Embarcadero to SR 85	State	84,930	0	84,930	0	84,930
		Fund Exchange	15,928	13,352	2,576	0	2,576
		Total	100,858	13,352	87,506	0	87,506
P-0620	I-880 Improvements, SR 237 to US 101	State	71,600	0	71,600	0	71,600
		Fund Exchange	20,900	14,814	6,086	0	6,086
		Total	92,500	14,814	77,686	0	77,686
P-0621	SR 237/I-880 Highway Planting	City	3,285	712	2,573	0	2,573
P-0651	SR 87 Highway Planting	Federal	2,520	2,318	202	0	202
		State	250	250	0	0	0
		Fund Exchange	2,100	1,900	200	0	200
		Total	4,870	4,469	401	0	401
P-0653	New Corridor Studies	Other	1,921	0	1,921	0	1,921
P-0654	SR 87/Narvaez Interchange	Other	800	0	800	0	800
P-0655	Ramp Metering Implementation	Federal	4,489	1,974	2,515	0	2,515
		Other	7,299	0	7,299	0	7,299
		Total	11,788	1,974	9,814	0	9,814
P-0678	SR 237/US101 Mathilda Interchange	Other	800	0	800	0	800
P-0694	SV Exp.Lanes-SR 237/I-880 Connectors	Federal	7,460	3,731	3,729	0	3,729
		Fund Exchange	3,825	1,105	2,720	0	2,720
		Total	11,285	4,836	6,449	0	6,449
P-0699	I-880/Coleman Highway Planting	Federal	1,528	0	1,528	0	1,528
		State	1,000	0	1,000	0	1,000
		Other	1,120	0	1,120	0	1,120
		Total	3,648	0	3,648	0	3,648
P-0720	Silicon Valley Express Lanes - SR 85	Federal	3,790	1,874	1,916	0	1,916
		Fund Exchange	1,150	121	1,029	0	1,029
		Other	7,321	0	7,321	0	7,321
		Total	12,261	1,996	10,265	0	10,265
P-0721	Silicon Valley Express Lanes - US 101	Fund Exchange	4,625	276	4,349	0	4,349
		Other	14,200	0	14,200	0	14,200
		Total	18,825	276	18,549	0	18,549
P-0730	US 101/Capitol Expwy/Yerba Buena Intchg	State	0	0	0	31,000	31,000
		Fund Exchange	4,356	1,970	2,386	0	2,386
		Total	4,356	1,970	2,386	31,000	33,386
P-0737	VTP Highways Programwide	Fund Exchange	100	38	62	0	62
P-0749	Freeway Performance Initiative-Design	Federal	1,563	1	1,561	0	1,561
P-0788	SR 237 Express Lanes-Phase II Extension	State	0	0	0	20,000	20,000
Grand Total			507,497	189,330	318,167	100,570	418,737

SECTION 6
MISCELLANEOUS PROGRAMS



Joint Development Program

Overview

Through recent efforts by VTA staff and the VTA Board of Directors, VTA has established a deliberate and aggressive property management program aimed at generating revenue, promoting transit-oriented development, and enhancing transit operations.

VTA has an extensive portfolio of real estate assets, many of which are presently underutilized. Of the underutilized properties, VTA has identified 26 sites that may be appropriate for joint development. Nine of the 26 sites have been identified by the VTA Board as being the “first priorities” and 6 other sites have been deemed “surplus property”, meaning they can be disposed of in the near term with no effect on current or future transit operations.

The FY 2012 and FY 2013 Adopted Biennial Budget for the Joint Development Program represents current and anticipated leasing and sale revenues, as well as the level of effort (expenditures) required to generate those revenues. Previously, activities related to the Joint Development Program were captured solely in the VTA Transit Operating Budget. Based on the anticipated level of future activities, they are now being captured as a separately reported fund.

***Joint Development Program
Comparison of Revenues and Expenses
(Dollars in Thousands)***

Line	Category	FY12 Adopted Budget	FY13 Adopted Budget	% Var
1	Investment Earnings	76	87	13.5%
2	Property Rental	1,700	1,700	0.0%
3	Total Revenue	1,776	1,787	0.6%
4	Professional & Special Services	500	525	5.0%
5	Property Rental Transfer	1,700	1,700	0.0%
6	Total Expense	2,200	2,225	1.1%
7	Revenues Over (Under) Expenses	(424)	(438)	

Note: Totals, subtotals and percentages may not be precise due to independent rounding. Descriptions of each Revenue and Expense Category can be found in Appendix G.

***Joint Development Program
Sources and Uses of Funds Summary
(Dollars in Thousands)***

<u>Line</u>	<u>Description</u>	<u>FY11 Projected Actual¹</u>	<u>FY12 Adopted Budget</u>	<u>FY13 Adopted Budget</u>
1	Total Revenues	4,106	1,776	1,787
2	Total Expenses	0	2,200	2,225
3	Revenues Over (Under) Expenses	4,106	(424)	(438)
4	Beginning Net Assets	0	4,106	3,682
5	Revenues Over (Under) Expenses	4,106	(424)	(438)
6	Ending Net Assets	4,106	3,682	3,244

¹ Estimated proceeds from FY 2011 property sales

Silicon Valley Express Lanes Program

Overview

The VTA Board of Directors approved the Silicon Valley Express Lanes Program (SVELP) on December 11, 2008. As part of the SVELP, the Express Lanes projects will implement a roadway pricing system to allow for the use of unused capacity in the carpool lanes to provide congestion relief. The roadway pricing system will allow solo commuters to use the available capacity in the carpool lanes for a fee. The fee would change dynamically in response to existing congestion levels and available capacity in the carpool lanes.

The SVELP has been undertaken to provide long-term mobility benefits and to provide another funding stream for transportation improvements. Specifically, the primary objectives of the Program are to provide congestion relief through more effective use of existing roadways, provide commuters with a new mobility option, and provide a new funding source for transportation improvements including public transit.

The SVELP includes the implementation of express lane facilities along the SR 237 and the US 101/SR 85 corridors mainly through the conversion of existing carpool lanes for express lanes operations. The first phase of the SR 237 corridor project, SR 237/I-880 Express Connectors, is anticipated to begin revenue operations in October 2011. The FY 2012 and FY 2013 Adopted Biennial Budget for SVELP on the following page represents the anticipated revenues and expenditures for the program over the next two fiscal years. The primary revenue source for this program is tolls. The anticipated operating expenditures include toll processing fees, enforcement, electronic toll system maintenance, road maintenance, utilities, and VTA staff time. The total FY 2012 projected operating expenditures, including start-up costs, are approximately \$760 thousand. Approximately \$650 thousand of the first year operating expenditures will be covered by the existing capital project budget. Therefore, only the remaining \$110 thousand is appropriated in the FY 2012 SVELP Operating Budget.

***Silicon Valley Express Lanes Program
Comparison of Revenues and Expenses
(Dollars in Thousands)***

Line	Category	FY12 Adopted Budget¹	FY13 Adopted Budget	% Var
1	Toll Revenues	250	592	136.7%
2	Total Revenue	250	592	136.7%
3	Professional & Special Services	70	427	513.7%
4	Other Services	6	0	-100.0%
5	Utilities	6	39	600.0%
6	VTA Staff Services	29	126	340.6%
7	Total Expense	110	591	439.2%
8	Revenues Over (Under) Expenses	140	1	

¹ Approximately \$650 thousand of the first year operating expenditures of \$760 thousand will be covered by the existing capital project budget. Therefore, only the remaining \$110 thousand is appropriated in the FY 2012 SVELP Operating Budget

Note: Totals, subtotals, and percentages may not be precise due to independent rounding. Descriptions of each Revenue and Expense Category can be found in Appendix G.

***Silicon Valley Express Lanes Program
Sources and Uses of Funds Summary
(Dollars in Thousands)***

Line	Description	<u>FY12 Adopted Budget</u>	<u>FY13 Adopted Budget</u>
1	Total Revenues	250	592
2	Total Expenses	<u>110</u>	<u>591</u>
3	Revenues Over (Under) Expenses	140	1
4	Beginning Net Assets	0	140
5	Revenues Over (Under) Expenses	<u>140</u>	<u>1</u>
6	Ending Net Assets	140	141

BART Operating Sales Tax Program

Overview

On November 4, 2008, the voters of Santa Clara County approved 2008 Measure B (Measure), a 30-year eighth-cent sales and use tax dedicated solely to providing the operating and maintenance expenses and capital reserve contributions for the Silicon Valley BART Extension. Pursuant to the ballot measure, the tax will only be collected if sufficient state and federal funds are secured to match local construction dollars. Under the Measure, federal funds would be considered secured and matched when the Federal Transit Administration (FTA) executes a Full Funding Grant Agreement (FFGA), or its equivalent, in an amount of at least \$750 million. State funds would be considered secured and matched when the California Transportation Commission (CTC) approves an Allocation Request, or its equivalent, in an amount of at least \$240 million. State funding has already been secured and matched through state statute, administered by the CTC. The CTC has already disbursed \$490 million of the \$649 million Traffic Congestion Relief Program (TCRP) funds guaranteed to the project to date.

The FY 2012 and FY 2013 Adopted BART Operating Sales Tax Budget assumes that the FFGA for the project will be executed in early 2012 and collection of the tax will commence on April 1, 2012. No expenditures will be incurred in the BART Operating Sales Tax Program until tax collection begins.

***BART Operating Sales Tax Program
Comparison of Revenues and Expenses
(Dollars in Thousands)***

Line	Category	FY12 Adopted Budget	FY13 Adopted Budget	% Var
1	Sales Tax Revenues	9,721	41,129	323.1%
2	Investment Earnings	30	755	2416.7%
3	Total Revenue	9,751	41,884	329.6%
4	Professional & Special Services	20	35	75.0%
5	Total Expense	20	35	75.0%
6	Revenues Over (Under) Expenses	9,731	41,849	

Note: Totals, subtotals, and percentages may not be precise due to independent rounding. Descriptions of each Revenue and Expense Category can be found in Appendix G.

***BART Operating Sales Tax Program
Sources and Uses of Funds Summary
(Dollars in Thousands)***

<u>Line</u>	<u>Description</u>	<u>FY12 Adopted Budget</u>	<u>FY13 Adopted Budget</u>
1	Total Revenues	9,751	41,884
2	Total Expenses	<u>20</u>	<u>35</u>
3	Revenues Over (Under) Expenses	9,731	41,849
4	Beginning Net Assets	0	9,731
5	Revenues Over (Under) Expenses	<u>9,731</u>	<u>41,849</u>
6	Ending Net Assets	9,731	51,580

SECTION 7
APPENDICES



VTA Financial Policies

VTA's various financial policies provide guidance to staff and the Board of Directors regarding the administration of the agencies financial affairs. The financial policy statements below are a summarization of the current financial policies. The objective of the financial policy statements is to provide an overview of guidelines, policies, and procedures utilized during the budget preparation process.

Accounting

- VTA shall establish and maintain a high standard of accounting practices.
- VTA shall maintain records on a basis consistent with generally accepted accounting principles for local governments.
- The accounts of the Authority shall be reported using the appropriate fund accounting. Revenues shall be recognized when earned and expenses shall be recognized when incurred.
- An independent firm of certified public accountants shall perform an annual financial and grant compliance audit and shall issue an opinion that will be incorporated into the Comprehensive Annual Financial Report (CAFR).
- VTA shall submit the annual CAFR to the Government Finance Officers Association for consideration for the Certificate of Excellence in Financial Reporting.
- Internal Control policies shall be developed and maintained to include procedures that separate control of assets from accounting for those assets.
- The establishment of internal controls shall be based on the recognition that the cost of a system of internal control should not exceed the benefits derived thereof.

Revenues

- VTA shall avoid dependence on temporary/one-time revenues to fund ongoing services. Every effort shall be made to use one-time revenues for one-time expenditures.
- VTA shall continuously explore additional sources of revenue to help balance the budget, such as identifying on an annual basis excess capital property and equipment, including real property, and shall make an ongoing attempt to sell or enter into Joint Development arrangements for such property to enhance revenue.
- One hundred percent of eligible capital funding may be used for operating purposes, but should be reviewed on an annual basis.
- VTA shall maintain a Fare Policy to ensure that there is a fair and reasonable relationship between the fares or fees charged for transit service provided and the operating costs of such services, and that fares are reviewed regularly.
- Funds shall be invested within the guidelines of the Board's approved Investment Policy and in compliance with applicable California Government Code.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

- VTA shall review its investment policy annually to ensure consistency with the following objectives (in order of priority):
 - Safety of invested funds
 - Maintenance of sufficient liquidity to meet cash flow needs
 - Attainment of the maximum yield possible consistent with the first two objectives
- On an annual basis, VTA shall benchmark, against peer agencies (such as other governmental agencies, including transit districts), the investment performance for the following investment portfolios: VTA unrestricted and restricted funds, VTA/ATU Pension funds and Other Post Employment Benefits funds.
- When appropriate, the Board of Directors (Board) shall actively pursue legislation that would help ensure the continued accomplishment of VTA's goals and mission statement. The Board shall support efforts to ensure that legislative intent is realized in allocation of state financial resources to public transit. The Board shall actively oppose legislation that would limit or diminish revenue.

Expenditures

- VTA shall work to achieve service levels that will make the bus system easier to use, improve travel times, and be more effective.
- VTA shall continue to look for and implement the most cost effective and reliable methods of delivering transportation services.
- VTA shall maintain all assets at a level that protects capital investment and minimizes future maintenance and replacement costs.
- The risk management program shall provide protection against loss and a reduction in exposure to liability.
- VTA shall develop service changes as needed to respond to budget shortfalls using performance measures established in the Transit Sustainability Policy.
- Quarterly variance reports shall be presented to the Board of Directors to enhance operational accountability.
- An annual actuarial analysis shall be performed on VTA's Other Post Retirement Benefit Trust funds. VTA shall make annual contributions that fund the actuarially required contribution.

Budget

- VTA shall comply with all legal budget requirements of the State of California and the VTA Administrative Code.
- The budget shall be appropriated at the Fund level. The General Manager may reallocate appropriations between budget units and objects within each Fund up to the limits of each Fund's annual appropriation.
- There shall be a budgetary monitoring system that charges expenditures against approved budget appropriations.

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

- A balanced operating budget, in which total operating revenues exceed total operating expenditures, shall be prepared.
- The budget shall be prepared using Generally Accepted Accounting Principles with the following exceptions:
 - Inclusion of capital outlays and bond principal payments as expenditures
 - Exclusion of depreciation, amortization of bond discounts, interest earnings on restricted reserves, and unrealized gains and losses on investments
- An operating budget, in which total projected operating and unrestricted revenues less total budgeted operating expenditures, including interest expense, maintains an Operating Reserve balance of at least 15% of the operating expenditures shall be prepared and presented for adoption.
- The budget document shall be submitted to the Government Finance Officers Association for consideration for the Distinguished Budget Presentation Award, which evaluates the document as a communications device, financial plan, operations guide, and policy document.
- Budgetary procedures that fund current expenditures at the expense of future needs, such as postponing preventative maintenance expenditures or replacement of equipment, shall be avoided.
- VTA shall provide conservative revenue estimates that take into consideration recent experience and reflect reasonable future growth.
- The Authority shall monitor revenue sources regularly and quarterly modify forecasts as necessary to reflect the most current information available. The Authority shall also change the level of expenditures, as needed, to fit within sources of revenue.
- A budget shall be prepared that contains essential programs and projects needed to support the goals and objectives of the Authority, responds to citizen demand, within the parameters of the Transit Sustainability Policy, and reflects administrative evaluation of current needs.

Long-Range Planning

- VTA shall annually update and incorporate the VTA Financial Forecasting Model (model) as part of its long-range planning process.

Grants

- Grants are accounted for in accordance with the purpose for which the funds are intended.
 - Approved grants for the acquisition of land, building, and equipment are recorded as revenue as the related expenses are incurred
 - Approved grants for operating assistance are recorded as revenues in the year in which the related grant conditions are met
 - Advances received on grants are recorded as a liability until related grant conditions are met

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

- When both restricted and unrestricted resources are available for the same purpose VTA shall use restricted resources first
- All grants shall be managed to comply with the laws, regulations and guidance of the grantor.
- All potential grants shall be carefully examined for matching requirements (both dollar and level-of-efforts matches).
- VTA shall program its federal grant funds to minimize the time between appropriation and draw down of federal funds.

Debt

- Sales Tax Revenue Bonds shall not be issued to support current operating expenditures.
- Capital projects funded through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.
- Debt may be issued to accomplish the following objectives: accelerate the delivery of projects, spread cost over the useful life of an asset, smooth out annual cash flow, optimize overall financial resources, finance unfunded actuarial liabilities, and refund existing debt.
- Debt affordability shall be determined by the requirements of VTA's bond indentures (e.g., additional bonds test/debt service coverage) and VTA's ability to meet all of its ongoing operating, capital and reserve requirements.
- The Authority shall remain in compliance with Securities and Exchange Commission (S.E.C.) Rules 15c2-12 by filing its annual financial statements and other financial and operating data for the benefit of its bondholders within the period required by each Continuing Disclosure Agreement.

Capital Improvement

- The Authority shall prepare and update annually, a 10-Year Capital Improvement Plan (CIP) including projected capital construction and improvements, service levels and operating costs and revenues to fund the capital operating programs. Capital projects included in the CIP shall be evaluated using the following criteria:
 - Total project cost (design and construction) and schedule for completion
 - Source of funding
 - Ongoing operating and maintenance costs
 - Benefits and contributions to the Authority and the community such as safety and service enhancements, including, but not limited to the effect on future operating and maintenance costs, economy, service, and gains in boardings
 - Alternatives considered
 - Consequences of not funding
- Priority shall be given to replacement of existing assets before consideration of new assets.

Capitalized Assets

- The Authority capitalizes all assets with an individual cost of more than \$5,000, and a useful life in excess of one year.
- Capital assets shall be stated at historical cost, and infrastructure, which includes light rail vehicle tracks, shall be capitalized.
- Improvements shall be capitalized and depreciated over the remaining useful lives of the related properties.
- VTA computes depreciation using the straight-line method over estimated useful lives as follows:
 - Buildings and improvements 30 to 50 years
 - Buses and maintenance vehicles 4 to 12 years
 - Light-rail structures and light-rail vehicles 25 to 45 years
 - Other operating equipment 5 to 15 years

Risk Management and Self-Insurance

- Appropriate insurance coverage shall be maintained to mitigate the risk of material loss. For self-insured retentions, VTA shall record the liabilities, including losses incurred but not reported, at 100% of the net present value. The goal is to maintain restricted cash balances in amounts equal to the present value of estimated liabilities but in no event less than the next year's projected cash outflows. An actuarial review of self-insured liabilities shall be made annually.

Reserves

- The Authority shall maintain an Operating Reserve of at least 15% of the operating budget for the VTA Transit Fund. These funds are to remain unappropriated for any operating or capital use except to meet emergency needs that cannot be funded from any other source. The purpose of this reserve is to ensure that sufficient funds are always available in the event of either unanticipated revenue shortfalls or unavoidable expenditure needs.
- VTA Transit Fund Operating Reserves in excess of 15% of the operating budget at year end shall be transferred to the Debt Reduction Fund, the use of which is governed by the Debt Reduction Fund Policy.

Ad Hoc Financial Recovery Committee

In response to precipitous declines in FY 2009 sales tax revenues and alarming deficit projections subsequent to adoption of the FY 2010 and FY 2011 Biennial Budget, the VTA Board of Directors appointed an Ad Hoc Financial Recovery Committee (Committee) in December 2009. The Committee consisted of three Board members and was supported by a representative stakeholder group of business, labor, VTA advisory committees, and other communities of interest. The Committee's directive was to review VTA's financial structure and to develop recommendations for the Board that addressed VTA's long-term structural deficit beyond FY 2011 to insure the continued sustainability of transit services in Santa Clara County.

The Committee held bi-weekly meetings beginning in January 2010 and spent considerable time reviewing VTA's financial structure and economic projections. After careful consideration and analysis, at its September 1, 2010 meeting, the Committee unanimously approved "Guidance on Operating Expenditure Priorities, Key Financial Principles, and Deficit Reduction Targets" containing financial priorities, principles, and debt reduction targets to guide VTA in becoming a more financially stable and sustainable organization. The deficit reduction targets were identified in the areas of internal efficiencies, employee expenses, service delivery and new revenue. The Stakeholders expressed their unanimous agreement with the document based upon amendments recommended by committee members and stakeholders.

The Committee's recommendation was presented to the Board of Directors at a Special Meeting on October 22, 2010 and approved unanimously by the Board on December 9, 2010.

The "Guidance on Operating Expenditure Priorities, Key Financial Principles, and Deficit Reduction Targets" (on the following pages) provided a framework for the creation of the FY 2012 and FY 2013 VTA Transit Biennial Budget, and will be used in the development of subsequent budgets to address the ongoing, long-term structural deficit in VTA's operating budget.

Ad Hoc Financial Recovery Committee Guidance on Operating Expenditure Priorities, Key Financial Principles, and Deficit Reduction Targets

Section I. Financial Stability Policy VTA Transit Fund

This Policy establishes guidance on expenditure prioritization and the key principles that VTA shall use to prudently align its operating costs with its available resources.

Guidance on Expenditure Prioritization

In developing VTA's Biennial Operating Budget and associated financial plans, VTA shall prioritize its activities for the expenditure of operating funds in the following order. This prioritization guidance shall be used both when budget reductions are required in order to keep spending consistent with available revenues, and when increases in operating revenues permit VTA to devote additional resources to its transit-related activities.

1. Preserving the level of fixed route transit service and paratransit service provided to VTA riders to the greatest extent possible. The service plan shall be developed in accordance with VTA's Transit Sustainability Policy and service design guidelines and in the best interest of the public.
2. Activities that directly support the provision of transit service, i.e., only those core operating, management and administrative functions that are necessary and essential to support the provision of the existing level of transit service, both in terms of the types of functions required and level of resources needed to support service. Measured against industry standards and best practices with consideration of efficiencies achieved by reducing layers of management.
3. Support for Regional Partnerships (e.g., Caltrain, ACE, Dumbarton Express, etc.) provided by VTA in consideration of other partners' contributions.
4. Activities that clearly contribute to increasing and diversifying VTA's operating funding (e.g., fare programs, joint development, advertising, and other opportunities for earned income).
5. Activities that provide information to riders, employees, stakeholders, and the public.
6. Activities that would prudently and strategically expand VTA transit service, when sustainable revenues are available to support the service growth.

Section II. Key Financial Principles

The following Key Principles establish a framework for policy direction to the Santa Clara Valley Transportation Authority Board of Directors and staff during the creation of the biennial budget and when addressing the structural deficit in VTA's operating budget.

The Key Principles have been numbered, and organized into two groups:

- Principles that are assumed in the development of the annual deficit reduction targets, but are not directly tied to a particular deficit reduction target category; and
- Principles that are directly tied to a particular Deficit Reduction target category.

Key Principles Assumed in Development of Deficit Reduction Targets

Principle Number 1: Operating Reserve at 15% - VTA shall take the necessary steps to protect its financial liquidity by building and maintaining an Operating Reserve equal to 15% of annual operating expenses, which is equal to just under two months of operating cash flow requirements. To the extent that the Operating Reserve level falls below the 15% target, during the next biennial budget process, VTA must identify measures necessary to reach the 15% threshold within a three-year period, and begin implementation of some or all of those measures during the next biennial budget process. However, to the extent possible, VTA should avoid the implementation of service reductions as a means of achieving the 15% operating reserve target.

Principle Number 2: Limit Use of Capital Funding¹ - When determining whether to use all or a portion of its eligible capital funding for operating-related purposes, such as preventive maintenance, VTA should attempt to balance the needs of its day to day operations with its longer term needs to preserve, protect, and renew its capital assets, and maintain VTA's vehicles, facilities, and infrastructure in a "state of good repair." 100% of eligible capital funding may be used for operating purposes, but should be reviewed on an annual basis.

Revenue collected from the 2000 Measure A Sales Tax shall be dedicated to the delivery of the Measure A Capital Projects maintaining the BART Extension to Santa Clara County as the Board's adopted first priority. The Board policy of committing only a small share of these funds to support transit service shall remain unaltered, to uphold the public commitment to the voters to use these funds for highest-priority capital projects.

Principle Number 3: Control Cost Growth – VTA shall take appropriate steps to ensure that its operating costs do not grow faster than its reasonably anticipated operating revenues. Unless required by federal, state or local law, measures that increase operating expenses should not be implemented until the funding for those increases has been identified with reasonable certainty.

¹ Note: 2000 Measure A Program – By Board Policy, and in accordance with a Court ruling based on the text of the ballot initiative, a limited amount of revenue collected from the 2000 Measure A Sales Tax may be used to fund VTA's operations. Increasing the amount of Measure A funds diverted to operations will seriously compromise the VTA's ability to deliver the projects promised to the voters under this program.

Principles Directly Tied to Deficit Reduction Targets

Principle Number 4: Achieve Internal Efficiencies – Direct staff to meet the adopted Target Deficit Reduction through a combination of internal efficiencies. Such efficiencies to be achieved through a variety of systemic cost reduction actions, which are not one-time in nature. Such actions may include, but are not limited to, the elimination of unfilled budgeted positions, Deficit Reduction associated with not filling staff positions that become vacant through attrition, other staff reductions, consolidation of services, reductions in ongoing cost commitments, etc. Such reductions shall be achieved to the greatest degree possible in a manner consistent with the preservation of service.

Principle Number 5: Negotiate Sustainable Bargaining Unit Agreements – In developing cost reduction strategies and plans, and in negotiating labor agreements, VTA shall work collaboratively with its employee bargaining units to identify ways to protect VTA’s financial condition and liquidity, including ways to control the cost to VTA of employee benefit programs for bargaining unit and non-represented employees, while also preserving the jobs of VTA employees to the extent possible and protecting the quality and integrity of VTA services. Consideration shall be given to partnering with Santa Clara County and other cities within the county to provide the greatest leverage in negotiating with benefit providers.

Principle Number 6: Use of Contracted Services –

- A) VTA shall periodically evaluate the use of contracted services for the delivery of service on selected VTA transit routes, and the delivery of other services utilized in the course of operating and supporting VTA transit service. In making decisions regarding the use of contracted services, VTA should compare the expected impacts on cost, safety, reliability, and customer service associated with contracted service delivery, and any related long-term financial risks, against the performance and cost of utilizing VTA staff in delivering those same services.
- B) With input from stakeholders, contracting principles should be developed and designed to consider the risks and rewards of contracting in and out. These principles should consider multiple service delivery options and contain a method for rigorous cost benefit analysis.
- C) This principle includes the provision of contracted services with partner agencies such as Caltrain, Altamont Commuter Express, Dumbarton Express, etc. Such contributions to be reduced proportionally to the total of VTA’s annual operating deficit.
- D) VTA shall continually work with contracted service providers (OUTREACH, Santa Clara County Sheriff’s Department, Allied Barton, etc.) to maximize efficiency and control costs.

Section III. Annual Deficit Reduction Targets By Category

Category	Related Principle	Proposed Deficit Reduction Target Range \$	Proposed Deficit Reduction Target Range %
Internal Efficiencies	Principle 4	\$5-15 million	12.5% - 37.5%
Employee Expenses	Principle 5	\$5-13 million	12.5% - 32.5%
Service Delivery	Principle 6	\$5-12 million	12.5% - 30.0%
New Revenue	Revenue Enhancement Committee	\$0-20 million	0.0% - 50.0%
Overall Annual Savings Target	Principle 3	\$20-40 million	

VTA Administrative Code requires that the Recommended Budget include a list of all employee position classifications and pay ranges. The table below lists the minimum and maximum annual salary for each VTA job classification as of July 1, 2011.

Job Classifications and Pay Range

Job Classification	Minimum Annual Salary	Maximum Annual Salary
Accessible Services Program Manager	85,892	104,432
Accessible Services Representative	41,497	58,286
Accountant Assistant	48,696	58,852
Accountant I	51,756	62,605
Accountant II	57,181	69,187
Accountant III	67,327	81,795
Accounts Payable Support Supervisor	55,365	67,327
Administrative Services Assistant	44,319	58,501
Assistant Architect	68,299	83,053
Assistant Board Secretary	79,573	105,036
Assistant Cost & Schedule Coordinator	68,299	83,053
Assistant Counsel	92,110	121,585
Assistant Database Administrator	68,852	83,354
Assistant General Counsel	142,870	188,589
Assistant Real Estate Agent	59,391	71,861
Assistant Supt, Service Management	77,909	94,717
Assistant Supt, Transit Communications	77,909	94,717
Assistant Transportation Engineer	68,299	83,053
Associate Architect	79,484	96,578
Associate Claims Analyst	59,401	78,410
Associate Counsel	59,401	78,410
Associate Environmental Engineer	79,484	96,578
Associate Financial Analyst	58,127	70,675
Associate Financial Analyst - NR	59,401	78,410
Associate Human Resources Analyst	59,401	78,410
Associate Land Surveyor	70,675	85,892
Associate Management Analyst	58,127	70,675
Associate Mechanical Engineer	79,484	96,578

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Classification	Minimum Annual Salary	Maximum Annual Salary
Associate Network Analyst	68,852	83,354
Associate Org Dev & Training Specialist	58,127	70,675
Associate Real Estate Agent	73,250	88,701
Associate Systems Administrator	68,852	83,354
Associate Systems Design Engineer	79,484	96,578
Associate Systems Engineer	79,484	96,578
Associate Transportation Engineer	79,484	96,578
Automotive Attendant	37,563	45,354
Board Assistant	52,244	63,222
Board Secretary	117,556	155,175
Bus Stop Maintenance Worker	40,700	49,159
Business Relations Manager	96,696	127,639
Buyer Assistant	42,268	51,061
Buyer I	46,665	56,358
Buyer II	55,303	66,951
Buyer III	61,448	74,329
Chief Administrative Officer	157,528	207,938
Chief CMA Officer	157,528	207,938
Chief Construction Officer	182,365	240,722
Chief Financial Officer	173,671	229,246
Chief Information Officer	142,870	188,589
Chief of External Affairs	142,870	188,589
Chief Operating Officer	157,528	207,938
Chief SVRT Program Officer	157,528	207,938
Claims Analyst	68,758	90,761
Claims Supervisor	79,573	105,036
Client Relationship Supervisor	90,199	109,653
Communications Systems Analyst	80,192	97,212
Communications Systems Manager	90,199	109,653
Community Outreach Supervisor	70,675	85,892
Compliance Review Manager	90,199	109,653
Construction Contracts Administrator I	56,898	68,852
Construction Contracts Administrator II	71,553	86,619
Construction Inspector	60,857	73,609

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Classification	Minimum Annual Salary	Maximum Annual Salary
Contracts Administrator I	56,898	68,852
Contracts Administrator II	71,553	86,619
Contracts Manager	90,199	109,653
Contracts Program Manager	85,892	104,432
Cost & Schedule Coordinator	79,484	96,578
Creative Services Manager	85,892	104,432
Customer Services Supervisor	67,327	81,795
Data Base Administrator	80,192	97,212
Deputy Director	129,591	171,059
Design & Construction Manager	109,653	133,273
Disbursements Manager	92,110	121,585
Dispatcher	48,256	68,931
Dispatcher Supervisor	74,187	90,199
Document Control Clerk I	36,381	43,888
Document Control Clerk II	41,497	50,084
Document Systems Supervisor	70,675	85,892
Electrician	64,148	77,594
Electro - Mechanic	67,829	77,085
Electronic Technician	67,829	77,085
Engineering Aide	45,354	54,789
Engineering Group Manager	117,556	155,175
Engineering Technician I	49,622	59,957
Engineering Technician II	55,844	67,594
Engineering Technician III	63,505	76,849
Environmental Health & Safety Specialist	73,969	89,576
Environmental Health & Safety Supervisor	77,909	94,717
Environmental Planner I	50,804	61,448
Environmental Planner II	55,303	66,951
Environmental Planner III	72,889	88,291
Executive Assistant to General Manager	117,556	155,175
Executive Policy Advisor	117,556	155,175
Executive Secretary	53,888	71,132
Executive Secretary to General Manager	59,401	78,410
Facilities Maintenance Assistant	40,700	49,159

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Classification	Minimum Annual Salary	Maximum Annual Salary
Facilities Maintenance Coordinator	81,795	99,446
Facilities Maintenance Representative	55,844	67,594
Facilities Worker	36,858	52,645
Fare Inspector	43,555	62,234
Financial Accounting Manager	92,110	121,585
Financial Analyst	67,327	81,795
Financial Analyst - NR	68,758	90,761
Fiscal Resources Manager	111,964	147,792
Foreperson - LRT	73,923	84,011
General Counsel	180,079	180,079
General Maintenance Mechanic	55,844	67,594
General Manager	290,000	290,000
Government Affairs Manager	111,964	147,792
Graphic Designer I	49,853	60,240
Graphic Designer II	57,695	69,855
Human Resources Administrator	62,370	82,328
Human Resources Analyst	68,758	90,761
Human Resources Assistant	46,545	61,440
Human Resources Manager	111,964	147,792
Information Services Representative	38,563	55,078
Information Systems Analyst Assistant	49,622	59,957
Information Systems Analyst I	56,898	68,852
Information Systems Analyst II	68,852	83,354
Information Systems Supervisor	90,199	109,653
Investment Program Manager	90,199	109,653
Janitor	36,046	43,451
Junior Cost & Schedule Coordinator	62,826	76,325
Junior Real Estate Agent	53,015	64,148
Junior Transportation Engineer	62,826	76,325
Labor Relations Program Manager	92,110	121,585
Lead Bus Stop Maintenance Worker	43,245	52,244
Lead Document Control Clerk	44,094	53,246
Lead Maintenance Worker - LRT	38,667	55,245
Lead Reprographics Services Specialist	45,791	55,303

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Classification	Minimum Annual Salary	Maximum Annual Salary
Lead Storekeeper	47,102	56,898
Lead Transit Center Maintenance Worker	44,299	53,530
Legal Secretary	56,565	74,666
Light Rail Equipment Superintendent	90,199	109,653
Light Rail Operator	42,557	60,798
Light Rail Power Foreperson	85,946	97,677
Light Rail Power Supervisor	85,892	104,432
Light Rail Signal Maintainer	64,148	77,594
Light Rail Signal Supervisor	81,795	99,446
Light Rail Technical Trainer	74,187	90,199
Light Rail Technical Training Supervisor	81,795	99,446
Light Rail Track Maintenance Supervisor	74,187	90,199
Light Rail Way, Power & Signal Supervisor	85,892	104,432
Light Rail Way, Power & Signal Supt	90,199	109,653
Mail Messenger	38,128	46,022
Maintenance Worker - LRT	36,858	52,645
Maintenance Instructor	77,909	94,717
Maintenance Scheduler	53,246	64,431
Maintenance Superintendent	90,199	109,653
Management Aide	51,175	62,224
Management Aide - NR	53,888	71,132
Management Analyst	67,327	81,795
Management Analyst - NR	68,758	90,761
Management Secretary	48,878	64,519
Manager, Construction Inspection	93,312	113,422
Manager, Highway Construction Contracts	81,795	99,446
Manager, Market Development	94,717	115,130
Manager, Ops Analysis, Reporting & Systems	90,199	109,653
Manager, Public Affairs & Customer Information	90,199	109,653
Manager, Real Estate & Project Admin	111,964	147,792
Materials & Warranty Manager	90,199	109,653
Materials Resource Scheduler	46,665	56,358
Media Spokesperson	87,710	115,777
Network Analyst	80,192	97,212

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Classification	Minimum Annual Salary	Maximum Annual Salary
Office Specialist I	37,049	44,711
Office Specialist II	41,497	50,084
Office Support Supervisor	55,365	67,327
Operations Manager	111,964	147,792
Operations Systems Supervisor	77,909	94,717
Operator	36,483	60,798
Operator - Trainee	30,410	n/a
Org Dev and Training Specialist	67,327	81,795
Overhaul & Repair Foreperson	73,923	84,011
Overhaul & Repair Mechanic	67,829	77,085
Overhead Line Worker	79,685	90,542
Paint & Body Foreperson	73,923	84,011
Paint & Body Worker	67,829	77,085
Parts Clerk	42,390	60,570
Parts Foreperson	65,978	74,963
Passenger Facilities & Wayside Mtc Supv	67,327	81,795
Payroll Support Supervisor	55,365	67,327
Permit Technician	51,293	62,014
Policy & Administrative Mgr - Ops	92,110	121,585
Policy & Community Relations Manager	87,710	115,777
Principal Construction Inspector	81,795	99,446
Principal Transportation Planner	94,717	115,130
Programmer	72,555	87,853
Programmer Analyst I	49,622	59,957
Programmer Analyst II	56,898	68,852
Programmer Analyst III	68,852	83,354
Project Controls Manager	111,964	147,792
Project Controls Specialist I	56,898	68,852
Project Controls Specialist II	68,852	83,354
Project Management Office Supervisor	90,199	109,653
Public Communication Specialist I	56,898	68,852
Public Communication Specialist II	62,014	75,049
Public Information Officer	101,547	134,041
Public Relations Supervisor	77,909	94,717

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Classification	Minimum Annual Salary	Maximum Annual Salary
Purchasing & Materials Manager	111,964	147,792
Purchasing Manager	90,199	109,653
Quality Assurance & Warranty Manager	85,892	104,432
Quality Assurance & Warranty Specialist	66,951	81,014
Reprographics Services Specialist I	38,128	46,022
Reprographics Services Specialist II	43,040	52,012
Revenue Services Manager	90,199	109,653
Risk Manager	111,964	147,792
Safety Manager	92,110	121,585
Sales & Promotions Supervisor	70,675	85,892
Secretary	45,354	54,789
Service Mechanic	43,077	61,547
Service Worker	41,496	59,280
Service Worker - Foreperson	44,678	63,835
Sr Accountant	77,909	94,717
Sr Architect	92,960	112,983
Sr Assistant Counsel	111,964	147,792
Sr Associate Counsel	75,782	100,032
Sr Construction Contracts Administrator	81,795	99,446
Sr Construction Inspector	66,616	80,603
Sr Construction Inspector - Lead	70,858	85,796
Sr Contracts Administrator	81,795	99,446
Sr Cost & Schedule Coordinator	92,960	112,983
Sr Environmental Engineer	92,960	112,983
Sr Environmental Planner	85,892	104,432
Sr Financial Analyst	77,909	94,717
Sr Financial Analyst - NR	79,573	105,036
Sr Human Resources Analyst	79,573	105,036
Sr Information Representative	53,186	60,445
Sr Information Systems Analyst	80,192	97,212
Sr Land Surveyor	81,795	99,446
Sr Management Analyst	77,909	94,717
Sr Mechanical Engineer-Auto Systems	92,960	112,983
Sr Policy Analyst	87,710	115,777

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Classification	Minimum Annual Salary	Maximum Annual Salary
Sr Real Estate Agent	85,892	104,432
Sr Signal Maintainer	70,524	85,385
Sr Systems Design Engineer	92,960	112,983
Sr Systems Engineer	92,960	112,983
Sr Track Worker	67,829	77,085
Sr Transportation Engineer	92,960	112,983
Sr Transportation Planner	85,892	104,432
Storekeeper	44,299	53,530
Substation Maintainer	79,685	90,542
Supervising Maintenance Instructor	81,795	99,446
Supervising Vault Room Worker	52,720	64,097
Support Mechanic	44,678	63,835
Survey & Mapping Manager	94,717	115,130
Systems Administrator	80,192	97,212
Systems Design Manager	99,446	120,889
Technical Project Manager	80,192	97,212
Technical Trainer	74,187	90,199
Technical Training Supervisor	81,795	99,446
Technology Infrastructure Supervisor	90,199	109,653
Technology Manager	111,964	147,792
Track Worker	58,344	66,290
Transit Center Maintenance Worker	41,677	50,341
Transit Division Supervisor	74,187	90,199
Transit Foreperson	73,923	84,011
Transit Maintenance Supervisor	81,795	99,446
Transit Mechanic	67,829	77,085
Transit Mechanic - G	58,344	66,290
Transit Radio Dispatcher	48,256	68,931
Transit Safety Officer	64,097	77,909
Transit Service Development Supervisor	74,187	90,199
Transit Svc Development Aide	44,094	53,246
Transit Svc Development Specialist I	48,465	58,568
Transit Svc Development Specialist II	56,358	68,236
Transit Systems Safety Supervisor	77,909	94,717

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Job Classification	Minimum Annual Salary	Maximum Annual Salary
Transportation Engineering Manager	99,446	120,889
Transportation Planner I	50,804	61,448
Transportation Planner II	60,857	73,609
Transportation Planner III	72,889	88,291
Transportation Planning Aide	42,268	51,061
Transportation Planning Manager	101,547	134,041
Transportation Superintendent	90,199	109,653
Transportation Supervisor	74,187	90,199
Union Business	n/a	n/a
Upholsterer	67,829	77,085
Upholstery Foreperson	73,923	84,011
Utilities Coordination Manager	81,795	99,446
Utility Coordinator	66,616	80,603
Utility Worker	39,569	47,770
Vault Room Worker	37,923	45,791
Vehicle Parts Supervisor	74,187	90,199
Warranty Coordinator	81,795	99,446
Webmaster	80,192	97,212

VTA Transit
Revenue and Expense Category Descriptions

Line	Category	Description
1	Fares	Fares from bus, light rail, & VTA operated shuttles
2	1976 Half-Cent Sales Tax	1976 half-cent sales tax
3	TDA	Transportation Development Act (TDA), derived from a quarter-cent sales tax, limited to development & support of public transit
4	Measure A Sales Tax-Operating Assistance	Portion of 2000 Measure A half-cent sales tax allocated to fund VTA operating and maintenance costs (18.5%)
5	STA	State Transit Assistance (STA)—Sales tax on gasoline & diesel fuel distributed based on population & annual transit operator revenues
6	Federal Operating Grants	Primarily from Section 5307 of SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users/Congress 2005) for Preventive Maintenance
7	Less Transfer for Capital	Represents the portion of Federal 5307 Formula Grants to be used toward capital replacement
8	State Operating Grants	AB 434 Transportation Fund for Clean Air (TFCA) Program grants derived from vehicle registration fees used to fund light rail and ACE shuttles; reimbursement for Clipper [®] operating fees
9	Investment Earnings	Earnings on investments
10	Advertising Income	Advertising on vehicles and bus shelters
11	Measure A Repayment Obligation	Payment to VTA for debt service incurred on behalf of 2000 Measure A projects
12	Other Income	Property rental; permit fees; parking citations; ACE shuttle revenues
13	Total Revenue	Sum of lines 1 to 12
14	Labor Costs	Wages & fringe benefits for all employees
15	Materials & Supplies	Vehicle parts; fasteners; small tools; maintenance supplies; lubricants; oils; fluids; gasoline for non-revenue vehicles; propane; janitorial & safety supplies
16	Security	Allied Barton & Santa Clara County Sheriff's contracts
17	Professional & Special Services	Outside consulting & specialized professional services; auditors; special studies
18	Other Services	Outside repair; laundry service; towing; ads & promotion; external printing
19	Fuel	Diesel, bio-diesel, and gasoline for revenue vehicles

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Line	Category	Description
20	Traction Power	Electricity cost for light rail system
21	Tires	Tires for revenue vehicles
22	Utilities	Non-traction power electricity; gas; water; trash
23	Insurance	Property & Casualty premiums and self-insurance annual reserve
24	Data Processing	Software license fees and PC/hardware purchases
25	Office Expense	Office supplies
26	Communications	Telephone and cell phone usage
27	Employee Related Expense	Safety shoes; mileage, parking, and toll reimbursements; professional licenses; education & training; workshops; travel; employee recognition costs; operators' drivers licenses
28	Leases & Rents	Equipment leases (reproduction equipment) and property rentals (such as transit centers)
29	Miscellaneous	Books & subscriptions; Board member expenses; legal notices; membership dues; in-house printing costs; postage
30	Reimbursements	Reimbursement of staff labor & indirect costs or overhead for staff time spent in support of projects and programs
31	Subtotal Operating Expense	Sum of lines 14 to 30
32	Paratransit	OUTREACH contract (expenses net of revenues) and allocation of indirect costs
33	Caltrain	VTA costs associated with providing Caltrain rail service operating between San Francisco & Gilroy and allocation of indirect costs
34	Light Rail Shuttles	Contract costs associated with providing Light Rail Shuttle Program linking LRT stations with employment centers and allocation of indirect costs
35	Altamont Commuter Express	VTA costs associated with Altamont Commuter Express (ACE) and allocation of indirect costs
36	Highway 17 Express	VTA costs associated with providing Highway 17 Express bus service and allocation of indirect costs
37	Dumbarton Express	VTA costs associated with providing transbay express bus service and allocation of indirect costs
38	Monterey-San Jose Express	VTA costs associated with providing Monterey to San Jose Express bus service and allocation of indirect costs
39	Contribution to Other Agencies	Managing Agency (VTA) contribution to Congestion Management Program; Payment to BART for administering the Regional Transit Connection Discount Card Program (RTC) for paratransit passenger IDs; payments to cities for a portion of the revenue generated from bus shelter advertising; reimbursement to other agencies for Eco-Pass usage

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

Line	Category	Description
40	Debt Service	Interest; principal; other bond charges
41	Other Expense	Minor miscellaneous non-operating expense items
42	Subtotal Other Expense	Sum of lines 32 to 41
43	Operating and Other Expense	Line 31 plus line 42
44	Contingency	Organization-wide contingency fund for urgent and unexpected programs
45	Total Expenses & Contingency	Lines 43 plus line 44
46	Operating Balance	Line 13 minus line 45

***2000 Measure A Transit Improvement Program
Revenue and Expense Category Descriptions***

Line	Category	Description
1	2000 Half-Cent Sales Tax	2000 Measure A half-cent sales tax
2	Federal BABs Subsidy	Federal subsidy on Build America Bonds
3	Investment Earnings	Earnings on investments
4	Other Income	Property rental
5	Total Revenue	Sum of lines 1 to 4
6	VTA Operating Assistance	Portion of 2000 Measure A half-cent sales tax allocated to fund VTA operating and maintenance costs (18.5%)
7	Professional & Special Services	Outside consulting and specialized professional services; auditors; special studies
8	Other Services	Printing of Citizen's Watchdog Committee Annual Report
9	Leases & Rents	Meeting room rental for Citizen's Watchdog Committee annual public hearing
10	Contributions to Other Agencies	Payment for operating contribution for phase II ZEB project and implementation of SAP Grants Module
11	Debt Service	Interest; principal; other bond charges
12	Repayment Obligation	Payment to VTA for debt service incurred on behalf of 2000 Measure A projects
13	Total Expense	Sum of lines 6 to 12
14	Revenues Over (Under) Expenses	Line 5 minus line 13

***Congestion Management Program
Revenue and Expense Category Descriptions***

Line	Category	Description
1	Federal Operating Grants	Surface Transportation Program Planning grant
2	State Operating Grants	Transportation Fund for Clean Air 40% Local Program Manager Administrator fees and SB 45 Programmed Project Monitoring Funds
3	Investment Earnings	Earnings on investments
4	Member Agency Fees	Fees paid by the County of Santa Clara, the 15 cities, and the managing agency (VTA)
5	Other Income	Revenues received for providing CMP's Regional Transportation Model to other entities and reimbursement for administration of SB 83 Vehicle Registration Fee Program
6	Total Revenue	Sum of lines 1 to 5
7	Professional & Special Services	Outside consulting and specialized professional services
8	Other Services	Ads & promotion; external printing
9	Data Processing	Specialized PC hardware and software
10	Office Expense	Office supplies
11	Miscellaneous	Books and subscriptions; membership dues; in-house printing costs; postage; mileage, parking, and toll reimbursements
12	VTA Staff Services	Labor, benefits, and allocation of indirect costs for VTA staff providing support of Congestion Management Program and SB 83 Vehicle Registration Fee Program
13	Total Expense	Sum of Lines 7 to 12
14	Revenues Over (Under) Expenses	Line 6 minus line 13

***Joint Development Program
Revenue and Expense Category Descriptions***

Line	Category	Description
1	Investment Earnings	Earnings on investments
2	Property Rental	Rental income from VTA owned properties
3	Total Revenue	Sum of lines 1 and 2
4	Professional & Special Services	Specialized professional services
5	Property Rental Transfer	Transfer of rental income to appropriate Fund (VTA Transit or 2000 Measure A)
6	Total Expense	Sum of Lines 4 and 5
7	Revenues Over (Under) Expenses	Line 3 minus line 6

***Silicon Valley Express Lanes Program
Revenue and Expense Category Descriptions***

Line	Category	Description
1	Toll Revenues	Tolls collected from express lane users
2	Total Revenue	Sum of line 1
3	Professional & Special Services	Toll collection administration fees; toll collection system maintenance; enforcement
4	Other Services	Advertising
5	Utilities	Electricity and communications
6	VTA Staff Services	Labor, benefits, and allocation of indirect costs for VTA staff providing support of Silicon Valley Express Lanes Program
7	Total Expense	Sum of Lines 3 and 6
8	Revenues Over (Under) Expenses	Line 2 minus line 7

***BART Operating Sales Tax Program
Revenue and Expense Category Descriptions***

Line	Category	Description
1	Sales Tax Revenues	2008 Measure B eighth-cent sales tax
2	Investment Earnings	Earnings on investments
3	Total Revenue	Sum of lines 1 and 2
4	Professional & Special Services	Specialized professional services
5	Total Expense	Sum of Line 4
6	Revenues Over (Under) Expenses	Line 3 minus line 5

1996 Measure B Transportation Improvement Program

Overview

In November 1996, the voters in Santa Clara County approved Measure A, an advisory measure listing an ambitious program of transportation improvements for Santa Clara County. Also approved on the same ballot, Measure B authorized the County Board of Supervisors to collect a nine-year half-cent sales tax for general county purposes. Subsequently, the County Board of Supervisors adopted a resolution dedicating the tax for Measure A projects. Collection of the tax began in April 1997. However, use of the revenue was delayed pending the outcome of litigation challenging the legality of the sales tax. In August 1998, the California courts upheld the tax allowing the implementation of the Measure A transportation projects to move forward.

In February 2000, the VTA Board of Directors approved a Master Agreement formalizing the partnership with the County of Santa Clara to implement the 1996 Measure B Transportation Improvement Program (1996 MBTIP). With this partnership in place, the County and VTA were in a position to complete a transportation program valued at over \$1.4 billion. VTA was responsible for project implementation and management of the transit and highway projects and assisted in the administration of the pavement management and bicycle elements of the program.

The Measure B sales tax expired on March 31, 2006. Subsequent to expiration of the tax, VTA executed two amendments to the Master Agreement; one to allocate Measure B funding for station improvements at the Palo Alto and California Avenue Caltrain stations, and one to define the financial terms and responsibilities to complete the 1996 MBTIP. This final amendment, No. 20, takes into consideration the projects still in progress, reconciles remaining payments between VTA and the County, and establishes priorities in the event that remaining contracts are closed-out under budget. Pursuant to the amendment, the County made a lump sum payment to VTA for the completion of the projects remaining to be advertised and closed out.

There are no new funds appropriated to this program as part of the FY 2012 and FY 2013 budget. With the exception of the Combined Biological Mitigation Site (CBMS) Project, it is anticipated that all remaining 1996 MBTIP projects will be completed and closed out by the end of FY 2012. The CBMS Project is scheduled to close out by the end of FY 2016.

1996 Measure B Transportation Improvement Program Capital Carryover

Capital project appropriations do not expire at the end of the fiscal year and are carried forward until the project is completed. Capital carryover is defined as appropriation that is unspent at the end of the fiscal year. The following table reflects the projected carryover at June 30, 2011 for the 1996 Measure B Transportation Improvement Program.

(Dollars in Thousands)

Project #	Project Name	Funding Source	A Adopted Budget Through FY11	B Projected Expenditures Through FY11 ¹	C=(A-B) Projected FY11 Capital Carryover
P-0002	Vasona Light Rail	Federal	61,505	61,505	0
		State	15,000	15,000	0
		City	580	580	0
		Fund Exchange	1,644	1,644	0
		1996 Measure B	161,332	161,148	183
		Other	56,417	56,417	0
		VTA Transit	16,500	16,500	0
		Total	312,977	312,794	183
		<i>Rail Facility Expansion Total</i>	<i>312,977</i>	<i>312,794</i>	<i>183</i>
P-0187	SR 85 & SR 87 Interchange	State	3,500	3,500	0
		1996 Measure B	39,600	39,593	7
		Total	43,100	43,093	7
P-0189	SR 85/US 101 Interchange - Mt. View	Fund Exchange	27,154	27,094	60
		1996 Measure B	101,389	101,264	126
		Total	128,543	128,357	186
P-0192	SR 17 Improvements	1996 Measure B	26,770	26,656	113
P-0273	SR 152 Improvements	City	5,494	5,494	0
		1996 Measure B	18,407	18,339	69
		Total	23,901	23,833	69
		<i>Highway Total</i>	<i>222,314</i>	<i>221,939</i>	<i>375</i>
P-0274	Combined Biological Mitigation Site	1996 Measure B	6,431	5,829	602
P-0560	SC Valley Habitat Conservation Plan/NCCP	Fund Exchange	150	150	0
		1996 Measure B	1,000	906	94
		Total	1,150	1,056	94
P-0652	Measure B Close Out	1996 Measure B	2,400	0	2,400
		<i>Miscellaneous Total</i>	<i>9,981</i>	<i>6,885</i>	<i>3,096</i>
		<i>Grand Total</i>	<i>545,272</i>	<i>541,617</i>	<i>3,655</i>

¹ Projection as of July 20, 2011

VTA/ATU Pension Plan

All VTA employees represented by Amalgamated Transit Union, Local 265 (ATU) are covered by the VTA/ATU Pension Plan. The Pension Plan and Pension contract are administered and enforced by the Board of Pensions. The Board of Pensions is composed of seven Trustees, three appointed by ATU, three appointed by VTA, and one jointly appointed by ATU and VTA. The Board of Pensions oversees, directs, and administers the Pension contract and its funds.

The table below shows the FY 2012 and FY 2013 VTA/ATU Pension Plan Budget adopted by the Board of Pensions.

VTA/ATU Pension Plan Comparison of Revenues and Expenses (Dollars in Thousands)

Line	Category	FY 2012 Adopted Budget	FY 2013 Adopted Budget	% Var
1	VTA Employer Contribution	21,000	21,000	0.0%
2	Investment Earnings	26,182	28,015	7.0%
3	Total Revenue	47,182	49,015	3.9%
4	Pension Payments to Retirees	24,670	26,752	8.4%
5	Professional & Special Services	2,354	2,384	1.3%
6	Total Expense	27,024	29,136	7.8%
7	Surplus/(Deficit) to Fund Balance	20,158	19,879	

Santa Clara County Demographic and Economic Information

General Information

The County of Santa Clara (the "County") lies immediately south of San Francisco Bay and is the sixth most populous county in the State of California (the "State"). It encompasses an area of approximately 1,300 square miles. The County was incorporated in 1850 as 1 of the original 28 counties of the State and operates under a home rule charter adopted by County voters in 1950 and amended in 1976.

The southern portion of the County has retained the agricultural base which once existed throughout the area and has two cities, separated by roughly 10 miles. The northern portion of the County is densely populated, extensively urbanized and heavily industrialized. The County contains 15 cities, the largest of which is the City of San Jose, the third largest city in the State and the County seat. The uppermost northwestern portion of the County, with its concentration of high-technology, electronics-oriented industry, is popularly referred to as the "Silicon Valley". Large employers include Hewlett-Packard, Intel Corp., National Semiconductor Corp., Lockheed Martin Space Systems Co., and IBM Corp.

Neighboring counties include San Mateo in the northwest, Santa Cruz in the southwest, San Benito in the south, Merced and Stanislaus in the east, and Alameda in the northeast. The City of San Jose is approximately 50 miles south of San Francisco and 42 miles south of the City of Oakland. These are the three largest cities of the nine-county San Francisco Bay Area, with the City of San Jose being the largest.

As required under the County Charter and under County ordinances, or by state and federal mandate, the County is responsible at the local level for activities involving public welfare, health and justice (courts and jails), and for the maintenance of public records. The County also operates recreational and cultural facilities serving the unincorporated areas of the County and on a regional basis.

Population

Historical Population Growth. Over the past 60 years, the County's population growth pattern has exhibited three decades of rapid growth followed by three decades of more sustainable growth rates.

According to U.S. Census figures, the number of County residents grew by 66% between 1940 and 1950, with most of the increase concentrated in the unincorporated areas and in the largest cities of San Jose, Palo Alto and Santa Clara. In the next decade, from 1950 to 1960, population grew by 121% with every major city, as well as the unincorporated areas experiencing huge increases. The County also recorded the incorporation of four new cities during the 1950s, raising the total number of cities to its current level of fifteen.

The County's population growth subsided somewhat during the 1960s, although the 66% growth rate was over four times the 15.4% statewide increase. The population of San Jose doubled for

the second decade in a row, while the cities of Mountain View, Santa Clara, and Sunnyvale added at least 23,000 residents each. As a result of the incorporation of four cities, the unincorporated area of the County posted its first decline in the 1960s, setting the stage for further drops in each of the subsequent three decades.

The County population growth rate fell to 21.5% during the 1970s. San Jose continued to add more residents (183,621) than any other city, while two of the larger cities (Palo Alto and Santa Clara) recorded small population declines and residents in the unincorporated area fell by 25,160. The slower growth of the 1970s reflected a slowing urbanization, due in part to policies adopted by the County to preserve agricultural areas.

The data from the 2000 U.S. Census indicate that the County's population reached 1,682,585, representing a 12.4% increase from the population base in 1980. Over the same period, statewide population grew more rapidly at a rate of 13.8%. San Jose surpassed San Francisco as the largest city in the Bay Area, with a population of 894,943. According to the 2000 census data, over one-half of the County's residents live in San Jose.

The proportion of residents living in cities is currently 94.9%, in contrast to the County's makeup in 1940 when urban residents made up only 6.5% of the County's population. Since the 1940s, the increasing maturation of the County's employment and economic sectors has resulted in the incorporation of new cities, as well as the expansion of city boundaries, resulting in a shrinking fraction (currently 5.6%) of residents living in unincorporated areas.

Recent Annual Population Performance. Between 2000 and 2010, the County experienced population growth of 11.8%. All of the cities in the County experienced growth during this period, with the City of Gilroy posting the fastest growth (25.5%). From 2007 to 2010, San Jose and Milpitas were the fastest growing cities in the County, growing at rates of 5.7% and 8.1%, respectively. The number of residents living in the unincorporated areas of the County decreased by 8.0% from 2000 to 2010. Currently, approximately 4.9% of the County residents live in unincorporated areas, a percentage which has steadily decreased over time as the population continues to migrate toward the cities.

By the year 2020, the State Department of Finance predicts that the County's population will grow by approximately 110,000 residents, a 6.0% increase from 2010. (Source: State of California, Department of Finance, Demographic Research Unit (Report P-1). The table on the following page provides a historical summary of population in the County and its incorporated cities.

County of Santa Clara Population

City	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010¹</u>	<u>2011¹</u>
Campbell	24,731	26,843	36,088	38,138	39,363	39,664
Cupertino	18,216	34,297	39,967	50,602	58,227	58,747
Gilroy	12,665	21,641	31,487	41,464	48,836	49,391
Los Altos	24,872	25,769	26,599	27,693	28,838	29,176
Los Altos Hills	6,862	7,421	7,514	8,025	7,915	7,980
Los Gatos	23,466	26,906	27,357	28,592	29,370	29,651
Milpitas	27,149	37,820	50,690	62,698	66,659	67,476
Monte Sereno	3,074	3,434	3,287	3,483	3,342	3,364
Morgan Hill	6,485	17,060	23,928	33,586	37,861	38,309
Mountain View	54,206	58,655	67,365	70,708	74,030	74,723
Palo Alto	55,999	55,225	55,900	58,598	64,417	64,943
San Jose	445,779	629,400	782,224	895,131	946,228	958,789
Santa Clara	87,717	87,700	93,613	102,361	116,308	118,169
Saratoga	27,199	29,261	28,061	29,849	29,924	30,195
Sunnyvale	95,408	106,618	117,324	131,844	140,075	141,099
Unincorporated	152,181	127,021	106,173	99,813	90,034	85,699
County Total	<u>1,066,009</u>	<u>1,295,071</u>	<u>1,497,577</u>	<u>1,682,585</u>	<u>1,781,427</u>	<u>1,797,375</u>
California	18,136,045	23,668,145	29,760,021	33,873,086	37,223,900	37,510,766

¹ As of January 1. These population estimates incorporate 2010 census counts.

Note: Totals may not be precise due to independent rounding.

Source: U.S. Census; State of California, Department of Finance, Demographic Research Unit (E-1 City/County Population).

Employment and Industry

The County is home to a highly skilled and diverse work force, a situation that has traditionally translated into lower unemployment rates in the County when compared to state and national average unemployment rates. Three major industry sectors account for approximately 60.0% of the County’s employment for 2010: Goods Producing 181,800, Professional & Business Activities 161,600, and Trade, Transportation & Utilities 122,500.

Development of high technology has been enhanced by the presence of Stanford University, Santa Clara University, San Jose State University, other institutions of higher education, and research and development facilities, such as SRI International, the Stanford Linear Accelerator Center, and Ames Research Center (NASA) within the County. In addition, the Rincon de los Esteros Redevelopment Area in northern San Jose has been the site of industrial/research and development submarkets in Silicon Valley.

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The following table lists wage and salary employment in the County by Industry.

County of Santa Clara
Average Annual Employment by Industry
(In Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Civilian Labor Force	817.0	823.6	845.1	869.7	875.1	874.3
Employment	773.2	786.7	805.6	818.0	780.2	776.9
County Unemployment	43.7	36.9	39.5	51.8	94.9	97.4
Unemployment Rate:						
County	5.3%	4.5%	4.7%	6.0%	10.8%	11.1%
State of California	5.2%	4.9%	5.3%	7.2%	11.3%	12.4%
Industry Employment						
Total, All Industries	860.1	879.8	900.3	905.2	847.5	843.1
Total Farm	3.8	3.8	3.9	3.7	3.5	3.5
Total Non-farm	856.3	876.0	896.5	901.5	844.0	839.5
Goods Producing	211.0	205.8	209.6	208.2	186.9	181.8
Natural Resources & Mining	0.2	0.3	0.3	0.3	.2	.2
Construction	42.7	44.9	45.5	42.8	33.4	31.5
Manufacturing	168.0	160.6	163.8	165.2	153.3	150.1
Service Providing	645.3	670.2	686.9	693.3	657.1	657.8
Trade, Transportation & Utilities	130.3	134.5	137.3	135.3	124.2	122.5
Information	35.2	37.4	39.5	42.2	41.5	43.8
Financial Activities	36.0	36.7	36.8	34.2	31.2	30.5
Professional & Business Services	159.1	170.3	176.6	178.0	160.7	161.6
Education & Health Services	96.1	99.7	102.5	107.2	108.4	110.6
Leisure & Hospitality	71.4	73.7	75.3	76.6	73.5	73.2
Other Services	24.2	24.3	24.6	25.0	24.1	25.1
Government	92.9	93.6	94.3	94.9	93.4	90.6

Note: Totals may not be precise due to independent rounding. Data for 2009-2010 are based on the 2010 Benchmark. Data for 1990-2008 are based on the 2009 Benchmark.

Source: State of California Employment Development Department.

Major Employers

The County, which is centered in the heart of Silicon Valley, is home to numerous high technology and computer software and hardware manufacturing companies. Cisco, a technology company, is the largest employer in the Silicon Valley with 17,100 employees. Among Public-sector employers, the County ranks as number one, employing over 15,000 workers. In addition, the City of San Jose has over 6,600 full-time employees. Although there have been hiring freezes and cut-backs that have impacted public-sector organizations, such organizations typically tend to remain more stable in a volatile job market.

The following tables list the 10 largest private-sector and public-sector employers in the Silicon Valley, which encompasses the County and surrounding areas.

***10 Largest Private-Sector Employers
Silicon Valley***

Employer Name	Employees	Nature of Operations
Cisco Systems Inc.	17,100	Networking
Kaiser Permanente	13,501	Health care organization
Stanford University, SLAC Natl. Accelerator Laboratory	11,979	Higher education, academic research
Apple, Inc.	10,000	Computer and consumer electronics
Oracle Corp.	8,000	Business Software
Lockheed Martin Space Systems Co.	7,845	Aerospace
Stanford Hospital & Clinics	7,294	Health care
Google, Inc.	6,000	Internet applications
Intel Corp.	5,090	Semiconductor manufacturer
Yahoo!, Inc.	4,895	Internet information provider

Source: Silicon Valley/San Jose Business Journal, *Book of Lists 2011*, December 24, 2010.

10 Largest Public-Sector Employers Silicon Valley

<u>Employer Name</u>	<u>Employees</u>	<u>Nature of Operations</u>
Santa Clara County	15,000	County government
State of California	7,454 ¹	State government
City of San Jose	6,623	Municipal government
San Mateo County	5,600	County government
County of Monterey	4,848	County government
San Jose State University	4,693	Higher education
University of California, Santa Cruz	4,000	Higher education
U.S. Postal Service	3,885	Shipping and mailing services
Department of Veteran Affairs	3,464	Veteran's health care
San Jose Unified School District	3,035	Public education

¹ Full-time employees in Santa Clara, San Mateo, Santa Cruz, San Benito, and Monterey Counties.

Source: Silicon Valley/San Jose Business Journal, *Book of Lists 2011*, December 24, 2010.

Income

Owing to the presence of relatively high-wage skilled jobs and wealthy residents, the County historically achieves high rankings relative to the rest of the state on a variety of income measurements. The U.S. Census Bureau reported the County as having the 15th highest median household income in the United States, and the highest among California counties, at \$85,569 (2009 inflation adjusted).²

Commercial Activity

Ranking first among San Francisco Bay Area counties and fourth among all California counties in terms of retail activity through 2010, the County is an important center of commercial activity. Taxable sales activities at business and personal service outlets, as well as at other non-retail commercial establishments, are a significant component of the County's commercial activity.

The table on the following page sets forth the amount of taxable transactions by sector from 2005 through 2009, the last full calendar year for which information is available.

² U.S. Census Bureau, 2005-2009 American Community Survey, Santa Clara County, California

County of Santa Clara
Taxable Transactions by Sector
2004 through 2009¹
(Dollars in Millions)

Sector	2004	2005	2006	2007	2008	2009
Apparel Stores	1,051.0	1,169.1	1,264.2	1,334.1	1,422.7	1,690.2
General Merchandise Stores	2,718.4	2,839.9	2,979.4	3,112.5	2,946.5	2,766.6
Specialty Stores	3,059.4	3,377.9	3,674.3	4,047.9	3,188.9	2,442.7
Food Stores	819.6	830.5	849.3	890.3	868.6	975.1
Eating and Drinking Places	2,283.2	2,440.4	2,645.8	2,813.5	2,876.8	2,705.1
Home Furnishings and Appliances	830.5	850.6	879.9	901.2	1,068.5	427.4
Building Materials	1,539.7	1,577.2	1,659.8	1,581.9	1,356.5	1,071.3
Automotive	4,936.5	5,289.9	5,534.3	5,600.1	5,091.9	4,084.1
Other Retail Stores	485.8	528.1	552.9	508.7	492.7	222.5
Total Retail Stores	17,724.1	18,903.5	20,039.9	20,790.3	19,313.3	16,385.2
Business and Personal Services	1,190.6	1,214.6	1,265.3	1,244.4	1,111.7	N/A
All Other Outlets	9,576.9	10,075.7	10,968.0	11,628.7	11,849.2	11,042.5
Total All Outlets ²	28,491.6	30,193.8	32,273.2	33,663.4	32,274.3	27,427.7

¹ Most recent data available

² Totals may not be precise due to independent rounding

Source: State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

The local economy started to slow down in late calendar year 2007 and the beginning of 2008, leading to a decline in taxable sales. Contributing to the slowdown of the local economy are recent increases in energy, food, and raw material costs, and a downturn in the housing industry. Reduced home building, home sales, and auto sales contributed to a slowdown in taxable sales growth.

Construction Activity and Home Sales

The housing downturn continued to slow the County's economy in 2010. Home building, home sales, and related retail sales all declined in the County. The problems with subprime mortgages and the related financial market volatility and credit tightening continue to raise the risk of further deterioration. Construction data for the County indicates that the value of new non-residential permits in 2010 is 48.7% below 2001 levels. The valuations of new residential building permit activity have stabilized to slightly over the 2001 level. However, it is still far below the 2006 level and the new non-residential sector has yet to show signs of recovery. The total valuation of new residential and non-residential construction permits issued in the County was approximately \$2.2 billion in 2010, representing a decrease of \$1.1 billion (33.2%) from the

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2001 total valuation. The number of new single family dwelling units in the County for 2010 is also below the 2001 level. New multiple-family dwelling units in 2010 have decreased from the 2001 level by 16.4%.

The following tables provide a summary of building permit valuations and the number of new dwelling units authorized in the County since 2001.

***County of Santa Clara
Building Permit Valuations
2001 to 2010
(Dollars in Millions)***

Year	New Residential	New Non-Residential	Total
2001	1,051.5	2,254.8	3,306.3
2002	1,087.3	1,330.6	2,417.9
2003	1,466.4	972.9	2,439.3
2004	1,406.2	915.8	2,322.0
2005	1,537.3	1,287.8	2,825.1
2006	1,652.9	1,534.1	3,187.1
2007	1,378.2	1,986.2	3,364.4
2008	1,051.1	1,914.6	2,965.7
2009	578.7	1,187.8	1,766.5
2010	1,085.9	1,155.6	2,241.5

Source: Construction Industry Research Board.

***County of Santa Clara
Number of New Dwelling Units
2001 to 2010***

Year	Single Family	Multiple Family	Total
2001	1,641	4,319	5,960
2002	2,057	2,456	4,513
2003	2,320	5,170	7,490
2004	2,688	2,816	5,504
2005	2,577	3,295	5,872
2006	2,257	3,928	6,185
2007	2,063	2,520	4,583
2008	1,254	2,417	3,671
2009	667	450	1,117
2010	826	3,627	4,453

Source: Construction Industry Research Board.

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Sales of single-family homes fell 7.5% for the calendar year 2010 compared to calendar year 2009 but the median price for a single-family home in the County showed encouraging signs of recovery. The median price was up by 14.1% for the calendar year 2010 compared to calendar year 2009.¹

¹ Source: 2010 RE Report, The Real Estate Report for Santa Clara County, California (www.rereport.com).

List of Acronyms

<u>Term</u>	<u>Definition</u>
AB	Assembly Bill
ABAG	Association of Bay Area Governments
AC	Alameda County
ACE	Altamont Commuter Express
ACS	Advanced Communication System
ADA	The Americans with Disabilities Act of 1990
AFSCME	American Federation of State, County, and Municipal Employees
APM	Airport People Mover
APTA	American Public Transportation Association
ARRA	American Recovery and Reinvestment Act of 2009
ATU	Amalgamated Transit Union
BABs	Build America Bonds
BART	Bay Area Rapid Transit District
BCDC	San Francisco Bay Conservation and Development Commission
BRT	Bus Rapid Transit
CAFR	Comprehensive Annual Financial Report
CalPERS	California Public Employees' Retirement System
CARB	California Air Resources Board
CBMS	Combined Biological Mitigation Site
CCTV	Closed Circuit Television
CELR	Capitol Expressway Light Rail
CEQA	California Environmental Quality Act
CFO	Chief Financial Officer
CID	Customer Interface Device
CIP	Capital Improvement Program
CIPOC	Capital Improvement Program Oversight Committee
CIPWG	Capital Improvement Program Working Group
CMA	Congestion Management Agency
CMIA	Corridor Mobility Improvement Account
CMP	Congestion Management Program
CPUC	California Public Utilities Commission

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

<u>Term</u>	<u>Definition</u>
CTC	California Transportation Commission
CTFA	California Transit Finance Authority
DASH	Downtown Area Shuttle
DBE	Disadvantaged Business Enterprise
DTEV	Downtown East Valley
FFGA	Full Funding Grant Agreement
FMLA	Family Medical Leave Act
FRR	Freight Rail Relocation
FTA	Federal Transit Administration
FTE	Full-Time Equivalent
FY	Fiscal Year
GETS	General Electric Transportation Services
GFCI	Ground Fault Circuit Interrupter
GFI	GFI Genfare—Automatic Fare Collection Manufacturer
GFOA	Government Finance Officers Association
GM	General Manager
GPS	Global Positioning System
HOV	High Occupancy Vehicle
HSR	High Speed Rail
HVAC	Heating, Ventilation and Air Conditioning Systems
INIT	Corporation who provides Intelligent Transportation Systems
IP	Internet Protocol
IRS	Internal Revenue Service
IT	Information Technology
ITIP	Interregional Transportation Improvement Program
ITS	Intelligent Transportation Systems
JPA	Joint Powers Authority
JWI	Joint Workforce Investment
LAN	Local Area Network
LCD	Liquid Crystal Display
LEP	Limited English Proficiency
LIBOR	London Interbank Offering Rate
LLC	Limited Liability Corporation

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

<u>Term</u>	<u>Definition</u>
LOS	Level of Service
LR	Light Rail
LRT	Light Rail Transit
LRV	Light Rail Vehicle
MBTIP	1996 Measure B Transportation Improvement Program
METRO	Santa Cruz Metropolitan Transit District
MPO	Metropolitan Planning Organization
MSA	Metropolitan Statistical Area
MST	Monterey-Salinas Transit
MTC	Metropolitan Transportation Commission
NAICS	North American Industry Classification System
NASA	National Aeronautics and Space Administration
NCCP	Natural Community Conservation Planning
NFPA	National Fire Protection Association
NR	Non-represented
O&R	Overhaul and Repair
OCC	Operations Control Center
OCS	Overhead Catenary System
OH	Overhead
OPEB	Other Post Employment Benefits
OPS	Operations
PA	Public Address
PAB	Policy Advisory Board
PC	Personal Computer
PCI	Payment Card Industry
PCJPB	Peninsula Corridor Joint Powers Board (Caltrain)
PDA	Personal Digital Assistant
PPM	Programmed Project Monitoring
RFP	Request for Proposal
ROW	Right of Way
RTC	Regional Transit Connection Discount Card Program
RTI	Real Time Information
RTP	Regional Transit Plan

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

<u>Term</u>	<u>Definition</u>
RTPA	Regional Transit Planning Agency
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act
SAP	Systems, Applications and Products Software
SB	Senate Bill
SC	Santa Clara
SCADA	Supervisory Control and Data Acquisition
SCAR	Santa Clara/Alum Rock
SCS	Sustainable Communities Strategy
SEC	Security and Exchange Commission
SEIU	Services Employees International Union
SJ	San Jose
SJRRC	San Joaquin Regional Rail Commission
SLAC	Stanford Linear Accelerator Center
SR	State Route
SRI	Stanford Research Institute
SRTP	Short Range Transit Plan
STA	State Transit Assistance
STIP	State Transportation Improvement Program
STP	Surface Transportation Program
SVBX	Silicon Valley Berryessa Extension
SVELP	Silicon Valley Express Lanes Program
SVRT	Silicon Valley Rapid Transit Corridor Project
TAEA	Transportation Authority Engineers and Architects Association
TBD	To Be Determined
TCRP	Transportation Congestion Relief Program
TDA	Transportation Development Act
TFCA	Transportation Fund for Clean Air
TIC	True Interest Cost
TPSS	Traction Power Substations
TSGP	Transit Security Grant Program
TVM	Ticket Vending Machine
UL	United Laboratories
UPS	Uninterrupted Power System

VTA FY 2012 & FY 2013 ADOPTED BIENNIAL BUDGET

<u>Term</u>	<u>Definition</u>
US	United States
UZA	Urbanized Area
VHLC	Vital Logic Controller
VTA	Santa Clara Valley Transportation Authority
VTP	Valley Transportation Plan
ZEB	Zero Emission Bus

Glossary of Terms

A

Accrual Accounting

A method of accounting where revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

Ad Hoc Financial Recovery Committee

Committee formed by VTA Board of Directors in December 2009 to review VTA's financial structure and develop recommendations to address VTA's long-term structural deficit.

Administrative Code

A set of rules which have been formally adopted or amended by the Board of Directors.

Administrative Services Division

A division of VTA responsible for developing and supporting VTA's human capital and business functions including information technology; employee recruitment, selection, classification, compensation, and benefits; labor relations; organizational development and training; safety; and enterprise risk management.

Adopted Budget

The official budget adopted by VTA Board of Directors.

Altamont Commuter Express (ACE)

A commuter rail service that runs between the City of Stockton in San Joaquin County and the City of San Jose in Santa Clara County. The service is a partnership involving VTA, the San Joaquin Regional Rail Commission, and the Alameda County Congestion Management Agency.

American Recovery and Reinvestment Act of 2009 (ARRA)

A job and economic stimulus bill intended to help states and the nation restart their economies and stimulate employment.

Americans with Disabilities Act (ADA)

Federal civil rights legislation that, among other provisions, gives disabled persons the right to equal access to fixed route transit service or to comparable paratransit service if they are unable to use fixed route transit.

Appropriation

Legal authorization expressed by fund, budget unit, and cost group granted by the Board to make expenditures and to incur obligations for specific purposes. Operating appropriations are time period limited and must be expended or encumbered within the time limits. Capital appropriations have no expiration.

Articulated Bus

A bus usually 55-feet or more in length that bends at a connecting point when the bus turns a corner.

Average Weekday Boarding Riders

The average number of persons who board the transit system on a day that normal weekday revenue service is provided.

B

Balanced Budget

A budget in which expected revenues equal expected expenses during a fiscal period.

Bay Area Air Quality Management District

Commonly referred to as the “air district,” this agency regulates industry and employers to keep air pollution in check and sponsors programs to clean the air in the San Francisco Bay Area.

Bay Area Rapid Transit (BART)

The San Francisco Bay Area Rapid Transit District (BART) provides heavy passenger rail service in Alameda, Contra Costa, San Mateo, and San Francisco counties, between the cities of Fremont, Pleasanton, Richmond, Pittsburg, Millbrae, and San Francisco.

Biodiesel

A diesel-equivalent processed fuel, made from vegetable oils or animal fats, which can be used alone or blended with conventional diesel fuel in unmodified diesel-engine vehicles. Biodiesel is biodegradable and non-toxic and typically produces less carbon dioxide emissions and smog than petroleum-based diesel fuel.

Block Grant

A sum of money granted by the federal government to a regional government with only general provisions as to the way it is to be spent.

Board Designation

Designations by the Board of Directors reflecting self-imposed limitations on the use of otherwise available and expendable financial resources.

Boardings per Revenue Hour

A productivity measure comparing the number of boardings to the number of revenue hours operated. Used to measure service utilization per unit of service operated.

Bond

Long-term debt issued by an agency to help finance new acquisitions of property, facilities, and equipment.

Bond Indenture

A contract between an issuer of bonds and the bondholder stating the time period before repayment, amount of interest paid, if the bond is convertible, if the bond is callable, and the amount to be repaid.

Build America Bonds

Taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bondholder. Build America Bonds were created as part of the 2009 American Recovery and Reinvestment Act (ARRA).

Bus Rapid Transit (BRT)

BRT combines the quality of rail transit and the flexibility of buses. It can operate on exclusive transit-ways, HOV lanes, expressways, or ordinary streets. A BRT system combines Intelligent Transportation Systems technology, priority for transit, cleaner and quieter vehicles, rapid and convenient fare collection, and integration with land use policy.

C

Caltrain

Commuter rail service running between Gilroy and San Francisco through San Jose. The Peninsula Corridor Joint Powers Board (PCJPB), made up of representatives from the counties of San Francisco, San Mateo, and Santa Clara, oversees this commuter rail service.

Capital Budget

A portion of the annual budget that appropriates funds for the purchase of capital equipment items or for capital projects. The capital budget includes funds for capital equipment purchases such as vehicles, construction of new facilities, office equipment, and machinery. They are distinguished from operating items based on their value (greater than \$5,000) and projected useful life (greater than one year).

Capital Expenditure

Expenses that acquire, improve, or extend the useful life of any item with an expected life of one or more years and a value of more than \$5,000.

Capital Project

Expenditure for tangible long-lived assets, such as property and equipment used by VTA in its operations, which is expected to benefit future periods.

Capitol Corridor Intercity Rail Service

A 150-mile intercity rail service along the Union Pacific right-of-way, which runs between San Jose and Auburn, through Oakland and Sacramento.

Catenary

Suspended overhead wire which carries high voltage for electrically powered transit vehicles from a central power source.

Clipper[®]

A regional electronic fare payment collection system in the San Francisco Bay Area. Previously known as Translink[®].

Community Design and Transportation Program

A partnership between the VTA and the 15 cities and the county to develop and promote strategies for improving transportation systems and community livability.

Congestion Management Agency (CMA)

A countywide organization responsible for preparing and implementing the county's Congestion Management Program. CMAs came into existence as a result of state legislation and voter approval of proposition 111 in 1990 (later legislation removed the statutory requirements of Proposition 111, making CMAs optional). VTA is the designated CMA in Santa Clara County.

Congestion Management Division

A division of VTA responsible for conducting all Congestion Management Program (CMP) and VTA transportation planning activities. In addition, the division is responsible for project development activities, project approval, programming and grants management, and property development and management functions.

Congestion Management Program (CMP)

A comprehensive program designed to reduce traffic congestion, enhance the effectiveness of land use decisions, and improve air quality. The program must comply with CMP state statutes, and with State and Federal Clean Air Acts.

Contingency

A reserve created to cover the deficiency that may arise where an original appropriation proves inadequate to cover the necessary expenditures.

Corridor Mobility Improvement Account (CMIA)

A state highway funding program for projects on the California State Highway System that: reduces travel time or delay, improves connectivity of the State Highway System between rural, suburban, and urban areas, or improves the operation and safety of a highway or road segment; improves access to jobs, housing, markets, and commerce; and begins construction before December 2012.

Cost Center

A unit of business under a single manager that incurs costs for an activity or group of activities.

Cost Group

VTA uses expenditure and cost-reduction cost groups such as labor costs, non-labor costs, contracted and interagency transit services, and debt service. They are the lowest units of budget funding control.

Counterparty

A party in a swap transaction.

D

Debt Reduction Fund

A designated reserve fund established to facilitate reductions in unfunded obligations and long-term liabilities and to provide funds for transit related capital improvements and for replacement of capital assets in lieu of financing.

Debt Service

The payment of interest and principal on long-term borrowed funds according to a predetermined payment schedule. May also include other bond-related costs such as remarketing, liquidity, and trustee fees.

Defeased Bonds

Bonds that have been secured by cash or securities which have been placed in escrow until the maturity date of the bonds.

Department

Mid-level unit of organization structure. A sub-section of a division responsible for specific functions or duties.

Division

Top-level grouping of departments representing the functions of the organization.

E

Engineering & Construction Division

A division of VTA responsible for the design of VTA projects once project development is complete and the project is approved and funded. The division is responsible for design and construction through turnover of the facility to VTA or the appropriate agency.

Enterprise Fund

A fund type used to report an activity for which a fee is charged to external users for goods or services.

Ex Officio Board Members

Metropolitan Transportation Commissioners who reside in Santa Clara County, and who are not members or alternates of the Board of Directors, are invited to serve as Ex Officio members of the Board of Directors. Upon acceptance as Ex Officio Board members they are invited to, and may regularly attend, Board meetings including closed sessions. Their attendance is not counted for purposes of establishing a quorum, they do not have voting rights, and they do not serve on the standing committees of the Board.

Express Bus Business Plan

A business plan that addresses improvements to VTA's Express Bus Service identified as a result of the Express Bus Study. These improvements are intended to increase market share and enhance system efficiencies while retaining Federal Transit Administration funding. The Express Bus Business Plan was adopted by the Board of Directors in March 2011.

Express Bus Service

Long-distance, limited stop bus routes operated primarily to connect commuters from outlying suburban areas with urban employment centers/areas and schools. Express buses primarily operate in peak commute periods and usually only on weekdays.

Express Bus Study

An evaluation of VTA's Express Bus Service to identify improvements to increase system efficiencies and ridership.

Express Lanes

High-occupancy toll lanes that combine the characteristics of High-Occupancy Vehicle (HOV) lanes and toll roads by allowing carpools, vanpools, and buses free access, while charging for single occupant vehicle or drive alone use.

External Affairs Division

A division of VTA responsible for developing and executing a cohesive communication plan for VTA, integrating media relations, community outreach, marketing, customer service, and government affairs activities supporting VTA's strategic goals.

F

Farebox Revenue/Fares

Income generated from passengers using transit service. This includes cash deposited in fareboxes; income from the sales of tokens, tickets, and monthly passes; and revenues from special pass programs.

Federal Transit Administration (FTA)

A component of the U.S. Department of Transportation that provides financial assistance to cities and communities to provide mobility to their citizens.

Fiduciary Funds

Funds used to account for resources held for the benefit of parties outside VTA.

Financial Forecasting Model

A financial analysis model that integrates projections of expenses and revenues, both capital and operating, to assess financial capacity.

Fiscal Resources Division

A division of VTA that fulfills the Controller and Treasury functions for VTA including financial reporting, accounting, budgeting, investment services, cash management, debt administration, payroll, accounts receivable, accounts payable, and farebox revenue services. In addition, purchasing, messenger/mail services, contracts administration, and the disadvantaged business enterprise (DBE) program are the responsibility of the division.

Fiscal Year

Period of any 12 consecutive months used as an accounting period. VTA's fiscal year is July 1 through June 30.

Fixed Rate Swap

A swap, under which a borrower pays a counterparty a fixed rate in exchange for receiving a variable rate; most commonly used to convert variable rate bonds into synthetic fixed rate obligations.

Four-County Mobility Partnership

A multi-county partnership formed to conduct studies relating to the realignment of SR 152 and development of an east-west trade and mobility corridor on SR 152 between US 101 and SR 99. The partnership is made up of elected officials from the counties of Madera, Merced, San Benito, and Santa Clara.

FTA Section 5307

Funds provided through the Federal Transit Administration to Urbanized Areas (UZAs) using a complex formula, also known as Federal Formula Funds. These funds are not available for operating assistance in UZAs with a population over 200,000; however, they can be used for preventive maintenance purposes. Additionally, in UZAs with populations greater than 200,000, one percent of the UZA formula funds are to be spent on transit enhancements, which include rehabilitation, connections to parks, signage, pedestrian and bicycle access, and enhance access for those persons with disabilities; and one percent must be spent on security.

FTA Section 5309

Discretionary and formula transit capital funds provided through the Federal Transit Administration. New rail starts and extensions are funded through this program which operates through earmarking at the congressional level. Other categories are fixed guideway modernization (formula based), and bus and bus facilities (discretionary).

Full-Time Equivalent Position (FTE)

Numeric equivalent of one person, occupying one employment position, for one year (equivalent of 2,080 hours).

Fund

A fiscal or accounting entity with a self-balancing set of accounts. A fund is established for the purpose of carrying on specific activities in accordance with specific limitations.

Fund Balance

The difference between assets and liabilities reported in a governmental fund.

G

Grants

A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

H

HOV Lanes – High-Occupancy Vehicle Lanes

Lanes on heavily congested roadways that are used exclusively by carpools, vanpools, buses, or any vehicle that transports multiple passengers.

I

Indirect Cost

Expenses of doing business that are not readily identified with a particular activity, program, or project, but are necessary for the general operation of the organization and the conduct of activities it performs.

Intelligent Transportation Systems (ITS)

Technologies that improve the management and efficiency of transportation systems, such as electronic fare payment systems, ramp metering, timed traffic signals, and on-board navigation systems.

Interregional Transportation Improvement Program (ITIP)

A four-year planning and expenditure program adopted by the California Transportation Commission (CTC) and updated in even numbered years. The ITIP covers rural highway and key interregional improvements.

J

Joint Workforce Investment (JWI)

A partnership between VTA and the Amalgamated Transit Union, Local 265 (ATU) dedicated to creating a work environment that supports the long-term professional development and health and wellness of employees.

L

Level of Service (LOS) Standards

LOS measures the interrelationship between travel demand (volume) and supply (capacity) of the transportation system. LOS is a quantitative measure categorized into six levels, “A” through “F”, with “A” representing ideal conditions—or no congestion—and LOS “F” representing poor conditions or congested flow.

LIBOR – London Interbank Offering Rate

A daily reference rate based on the interest rate at which banks offer to lend unsecured funds to other banks in the London wholesale (interbank) money market.

Light Rail

A transit mode that typically is an electric railway with a light volume traffic capacity compared to heavy rail. It is characterized by passenger rail cars operating individually or in short, usually two car, trains on fixed rails in shared or exclusive right-of-way; low or high platform loading; and vehicle power drawn from an overhead electric line via a trolley pole or a pantograph.

Light Rail Systems Analysis

A study undertaken to provide a comprehensive evaluation of infrastructure and operations deficiencies of the existing light rail system and an evaluation of operational impacts and user benefits of the planned extensions and other capital improvements.

M

Metropolitan Transportation Commission (MTC)

MTC is recognized by the state as the Regional Transportation Planning Agency (RTPA) and by the federal government as the Metropolitan Planning Organization (MPO) for the nine counties in the San Francisco Bay Area. It has 19 commissioners, of which 14 are voting members appointed by local elected officials. In the five most populous counties, including Santa Clara County, two commissioners are appointed – one by the county board of supervisors and one by the cities selection committee in the county. In the four less populous counties, the cities nominate candidates to the board of supervisors, which appoints one. Two other voting members on MTC, to total 16, represent the Association of Bay Area Governments (ABAG) and the San Francisco Bay Conservation and Development Commission (BCDC). In addition, there are three non-voting members on MTC, representing the state's Business, Transportation & Housing Agency, the U.S. Department of Housing and Urban Development, and the U.S. Department of Transportation.

Miles Between Chargeable Accidents

A safety measure capturing the number of total scheduled miles traveled between each preventable accident.

Miles Between Mechanical Service Loss

A service quality measure capturing the number of total scheduled miles traveled between each mechanical breakdown that results in a loss of service to the public.

N

Net Assets

The difference between assets and liabilities reported in an enterprise fund.

Non-Represented Employee

Any VTA employee whose position is not represented by an organized bargaining unit for the purpose of negotiating wages, benefits, and work rules.

Non-Revenue Vehicle

Vehicles used for purposes other than to transport passengers, including supervisors' cars/vans, service trucks, and equipment.

O

On-Time Performance

A reliability measure capturing the percentage of time a bus or light rail service meets the published schedule.

Operating Budget

The planning of revenues and expenses for a given period of time to maintain daily operations.

Operating Reserves

Net Assets less funds that are restricted by bond covenants, Board designations, and policy guidelines.

Operations Division

A division of VTA that operates, maintains, analyzes, schedules, manages, and provides security for VTA's bus and light rail transit system and facilities. The division also oversees contracted shuttle and paratransit service.

P

Paratransit

Comparable transportation service required by the Americans with Disabilities Act (ADA) of 1990 for individuals with disabilities who are unable to use fixed-route transportation systems.

Paratransit Net Cost Per Trip

A cost-effectiveness measure of the paratransit service provided. Calculated by dividing the total paratransit operating expenses net of revenues, including an allocation of indirect costs, by the number of paratransit trips.

Par Value

The face or maturity value of a security or bond.

Peninsula Corridor Joint Powers Board

A joint powers authority made up of representatives from the counties of San Francisco, San Mateo, and Santa Clara, who oversee Caltrain commuter rail service.

Performance Measure

A quantitative measurement of an activity used to judge program effectiveness.

Personal Time Off

Time off for non-scheduled absences such as: sick, industrial injury, Family Medical Leave Act (FMLA), excused/unexcused leave, union business, and suspension.

Preventive Maintenance

Maintaining equipment and facilities in satisfactory operating condition by providing for systematic inspection, detection, and correction of incipient failures either before they occur or before they develop into major defects.

Program

A set of interrelated work, activities, or tasks which, when completed, satisfies a stated objective.

Prop 1B

California Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, which authorized the sale of \$20 billion in bonds to fund transportation projects related to congestion, the movement of goods, air quality, and transportation security.

R

Regional Transportation Plan (RTP)

A multimodal blueprint required by state and federal law to guide the region's transportation development for a 20-year period. Updated every two to three years, it is based on projections of growth and travel demand coupled with financial assumptions.

Represented Employee

Any VTA employee whose position is represented by the American Federation of State, County, and Municipal Employees, Local 101 (AFSCME), Amalgamated Transit Union, Local 265 (ATU), Service Employees International Union, Local 521 (SEIU), or Transportation Authority Engineers and Architects Association, Local 21 (TAEA) for the purpose of negotiating wages, benefits, and work rules.

Reserves

Funds unavailable for appropriation for any operating or capital use except to meet emergency needs that cannot be funded from any other source.

Revenue Service

The time that a revenue vehicle is available to pick up or discharge passengers.

Revenue Vehicle

Vehicles used to transport passengers.

S

Safe, Accountable, Flexible, and Efficient Transportation Equity Act-A Legacy for Users (SAFETEA-LU)

Legislation passed by Congress in 2005 to reauthorize federal transportation grant programs through 2009. Congress extended SAFETEA-LU in 2010 and 2011.

Sales and Use Tax

A tax on the retail sale, storage, use, or other consumption of tangible personal property.

Sales Tax – 1976 Measure A

A permanent half-cent sales and use tax passed in March 1976 to ensure the continued operation and development of transit service in Santa Clara County.

Sales Tax – 1996 Measure B

A nine-year half-cent sales and use tax passed in November 1996 for general county purposes. The County Board of Supervisors subsequently adopted a resolution dedicating the tax for transportation improvements. The tax expired on March 31, 2006.

Sales Tax – 2000 Measure A

A 30-year half-cent sales and use tax passed in November 2000 to fund major transit improvement capital projects effective on April 1, 2006.

Sales Tax – 2008 Measure B

A 30-year eighth-cent sales and use tax passed in November 2008 to fund operating and maintenance expenses and capital reserve contributions for the Silicon Valley Rapid Transit extension of BART to Santa Clara County. The tax becomes effective only if sufficient state/federal funds are secured to match local construction dollars.

SB 375 – Sustainable Communities Strategy

Senate Bill 375 (Steinberg) signed into law in 2008. This legislation directs the California Air Resources Board (CARB) to set regional targets for reducing greenhouse gas emissions. SB 375 requires each Metropolitan Planning Organization (MPO) to include a “Sustainable Communities Strategy” in the regional transportation plan that demonstrates how the region will meet the greenhouse gas emission targets.

SB 83 – Vehicle Registration Fee

Senate Bill 83 (Hancock) signed into law in 2009. This legislation authorizes countywide transportation agencies to implement a vehicle registration fee of up to \$10 on motor vehicles registered within the county to fund transportation programs and projects.

Service Hours

Hours incurred by revenue vehicles from the time the vehicle leaves the operating division until it returns to the operating division.

Service Level Budgeting

A budgeting approach that matches spending levels with services to be performed.

Service Miles

Miles incurred by revenue vehicles from the time the vehicle leaves the operating division until it returns to the operating division.

Short Range Transit Plan (SRTP)

A 10-year financially constrained projection of transit-related capital and operating expenses and revenues.

Silicon Valley Berryessa Extension (SVBX)

The first phase of the BART to Santa Clara County Project. Implements the first 10 miles from Warm Springs to San Plumas Avenue in San Jose.

Silicon Valley BART Extension

The BART to Santa Clara County Project. The project extends BART from Warm Springs, through Milpitas and downtown San Jose to Santa Clara, a distance of 16.1 miles. The project includes construction of a heavy rail rapid transit system, all ancillary requirements, and the upgrading of the existing BART system to be fully integrated with the enhanced service of the Silicon Valley Extension. Six stations and a maintenance and vehicle storage yard are proposed along the alignment.

State Transit Assistance (STA)

A portion of the revenues budgeted annually by the state for the Transportation Planning & Development Account. Funds are used for mass transit operations, transit coordination projects,

and transportation planning. These funds are apportioned to the regional transportation planning agencies according to a formula based on population and annual transit operator revenues.

State Transportation Improvement Program (STIP)

A multi-year planning and expenditure plan adopted by the California Transportation Commission for the State Transportation System that is updated in even-numbered years.

Supervisory Control and Data Acquisition (SCADA)

Industrial control systems—computer systems that monitor and control industrial, infrastructure, or facility-based processes.

Surface Transportation Program (STP)

A flexible funding program for mass transit and highway projects.

Sustainability Program

A program designed to strengthen VTA's commitment to the environment through the conservation of natural resources, the reduction of greenhouse gases, the prevention of pollution, and the use of renewable energy and materials. Goals and strategies for VTA's Sustainability Program were formally adopted by the Board of Directors in February 2008.

SVRT Division

A division of VTA responsible for providing oversight and coordination for all Silicon Valley BART Extension related activities. This division is responsible for program management, project scope and definition, program administration, planning, engineering and development activities, community outreach, program support services, real estate acquisition and development, and coordinating required support activities with other VTA divisions.

Swap Agreement

An agreement between a borrower and a swap counterparty in conjunction with a fixed-to-variable rate or variable-to-fixed rate swap.

Synthetic Fixed Rate

The resulting rate a borrower will pay on an issue of variable rate obligations after entering into a variable-to-fixed interest rate swap.

T

Table Top Exercise

A group discussion guided by a simulated disaster.

Title VI

Section of the Civil Rights Act of 1964 which assures nondiscrimination in the distribution of funds under federally assisted programs.

Total Boardings

The total number of boarding riders using VTA directly operated bus and light rail service. Riders are counted each time they board a bus or light rail vehicle.

Total Hours

The scheduled service hours operated from the time transit vehicles leave the operating division to the time they return.

Traffic Congestion Relief Program (TCRP)

A program established in 2000 to provide \$2 billion in funding for traffic relief and local street and road maintenance projects throughout California.

Transit Security Grant Program (TSGP)

A program providing grant funding to the nation's key high-threat urban areas to enhance security measures for their critical transit infrastructure including bus, ferry, and rail systems.

Transit Sustainability Policy

A policy that provides a framework for the efficient and effective expenditure of funds to achieve the highest return on transit investments. The policy guides the development and implementation of new transit services, as well as the refinement of existing services. The Transit Sustainability Policy was adopted by the Board of Directors in February 2007.

Transportation Development Act (TDA)

An act passed by the state Legislature in 1972 allowing each county to elect to participate in a quarter-cent state sales tax program for public transportation purposes. TDA sales tax revenues are apportioned by the state, through the regional transportation planning organizations, to each participating county based on the amount collected within that county.

Transportation Fund for Clean Air (TFCA)

Funds generated by a \$4.00 surcharge on vehicle registrations used to implement projects and programs to reduce air pollution from motor vehicles.

True Interest Cost (TIC)

A method of calculating the overall cost of a financing that takes into account the time value of money. The TIC is the rate of interest that will discount all future payments so that the sum of their present value equals the issue proceeds.

U

Undesignated Reserves

Reserves that have not been restricted or designated by the entity for other specific use.

Unfunded Obligations

Obligations or liabilities for which funds have not been identified or provided.

Urbanized Area (UZA)

An area defined by the United States Census Bureau that includes one or more incorporated cities, villages, and towns (or "central place") and the adjacent densely settled surrounding territories (or "urban fringe") that together have a minimum of 50,000 persons.

V

VTP 2035/VTP 2040

A 25-year plan developed by VTA which provides policies and programs for transportation in the Santa Clara Valley including roadways, transit, Intelligent Transportation Systems, bicycle, pedestrian facilities, and land use. The VTP is updated every three to four years to coincide with the update of the Regional Transportation Plan (RTP).

Z

Zero Emission Bus (ZEB)

An urban bus certified to have zero exhaust emissions of any pollutant under any and all conditions and operations. This includes hydrogen-powered fuel cell buses, electric trolley buses, and battery electric buses.

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Acknowledgments

The following individuals are acknowledged for their assistance in the development, preparation, and publication of the FY 2012 and FY 2013 Adopted Biennial Budget.

VTA Executive Management

Kevin Allmand	Gary Miskell
Michael T. Burns	John Ristow
Carolyn Gonot	Mark S. Robinson
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Kimberly Koenig	Wei Zhu
Madeline Lalas	

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