

2000 Measure A Transit Improvement Program

Citizens Watchdog Committee Annual Report On Fiscal Year 2010



OVERVIEW:

In November 2000, Santa Clara County voters approved Measure A, a 30-year half cent sales tax dedicated to enhancing the county's public transit system. Several of the projects included in the Measure A Program, including the highly anticipated extension of BART to Silicon Valley and the electrification of the Caltrain system, require years of planning, engineering, and environmental work before they are operational. This annual report from the 2000 Measure A Citizen Watchdog Committee (CWC) provides the public with an update on project progress over the life of the tax, and presents findings from the CWC's independent review of expenditures incurred during Fiscal Year 2010 (July 1, 2009 – June 30, 2010).

Although Measure A was passed in 2000, revenues have only been collected for five years, starting April 2006, when the prior sales tax expired. During this brief period, there have been a number of significant accomplishments and milestones in the Measure A Program, including:

- Acquisition of property required for the BART to Silicon Valley project;
- Relocating the existing freight railroad line and utilities in support of the extension of BART to Silicon Valley;
- Purchase of 70 low-floor light rail vehicles;
- Implementation of VTA's 522 Rapid Bus express service;
- Contract award for the first phase of South County Caltrain double-tracking project;
- Completion of the Zero-Emissions Bus Program Phase I, including acquisition and operation of three hydrogen fuel cell buses on VTA bus lines.

Information on the status of individual Measure A projects and the progress made during the period is provided later in this report. In addition, detailed information on each project is available at:

http://www.vta.org/2000_measure_a/pdf/a_measure_a_compliance_audit_rpt_fy10.pdf.

The worldwide financial crisis that began in late 2008 and crippled the national economy in 2009 and 2010 resulted in a precipitous decline in local sales tax revenue, including 2000 Measure A receipts. Rising unemployment and unprecedented investment losses crushed consumer confidence, prompting county residents to defer major taxable purchases; in FY 2010, Measure A receipts were 13.7% below those received during FY 2007. The U.S. Labor Department estimates that the country lost approximately 8 million jobs between early 2008 and the end of FY 2010 (June 2010). Although jobs were lost throughout the country, the loss was particularly deep in Santa Clara County. Locally, the unemployment rate in Santa Clara County peaked at 12.1% in January 2010.

During this challenging time, VTA remained firm in its commitment to deliver Measure A projects. VTA explored alternative project delivery models to ensure projects would continue to advance despite reduced-funding levels. Over the past 18 months VTA has adopted innovative business models and practices to continue moving Measure A projects forward.

The good news is that FY 2010 ended on a slightly improved note. The last half of FY 2010 saw an uptick in employment and increases in sales tax revenues. Overall FY 2010 sales tax revenues for VTA improved slightly from FY 2009 receipts, increasing 1.5%, or \$2 million, for the year. Nationally, the unemployment rate in April 2011 was 9.0%, down from 9.8% the same period the previous year. Locally, the April 2011 unemployment rate in Santa Clara County was 9.9%, down from 11.2% compared to that time the previous year and for first time in over two years under 10%. Although the worst may be over, experts predict that recovery will be very slow.

Several years ago, to address the volatility of Measure A sales tax revenue as well as all sources of transportation funding, the VTA Board of Directors elected to adopt a two-year Capital Budget, which includes appropriation for Measure A projects, rather than updating the previous Revenue & Expenditure Plan. This approach provides for increased flexibility and responsiveness to respond to this inherent volatility. The Citizens Watchdog Committee has been involved in these budget discussions, including those contained in the FY 2012 and FY 2013 Biennial Budgets adopted by the VTA Board in June 2011, and will continue to monitor expenditures to ensure alignment with Measure A provisions. (The FY 2012 and FY 2013 Biennial Budgets can be viewed at: www.vta.org/inside/budget/Draft%20Recommended%20Budget%20Booklet%20Web%20Version.pdf).

The Citizens Watchdog Committee commends VTA staff for their continued efforts to identify additional funding to augment that of Measure A, and to advance projects notwithstanding the recent decline in local sales tax revenues. VTA successfully delivered all projects in the 1996 Measure B Program, and is committed to finding additional resources to advance the Measure A projects as well. Over the next few years, VTA will complete environmental work on several projects, including the Vasona and Capital Light Rail projects, to position them to compete for future funding availability and will explore financing options, including potential public-private partnerships (P3's), as appropriate.

BACKGROUND:



*2000 Measure A Citizen
Watchdog Committee*

The Measure A ballot specified that the Citizens Watchdog Committee (CWC), comprised of the members of VTA's Citizens Advisory Committee, must:

- Review all 2000 Measure A expenditures;
- Conduct an independent audit of Measure A financial statements and records on an annual basis;
- Hold public hearings and issue reports to inform residents how funds are being spent;
- Publish the results of the independent audit and the annual report in local newspapers and make them available to the public.

The VTA Board of Directors is responsible for implementation of the 2000 Measure A Program and for all policy-related decisions including the composition, implementation schedule and funding level of projects. The Citizens Watchdog Committee is responsible for reviewing 2000 Measure A expenditures to ensure funds are being spent in accordance with the intent of the ballot and for informing Santa Clara County residents on how the funds are being spent.



BART will be coming to Santa Clara County.



Rapid bus service along VTA's busiest corridor, providing service to the HP Pavilion



Caltrain Baby Bullet



Highway 17 Express

Among the projects specified in the ballot are:

- Extending BART to Silicon Valley.
- Providing connections from Mineta San Jose International Airport to BART, Caltrain and VTA light rail.
- Extending light rail from downtown San Jose to the East Valley.
- Constructing a new Palo Alto Intermodal Transit Center.
- Increasing Caltrain service and electrifying the system from Palo Alto to Gilroy.
- Improving bus service in major bus corridors.
- Purchasing zero-emission buses and constructing service facilities.
- Purchasing low-floor light rail vehicles.
- Upgrading Altamont Commuter Express (ACE) service.
- Improving Highway 17 Express bus service.
- Developing new light rail corridors.
- Improving bus service in major bus corridors.
- Purchasing zero-emission buses and constructing service facilities.

In November 2008, Santa Clara County voters reaffirmed their strong commitment to bringing BART to Silicon Valley by passing Measure B, a 1/8th cent sales tax to cover operating expenses. Passage of this tax signaled the public's strong support for BART, despite the economic downturn, and the need to prioritize this project high in VTA's capital program. This dedicated source of funding should enhance the project's competitiveness for federal funding in the New Starts Program. Collection of the tax is contingent on VTA receiving a commitment of \$750 million from the federal government to support construction of the extension.



Altamont Commuter Express (ACE) train



View of Dumbarton Bridge from the west

PROGRAM STATUS:

This report summarizes the status of the 2000 Measure A Program for FY 2010 (July 1, 2009 – June 30, 2010). During this period, approximately \$101 million was expended on Measure A projects, with significant progress being made on the following:

- **BART Extension to Silicon Valley**

- o In December 2009, the Federal Transit Administration (FTA) approved VTA's request to advance the Silicon Valley Berryessa Extension Project (SVBX) into the preliminary engineering phase of the New Starts Program.
- o In July 2009, the BART Silicon Valley Project was allocated \$40 million of Traffic Congestion Relief Program (TCRP) funds by the California Transportation Commission (CTC). The \$40 million allocation is the first of six anticipated installments, totaling almost \$240 million under the State of California TCRP Allocation Plan.
- o The FTA published the SVBX Record of Decision (ROD) Notice in the Federal register in April 2010. The final ROD was issued in June 2010.
- o In May 2010, the Board of Directors authorized the General Manager to pursue Design-Build as the delivery method for the BART Berryessa Extension Project. This method of project delivery involves selecting a contractor to perform both final design and construction under a single contract. Analysis of utilizing this delivery method for the project versus the traditional design, bid, build showed potential cost savings of \$75 million, a 6 month acceleration of project delivery and reduced risks to VTA. This is VTA's first Design-Build contract.
- o Design of the Mission Warren Truck-Rail Project, including transportation improvements in the vicinity of Mission Boulevard and Warren Avenue, was completed pending Union Pacific Railroad (UPRR) approval.
- o Construction of the Lower Berryessa Creek Project including improvements to Berryessa Creek, trackway construction for freight rail, seismic retrofit of the Abel Street Overhead Bridge, replacement of certain existing culverts, and relocation of a specified sanitary sewer near the Abel Street Bridge continued with completion estimated for December 2010.
- o The Kato Grade Separation Project, comprised of the activities being conducted by VTA in cooperation with the City of Fremont for the grade separation of Kato Road where it crosses the VTA transportation corridor and adjacent flood control improvements, continued with construction of flood control improvements forecast for completion in July 2010 and issue for review of the 100% design for the grade separation in April 2010.



Milpitas Station rendering



Berryessa Station rendering



Kato Road Storm Drain



Berryessa Creek Culvert



Proposed conceptual design of Eastridge Transit Center and Light Rail Station



Photo simulation of Capitol Expressway Light Rail at Story Road



Low-floor light rail vehicle

- o Utility relocation and construction continue in the freight rail corridor in Fremont and Milpitas. Progress made during the period on the Freight Railroad Relocation (FRR) project includes:
 - Completed construction close-out activities for the Abel Street Retrofit, Berryessa Creek culvert, and other creek culverts.
 - Completed Wrigley Creek Improvement activities which include realigning the existing channel to improve the creek's hydrology, plant and wildlife biology, water quality and flood control capability.
- **Capitol Expressway Light Rail Project**
 - o Federal Environmental Impact Statement is being prepared for the light rail extension to Eastridge.
 - o Pedestrian improvements (sidewalk and landscaping) and the Eastridge Transit Center were advanced as the initial stage of the light rail project.
 - o Design work was pursued for the pedestrian improvements and the Eastridge Transit Center.
- **Light Rail Program**
 - o In May 2010, the VTA Board adopted the Light Rail Systems Analysis, a comprehensive evaluation of the existing light rail lines as a system, and of operational impacts created by population and employment growth along with planned light rail (LRT) and BART extensions. This analysis focused on making the LRT system as productive and efficient as possible given existing and potential travel markets, while positioning the system to capture future ridership potential.
 - o Continued development of Phase 2 of the New Rail Corridors Study that identifies potential new transit corridors that meet VTA's Board-adopted Transit Sustainability Policy (TSP) criteria and mode-specific service design guidelines.
 - o Continued efforts on the Environmental Impact Studies/Preliminary Project Work project that prepares environmental impact statements and other analyses for the Extension to Vasona Junction, Capitol Expressway Light Rail to Eastridge, and other Measure A projects so VTA can qualify these projects for new federal or state funding should it become available.
 - o Development of the draft environmental document for the Light Rail Extension to Vasona Junction continued, and the completed document is projected to be available for public review in mid 2011, with final approval from FTA scheduled for late 2011.



Conceptual of Blossom Hill Overcrossing



Caltrain Safety Improvements



Santa Clara Caltrain Station Pedestrian Underpass work underway



Architectural model of one proposed scheme for a public park and El Camino Real Undercrossing at PATC



Rapid Transit concept drawing at Alum Rock and McCreery

- **Caltrain Service Improvements**

- o Design for the Blossom Hill Pedestrian Grade Separation project was completed, with contract advertisement scheduled for summer 2010, contract award scheduled for fall 2010, and construction projected to start in early 2011. With initial funding from the City of San Jose, VTA secured \$10.5 million in Federal Highway Administration funding, state transportation bonds, and Measure A funds for design and construction of the pedestrian/bicycle crossing over Monterey Highway.
- o Development continues on the Caltrain Safety Enhancements project. The current phase includes engineering and construction for at-grade crossings, with improvements such as pedestrian gates, sidewalks, signing and striping, warning bands, advanced signal preemption and channelization for pedestrians. Construction along the northern portion is expected to begin in summer 2010 and conclude in mid to late 2011.
- o Preliminary engineering efforts continue on the Santa Clara Station Pedestrian Underpass Extension, which provides an extended pedestrian tunnel under the existing railroad tracks as part of the Santa Clara Station Upgrade.
- o In January 2009, the VTA Board approved an \$11.6 million Measure A contribution to the Santa Clara and Diridon Station Upgrades project, which have been combined into one project being implemented by Caltrain. Work has been consolidated into a single construction contract that progressed during FY 2010.

- **Caltrain Double-Track Improvements in South County**

- o In December 2009, grading contract for Phase 1 (8.3 miles from Coyote to San Martin) was awarded. Construction will commence after completion of the fiber optic cable relocation in the northerly 5-mile segment and UPRR approval of the project.

- **Palo Alto Intermodal Transit Center**

- o Continued preliminary engineering at a reduced level pending analysis of potential High Speed Rail impacts and cost-sharing opportunities.

- **Improved Bus Service**

- o Continued providing the very successful 522 Rapid Bus service.
- o Preliminary Engineering work on the Santa Clara-Alum Rock Rapid Transit (RT) project began in April 2010. This RT project is being designed to light rail standards, enabling a conversion to light rail in the future if desired.
- o Development continued on the Highway-Based BRT Alternatives Analysis, with completion projected for FY 2011. This project studies the potential for expansion, enhancements, or efficiency improvements to the highway-based bus network. It could result in finding ways to increase revenue or reduce cost.



Conceptual rendering of Rapid Transit on El Camino Real corridor



Zero-Emission Bus (ZEB) at hydrogen fueling station

- o Conceptual engineering efforts on the El Camino Real Rapid Transit Improvements Project continued, with a project environmental review planned to commence during 2011.
- **Zero-Emission Buses (ZEBs)**
 - o Following completion of the demonstration requirements, VTA continued operating the three ZEBs in accordance with FTA requirements.
 - o In August 2008, the VTA Board adopted a strategy of partnering with other Bay Area transit properties and designating AC Transit as the lead agency for procuring and deploying the Advanced ZEB Demonstration vehicles. During FY 2010, VTA made financial contributions to AC Transit.
- **San Jose Mineta Airport People Mover (APM)**
 - o The City of San Jose, which currently leads this effort, released a pair of Requests for Proposals seeking a transportation consultant and a federal research facility to study the feasibility of the automated transit network concept.

Since the close of FY 2010, significant additional progress has been made:

- In February 2011, the BART – Silicon Valley Berryessa Extension (SVBX) was given an overall project rating of “medium” in the FTA New Starts Annual Report for Federal Fiscal Year (FFY) 2011. VTA is requesting \$900 million in federal New Starts funding, and the medium rating positively positioned the project to qualify and compete for that funding.
- President Obama’s budget requests released in February 2011 recommended the BART – SVBX project for a full funding grant agreement (FFGA).
- In April 2011, the SVBX project advanced into the Final Design phase in the New Starts Program, the last step in the federal program required to qualify for funding. VTA anticipates a fully executed grant agreement in early 2012.
- In September 2010, the California Transportation Commission (CTC) announced \$19.6 million in state funding for two railroad grade separation projects at Warren Avenue and Kato Road in Fremont, part of the Freight Railroad Relocation (FRR) project for the BART – Silicon Valley project. The funding will come from the 2010 Highway-Railroad Crossing Safety Account, included in the Proposition 1B transportation bonds passed by voters in 2006.
- Also on the Freight Railroad Relocation (FRR), the Berryessa Creek crossing, Abel Street Seismic Retrofit, and Railroad Relocation contract was substantially completed in December 2010.



Concrete placement for the invert slab of Berryessa Creek box culvert



Concrete placement at Diridon Station



Construction of Blossom Hill Overcrossing

100% Design has been submitted to UPRR for Mission/Warren Truck Rail and Kato Road, and right-of-way acquisition for the Mission/Warren Truck-Rail is underway.

- Fiber optic cable relocation in the northerly 5-mile segment of the Caltrain South County Improvements project was completed.
- Grading contract for Phase 1 (8.3 miles from Coyote to San Martin) of the Caltrain South County Improvements project was awarded in December 2009 and will commence upon UPRR project approval.
- The Caltrain Safety Improvements – Joint Powers Board (JPB) Crossings project includes improvements such as pedestrian gates, swing gates, sidewalks, signing and striping, warning bands, and channelization for pedestrians. Construction along the JPB segment started in July 2010 and is scheduled to be completed in June 2011.
- The contract to construct the Blossom Hill Pedestrian Overcrossing contract was awarded in January 2011. Construction began in February 2011 with completion estimated for October of that year.
- In September 2010, the California Transportation Commission (CTC) approved VTA's \$24.3 million funding request for transit improvements along the Capitol Expressway corridor in East San Jose. To accommodate existing and planned transit services, \$16.0 million has been allocated for pedestrian and bus improvements along Capitol Expressway and at the Eastridge Transit Center. Another \$8.3 million will be used to purchase right-of-way needed to construct improvements to the Eastridge Transit Center.

INDEPENDENT AUDIT:

The Citizens Watchdog Committee retained the firm of Macias, Gini & O'Connell (MGO) to perform the compliance audit of Fiscal Year 2010 (FY10) 2000 Measure A revenues and expenditures. MGO conducted their compliance audit in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Accordingly, their audit included examining, on a test basis, evidence of VTA's compliance with those requirements and performing such other procedures as they deemed appropriate. After planning and conducting their audit, MGO issued an unqualified report, indicating that, in their expert opinion, during the subject period VTA complied in all material respects with the requirements that are applicable to the 2000 Measure A Program. This means that in their professional opinion, Measure A funds during the period were expended in accordance with the intent of the ballot. Included in MGO's report was a review of current Measure A fund swaps, which the CWC continues to monitor to ensure full and timely repayment and no negative impact to Measure A project schedules. This report was presented to the CWC in April 2011, and is available to the public on the VTA website, at: www.vta.org/2000_measure_a/pdf/a_measure_a_compliance_audit_rpt_fy10.pdf.

CONCLUSION:

The CWC reviewed expenditures for the reporting period, evaluated the results of an independent audit that it commissioned to review VTA records, and conducted a public hearing on May 11, 2011 to obtain input from the community on the Measure A Program. After thorough review and careful consideration of all information and input received:

It is the conclusion of the Citizens Watchdog Committee that, for the period of FY 2010, 2000 Measure A tax dollars were spent in accordance with the intent of the measure.

We, the members of the Citizens Watchdog Committee, appreciate the importance of the role entrusted to us by voters in Santa Clara County of providing oversight for the tax collected under Measure A. We do not take this responsibility lightly, and we are committed to ensuring that revenues are expended to improve transit in the county. We hope the information in this report has been useful and welcome your suggestions for how we can improve our reporting on this important program.

Sincerely,



Charlotte B. Powers
Chairperson, Citizens Watchdog Committee

Citizens Watchdog Committee members:

MEMBER	REPRESENTS
Noel Tebo	City of San Jose
Charlotte B. Powers	City of San Jose
Connie Rogers	South County Cities
Bruce Liedstrand	North County Cities
Clinton W. Brownley	West Valley Cities
Roberta H. Hughan	County of Santa Clara
Sally Probst	Senior Citizens
Martin B. Schulter	Persons with Disabilities
Stephen C. Blaylock	Mass Transit Users
Chris C. Elias	Environmentalists
Herman H. Wadler	Bicyclists and Pedestrians
Aaron S. Morrow	Disabled Community
Bena Chang	Silicon Valley Leadership Group
Jeremy Barousse	South Bay AFL-CIO Labor Council
Ray Hashimoto	Home Builders Association of Northern California
William Hadaya	Santa Clara County Chamber of Commerce Coalition
Robert Jacobvitz	Building Owners and Managers Association – Silicon Valley

CWC members and VTA staff are available to meet with community and civic groups to provide information on Measure A, the CWC's responsibilities, findings and Annual Report, and to receive input on Measure A. Please contact VTA's Speakers Bureau at (408) 321-5965.

Availability of CWC Annual Report and Related Information:

This report and related information is available to the public at VTA's website, www.vta.org. In addition, printed copies of this report are available at local libraries and other public buildings, and at the Valley Transportation Authority offices at 3331 North First Street, San Jose, CA, in the Building B Lobby.