

2000 Measure A Transit Improvement Program

Citizens Watchdog Committee Annual Report on Fiscal Year 2011



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. Measure A specified 14 projects, including the extension of BART to Silicon Valley and the electrification of the Caltrain system. By approving Measure A, county residents both established the 2000 Measure A Citizen Watchdog Committee (CWC) and entrusted it with oversight of the tax collected under Measure A, to ensure that those revenues are expended solely to improve transit in the county, in accordance with the intent of the ballot.

This annual report from the CWC provides the public with an update on project progress over the life of the 2000 Measure A tax, and presents findings from the CWC's independent review of expenditures incurred during Fiscal Year 2011 (**July 1, 2010 – June 30, 2011**).

Projects

Although Measure A was passed in 2000, revenues have only been collected for six years, starting in 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 Rapid Bus 522 express service;
- Completed fiber optic cable relocation in the northerly five mile segment for the South County Caltrain double-tracking project;
- Purchase of five buses necessary for Santa Cruz Metro to operate enhanced Highway 17 Express service between Santa Cruz, Scotts Valley, and Downtown San Jose. These buses replaced existing units that were 20 years old, with an average of 950,000 miles each.
- Completion of the Zero-Emissions Bus Program Phase I, including acquisition and operation of three hydrogen fuel cell buses on VTA bus lines.
- Completed construction of Caltrain Safety Enhancements for the northern portion covering eight at-grade railroad crossings within Sunnyvale, Mountain View and Palo Alto.
- Started construction of the first phase of the Capitol Expressway Light Rail Project, which includes pedestrian improvements along Capitol Avenue.

It should be noted that several projects in the Measure A Program, including the highly anticipated BART to Silicon Valley extension and Caltrain electrification, require years of planning, engineering, and environmental work before they are operational. Additional information on the status of individual Measure A projects is provided later in this report.

Economy

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. For example, FY 2010 Measure A receipts were 13.7% below those received during FY 2007. 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 FY 2011, according to a recent U.S. Department of Labor report the number of unemployed persons nationally in August 2011 was 14 million. The unemployment rate had shown little change since April 2011 and remained at 9.1 percent. The housing market had shown spotty evidence of rebounding and the overall recovery was sluggish.

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. It also aggressively pursued additional sources of funding, alternative grant opportunities, joint development and cost-sharing opportunities with local municipalities and other governmental agencies, and public-private partnerships. During the past two years, VTA has adopted innovative business models and practices to continue moving Measure A projects forward.



Similar to other jurisdiction throughout the country, Santa Clara County is showing signs of a slow recovery. In June 2011, the County's unemployment rate dropped slightly to 10.3% from 10.4% the prior year. During the same period, the state's unemployment rate was 12.4%. The net assessed value of all real and business property in the County declined by 2.43% or \$7.4 billion and this reduction is believed to be a direct consequence of the disappointing unemployment rate in Santa Clara County.

The good news is that FY 2011 ended on a brighter note. Taxable sales activities showed positive signs in FY 2011, especially in the business-to-business, transportation, and general retail sectors. 2000 Measure A sales tax receipts grew approximately 10% in FY 2011, after less than 2% growth in the prior fiscal year. Although the worst may be over, experts predict that recovery will be very slow.

The Citizens Watchdog Committee continues to be involved in these budget discussions, including those contained in the FY2012 and FY2013 Biennial Budgets adopted by the VTA Board in June 2011, and will continue to monitor expenditures to ensure alignment with Measure A provisions. (The adopted FY2012 and FY2013 Biennial Budget can be viewed at: www.vta.org/inside/budget/FY12_and_FY13_Budget_Book.pdf.)

The Citizens Watchdog Committee commends VTA staff for their continued efforts to identify additional and innovative funding to augment that of Measure A, and to advance projects notwithstanding the recent significant 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 as well as several Bus Rapid Transit corridors, to position them to compete for future funding availability and will explore financing and cost-sharing options, including potential public-private partnerships (P3's), as appropriate.





BART will be coming to Silicon Valley.



Airport Flyer connecting to Caltrain and VTA Light Rail.



Zero-Emission Bus (ZEB) at hydrogen fueling station.



Highway 17 Express bus service.

BACKGROUND:

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.



2000 Measure A Citizens Watchdog Committee

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.

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

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. Collection of the tax was contingent on VTA receiving a commitment of \$750 million from the federal government to support construction of the extension, which has since been received. 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 was integral in the project's competitiveness for federal funding in the New Starts Program.



BART is coming to Silicon Valley



Milpitas BART Station rendering



Berryessa BART Station rendering



Wrigley Creek

PROGRAM STATUS

This report provides a snapshot on the status and significant changes to 2000 Measure A Program projects during FY 2011 (July 1, 2010 – June 30, 2011). During this period, approximately \$211 million was expended on Measure A projects, with significant progress being made on the following:

- **BART Extension to Silicon Valley**

- o The first phase of the BART Silicon Valley Project, the 10-mile Berryessa Extension, advanced into the Federal Transit Administration's (FTA) New Starts Program Final Design phase on April 4, 2011. Final Design is the last step in the federal program required to qualify for funding. VTA requested \$900 million in FTA New Starts funding. In February 2011, the project was included in the President's budget with a recommendation for a Full Funding Grant Agreement (FFGA), and for \$130 million in Federal New Starts funding for Federal Fiscal Year 2012.
- o In March 2011, VTA issued a Request for Proposals (RFP) to four engineering and contractor teams prequalified to develop proposals on the first major contract to complete design and begin construction (Design-Build contract) on the BART Silicon Valley Berryessa Extension Project (SVBX). This Design-Build contract was estimated at \$800 million and includes the line, track, stations, and systems (LTSS) for the 10-mile Berryessa Extension, the first phase of the 16-mile BART Extension into Santa Clara County.
- o In May 2011, VTA executed a \$7.26 million contract for the construction of Agua Fria, Toroges and Agua Caliente Creek Improvements. This construction will be part of the effort to prepare the corridor for BART Silicon Valley's Berryessa Extension. The contract is jointly funded by 2000 Measure A, the City of Fremont and Alameda County Flood Control District.
- o In March 2011, the VTA Board adopted the Second Supplemental EIR for the Berryessa Extension.
- o Longitudinal utilities along the railroad right-of-way are largely designed and relocated as part of the original Union Pacific Railroad (UPRR) purchase agreement.
- o For Freight Railroad Relocation and other SVRT Corridor establishment activities:
 - The Chevron petroleum pipelines relocation, SFPP/Kinder-Morgan petroleum pipeline relocation, and Verizon/MCI fiber optic relocation have been completed.
 - Substantial completion was achieved in December 2010 on the Berryessa Creek crossing, Abel Street Seismic Retrofit, and Railroad Relocation.
 - 100% Design was approved by the UPRR for Mission/Warren Truck Rail in April 2011, and right-of-way acquisition continued.
 - Construction of the Wrigley Creek Improvements was completed and the Plant Establishment Period initiated.
 - Kato Road Grade Separation construction contract was advertised. Contract was later awarded in September 2011. Construction contract for early creek improvements was awarded in May 2011, with completion forecast for late 2012.



Capitol Expressway Light Rail to Eastridge rendering



Rendering of Blossom Hill Pedestrian Overcrossing



Construction of Blossom Hill Pedestrian Overcrossing



Upgrading Diridon Station

- **Capitol Expressway Light Rail to Eastridge Project**

- o In spring 2011, VTA began construction of pedestrian improvements along Capitol Expressway. This work, which is part of the first phase of Capitol Expressway Light Rail Project, introduces a pedestrian multiuse path with landscape buffer and street lighting along the expressway between Capitol Avenue and Tully Road. VTA secured grant funds through the 2010 State Improvement Program process that fully funds these pedestrian improvements. Construction work for the pedestrian improvements is scheduled for completion in summer 2012.
- o VTA advanced the design and right-of-way acquisition on the bus improvement portion of the first phase of the Capitol Expressway Light Rail Project, These improvements will reconfigure and expand the Eastridge Transit Center as well as support future bus shelters and amenities at several bus stops along Capitol Expressway as part of the future Santa Clara/Alum Rock BRT service.

- **Light Rail Program**

- o Continued efforts on the **Environmental Impact Studies/Preliminary Project Work** project that prepares environmental impact statements and other analyses for the **Light Rail 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 late 2012, with final approval from FTA scheduled for 2013.

- **Caltrain Service Improvements**

- o VTA began construction of the Blossom Hill Pedestrian Bridge in March 2011. This pedestrian/bicycle crossing over Monterey Highway and the Union Pacific Railroad (UPRR) tracks is located just south of the existing Blossom Hill Road vehicle bridge in south San Jose. With initial funding from the City of San Jose, VTA, working closely and with the support of its federal delegation, secured \$10.5 million in Federal Highway Administration funding, state transportation bonds, and 2000 Measure A funds. Completion is scheduled for summer 2012.
- 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 substantially completed and design for approximately 15 crossings along the UPRR segment was scheduled to restart in mid-2012.
- o Preliminary engineering was completed and final engineering was initiated 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 Project. Final design will be initiated upon completion of UPRR review of the preliminary design.
- 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 2011.



Caltrain



ACE Train Service



Palo Alto Transit Center



Santa Clara/Alum Rock Bus Rapid Transit station design

- **Caltrain Double-Track Improvements in South County**
 - Fiber optic cable relocation in the northerly 5-mile segment is complete. The grading contract for Phase 1 (8.3 miles) has been placed on temporary suspension while the scope was being reviewed in consideration of the uncertainties in the Caltrain Program and the release of the High Speed Train (HST) environmental document.
- **Caltrain Electrification**
 - The California High Speed Rail Project (HSR) opened the opportunity for a joint engineering and environmental effort that will cover both Caltrain and HSR in the corridor. The HSR Authority (HSRA) has entered into a Memorandum of Understanding that will construct HSR and an upgraded electrified Caltrain system as one project. HSRA and the Caltrain Joint Powers Board (JPB) have begun an engineering effort that will identify a phased implementation approach.
- **Commuter Rail**
 - Construction on improvements to the Santa Clara Station and the Diridon Station to increase train capacity and provide safer passenger access continues, with completion expected in 2012.
- **Palo Alto Intermodal Transit Center**
 - This project was made inactive. Significant issues related to the High Speed Rail project will need to be resolved before further planning work can proceed for this project.
- **Improved Bus Service**
 - Continued providing the very successful **522 Rapid Bus** service.
 - Preliminary Engineering on the **Santa Clara/Alum Rock Bus Rapid Transit (BRT)** project was completed in December 2011. Final Design is scheduled to begin in 2012. Right-of-way efforts are underway and scheduled to run through early 2013. Construction is scheduled to take place starting in 2013. This project is being designed to light rail standards, enabling a conversion to light rail in the future if desired.
 - Conceptual engineering efforts on the **El Camino Real BRT Improvements** Project continued, with a project environmental review planned to commence in late 2012. Different cross-sections have been analyzed and preliminary ridership and traffic projections have been developed. VTA is working with cities to determine sections of the Corridor where BRT can use dedicated lanes.
 - Conceptual engineering, environmental and other work continued on the Stevens Creek Boulevard BRT project.
- **Mineta San Jose Airport People Mover (APM)**
 - City of San Jose Department of Transportation (DOT) staff currently leads this effort. They envision an automated transit network—similar to a Personal Rapid Transit system—of lightweight, automated computer-controlled vehicles operated on or suspended below an elevated guideway, similar to a horizontal elevator. San Jose DOT has engaged a team of consultants, including ARUP, to lead planning, and a federally funded research center firm, Aerospace, to assess the viability of Personal Rapid Transit (PRT) technology for Mineta San Jose International Airport. These studies are expected to take up to two years to complete.



Full Funding Grant Agreement



SVBX Groundbreaking



BART to Silicon Valley Construction



Kato Road Grade Separation

Since the close of FY 2011, significant additional progress or accomplishments have occurred:

- On March 12, 2012 VTA received the requested \$900 million grant commitment from the Federal Transit Administration (FTA) for the BART Silicon Valley Berryessa Extension (SVBX) Project. Execution of a Full Funding Grant Agreement (FFGA) with the U.S. Department of Transportation (DOT) was the final step before active construction could begin on the project. In recognition, a ceremony was held at the San Jose City Hall Rotunda to commemorate the largest project funding milestone in VTA's history.
- On April 12, 2012 VTA broke ground on the much anticipated BART Silicon Valley Berryessa Extension Project. Federal, state, and local elected officials, business leaders, stakeholder agencies, residents of Santa Clara County and VTA staff celebrated this historic event. The groundbreaking was held at a site near the future Berryessa Station in San Jose and featured the first BART rail vehicle to travel to Santa Clara County.
- Construction of the 10-mile, two station SVBX project is planned for 2012-2016. Initial construction activities include relocating utilities and preparing the future station areas for construction. Other current and near-term work includes construction at major intersections that the BART system will cross. Installing the tracks for BART will be one of the last construction activities.
- At its December 2011 meeting, the VTA Board of Directors awarded the C700 Design-Build Contract for the BART SVBX Project to Skanska-Shimmick-Herzog, a Joint Venture, with a contract price of \$772 million. The C700 Design-Build contract is the largest single contract for the BART SVBX Project and provides the final design and construction of the Line, Track, Stations, and Systems elements for the 10-mile Berryessa Extension, the first phase of the 16-mile BART Extension into Santa Clara County.
- In October 2011, VTA and the Bay Area Rapid Transit (BART) District entered an agreement for the purchase of property and the design and construction work for the Hayward Maintenance Complex Project. The cost would be \$125.3 million for design and construction plus property acquisition and relocation costs estimated between \$55 million and \$60 million for an approximate total cost of \$180.3 million to \$185.3 million.
- At its September 2011 meeting, VTA awarded a \$22.14 million contract for the construction of the Kato Road Grade Separation (KRGS) Project. The KRGS project includes construction of the BART bridge structure, which is essential to allow the BART SVBX contractor access along the corridor over the depressed Kato Road.
- In December 2011, the Santa Clara/Alum Rock BRT Project completed the Preliminary Engineering phase and Final Design was begun.
- In January 2012, construction of the improvements to the Santa Clara and Diridon Stations were completed. These improvements increase the train capacity at these locations. The completed pedestrian tunnel at the Santa Clara Station also allows safer passenger access to the station platform.
- In April 2012, the California Transportation Commission (CTC) approved an \$18.3 million allocation to fund construction of the bus improvements portion of the first phase of the Capitol Expressway Light Rail Project

INDEPENDENT AUDIT:

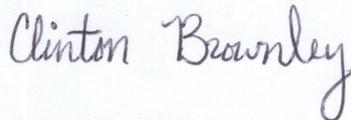
The Citizens Watchdog Committee retained the firm of Macias, Gini & O'Connell (MGO) to perform the compliance audit of Fiscal Year 2011 2000 Measure A revenues and expenditures. MGO conducted their compliance audit in accordance with attestation standards established by the American Institute of Certified 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/measure_a_compliance_audit_report_fy11.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 9, 2012 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 2011, 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 are committed to ensuring that revenues are expended to improve transit in the county as specified in the Measure A ballot. 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.



Clinton W. Brownley
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
<i>vacant</i>	North County Cities
Clinton W. Brownley	West Valley Cities
Roberta H. Hughan	County of Santa Clara
<i>vacant</i>	Senior Citizens
Martin B. Schulter	Disabled Persons
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
<i>vacant</i>	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.