



METROPOLITAN
TRANSPORTATION
COMMISSION

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**Programming and Allocations Committee
June 8, 2011
Minutes**

John E. Ison, Chair
MTC Board of Directors

Ray Rein Worth, Vice Chair
MTC Board of Directors

Other Members of the
U.S. Department of Housing
and Urban Development

Tom Bates
MTC Board of Directors

David Campos
Regional Council of Governments

Steve Campos
Statewide Council

JUST Olson
Statewide Council

Dennis M. Giacomini
MTC Board of Directors

Edward D. Glover
MTC Board of Directors

Alfred Glover
MTC Board of Directors

Scott Haggerty
MTC Board of Directors

Robert W. Halsted
MTC Board of Directors

Mark Green
MTC Board of Directors

Tom Haggerty
MTC Board of Directors

John Mackenzie
MTC Board of Directors

Andrea Mathis
MTC Board of Directors

Ernest Sartipi
MTC Board of Directors

Thomas Tisser
MTC Board of Directors

Steve Wiener
MTC Board of Directors

Scott Haggerty
MTC Board of Directors

Tom Haggerty
MTC Board of Directors

Andrea Mathis
MTC Board of Directors

Vice Chair Glover called the meeting to order at approximately 10:33 a.m. Committee members present were: Commissioners Bates, Campos, Dodd, Sartipi, and Wiener. Commissioners Tissier and Rein Worth were present as ad hoc voting members of the Committee. Other Commissioners present as ad hoc members of the Committee were: Giacomini, Green, Haggerty, Halsted, and Mackenzie.

Consent Calendar

The Committee unanimously approved the following consent items after a motion by Commissioner Bates and a second by Commissioner Campos:

- Minutes of May 11, 2011 meeting;
- 2011 Transportation Improvement Program (TIP) Amendment 2011-07. MTC Resolution No. 3975, Revised;
- Proposed allocation of \$460,059 of bridge tolls to the Transbay Joint Powers Authority (TJPA) for operations and maintenance of the Transbay Terminal Building. MTC Resolution No. 3913, Revised;
- FY2011-12 Regional Measure 2 (RM2) Operating Program. MTC Resolution No. 3998;
- Proposed allocation of \$2 million in RM2 Capital funds. MTC Resolution No. 3819, Revised;
- Allocation of FY2011-12 Transportation Development Act (TDA) funds to County Auditors for TDA administration and to MTC for TDA administration and planning purposes. MTC Resolution No.4003;
- Allocation of FY2011-12 TDA funds, State Transit Assistance (STA) funds, Assembly Bill (AB) 1107 funds and RM2 operating funds and capital funds to various claimants in the region. MTC Resolution Nos. 4000, 4001, 4002, and 3999;
- FY2011-12 STA Regional Discretionary Program. MTC Resolution No. 4007;
- Rescind \$2 million in TLC First Cycle awards from Hercules and South Hayward and redirect to Station Area and Land Use Planning and Technical Assistance Program. MTC Resolution No. 3925, Revised; and
- Allocation of \$26.4 million in AB 1171 funds to Solano Transportation Authority for the construction of the I-80 Eastbound Cordelia Truck Scales Relocation Project. MTC Resolution No. 3914, Revised.

Commissioner Mark Green asked what the procedure would be for the City of Hercules and the City of South Hayward to recover funds that are being rescinded and redirected to the Station Area and Land Use Planning and Technical Assistance Program. Alix Bockelman, MTC Programming and Allocations Section, explained that typically the City would have to reapply during the next cycle and she would have to follow-up with information on the timing of the next cycle.

Federal

- *Proposals to address near-term transit operator financial challenges:*
 - *AC Transit: 1) Financial review findings; 2) Reassignment of \$17.5 million in CMAQ funding to AC Transit; and 3) Approval of \$7 million in additional preventive maintenance funding. MTC Resolution Nos. 3831, Revised, and 3880, Revised.*

MTC Executive Director, Steve Heminger, Alix Bockelman, MTC Programming and Allocations Section, and Nancy Whelan, Nancy Whelan Consulting, presented financial review findings and funding recommendations for AC Transit and recommendations for release of the final installment of \$17.5 million based on AC Transit's compliance with the conditions stipulated in April 2010, and an additional \$7 million in preventive maintenance funding subject to new conditions.

Commissioner Mark Green commented that the Alameda County Sales Tax Reauthorization of \$10 million would equal ten percent of an additional one half cent, and twenty percent of an additional one quarter cent.

Commissioner Scott Wiener asked for clarification on potential savings on expenditures around changes to operator work rules. Ms. Whelan explained that items identified in the slide are items that have not yet been undertaken by AC Transit. Commissioner Wiener asked if AC Transit has been able to accomplish any work rule reform. Mary King, Interim General Manager of AC Transit, explained that in negotiations with Amalgamated Transit Union (ATU) a savings of \$13 million per year will be realized, some of which was a result of one less holiday, work rule changes, and health care costs. Commissioner Wiener asked how much of the \$13 million is based on the work rule changes. Lewis Clinton, Chief Financial Officer of AC Transit, responded that roughly about 25% percent of the \$13 million is based on work rule changes which included the elimination of one of the top pay scales (double-time and a half) and overtime on a daily basis (staff must work 40 hours in a pay period to receive overtime).

Commissioner Tom Bates asked when the contract with ATU will expire. Ms. King responded that this is the first year of a three year contract.

Commissioner David Campos asked how the financial review compares to a financial audit or a management audit. Ms. Whelan responded that the scope of the review was not a financial audit or a management audit. The objective was to determine the nature of the deficit, how it compares to other transit operators, and potential solutions. Commissioner Campos asked if a management audit has been conducted and to what extent best practices in the industry are being followed. Mr. Heminger responded that AC Transit has a financial audit like most public agencies in California and under the Transportation Development Act (TDA) they also have a performance audit overseen by MTC every three years. Ms. King commented that she has reduced management costs by \$9 million, enacted a ten year fare increase policy to make sure that there are regular fare increases, and that AC Transit is very much committed to the Transit Sustainability Project being conducted by MTC. Commissioner Campos asked for further clarification on the issue of overtime and what the trend has been with regards to the deficit. Mr. Clinton responded that overtime has been a great contributor to the deficit and continues to be a contributor going forward. Every effort is being made to bring accountability to management and employees as it relates to the use of overtime and the amount of overtime has been significantly reduced in this fiscal year's budget.

Commissioner Bill Dodd commented that it is prudent that the Committee move forward in support of AC Transit's efforts, but he would like to see something a little more definitive for the release of next year's funding. Mr. Heminger commented that with an ongoing structural deficit of approximately \$20 million, the AC Transit Board is being asked to determine which of the several options that have been identified would be best to close the budget gap.

Commissioner Scott Haggerty commented that Mary King, took on an extremely difficult job and along with her staff has done a great job in turning AC Transit around. Mr. Haggerty further commented that it is important that the Committee support AC Transit in those efforts.

Commissioner David Campos asked that MTC staff continue to work with AC Transit to make sure that the objectives identified do happen.

Commissioner Tom Bates commented that he is supportive of this item and but would like to see more specific goals conditioned. Mr. Heminger added that the intention is to develop performance targets through the Transit Sustainability Project for all of the major transit systems and reduce operating costs within a certain timeline.

The Committee, upon the motion of Commissioner Campos with a second by Commissioner Dodd, unanimously approved the referral of MTC Resolution Nos. 3831, Revised, and 3880, Revised to the Commission for approval.

- *Caltrain: Reassignment of \$5 million from the Federal Vehicle Procurement Reserve to preventive maintenance to complete the FY2011-12 funding plan.*

Alix Bockelman, MTC Programming and Allocations Section, presented a recommendation to reassign \$5 million in federal preventive maintenance funding to Caltrain to complete the operating funding plan for FY2011-12.

Commissioner Adrienne Tissier commented that Caltrain is not necessarily in trouble and instead is a model in this region in terms of ridership. The problem that Caltrain has run into is with the three partners: Muni, VTA, and Samtrans, none of which are in particularly great financial shape, and Samtrans can no longer afford their contribution to Caltrain. The plan for the Caltrain is to provide a two-year window to identify a dedicated source of funding.

Commissioner Scott Wiener commented that he supports this effort and that Caltrain is one of the backbones of the regional transit system.

The Committee, upon the motion of Commissioner Tissier with a second by Commissioner Wiener, unanimously approved the reassignment of \$5 million from the Federal Vehicle Procurement Reserve to preventive maintenance to complete the FY2011-12 funding plan.

- *Revisions to Federal Transit Administration Formula Policy and Programs, and AB 664 Bridge Toll Program and Allocations to reflect final federal appropriations. MTC Resolutions Nos. 3714, Revised, 3742, Revised, 3909, Revised, 3916, Revised, 4013, and 4014.*

Glen Tepke, Programming and Allocations Section, presented proposed revisions to the Transit Capital Priorities policy and programs for FY2010-11 and FY2011-12 to address a \$24 million revenue shortfall in FY2010-11 by withholding Flexible Set-Aside funds; deferring projects and making other program reductions; programming of matching AB 664 bridge toll funds; and technical updates to prior year FTA and AB 664 programs.

The Committee, upon the motion of Commissioner Campos with a second by Commissioner Bates, unanimously approved the referral of MTC Resolution Nos. 3714, Revised, 3742, Revised, 3909, Revised, 3916, Revised, 4013, and 4014 to the Commission for approval.

Regional

- *Policies for Programming AB 664 Bridge Toll Revenues, 2% Bridge Toll Revenues, and 5% State General Funds. MTC Resolution No. 4015.*

Glen Tepke, MTC Programming and Allocations Section, presented proposed revisions to the Commission's policy for the AB 664, 2% and 5% State General Funds transit funding programs to streamline the programming and allocation process, and to reflect the transfer of \$507 million from BATA to MTC as full payment for BATA's obligation to fund these transit-related bridge toll programs for 50 years.

The Committee, upon the motion of Commissioner Bates with a second by Commissioner Campos, unanimously approved the referral of MTC Resolution No. 4015 to the Commission for approval.

- *Release Notice for Upcoming Public Hearing: Proposed Amendments to the Regional Measure 2 (RM2) Program for the Sonoma Marin Area Rail Transit (SMART) project.*

Alix Bockelman, MTC Programming and Allocations Section, presented a request to release a public hearing notice to begin the 30-day public comment period to modify the project scope for RM2 project #10, the SMART project, to include the initial operating segment from San Rafael to Santa Rosa and to identify replacement funding for an element of project #11, the Greenbrae Interchange.

The Committee, upon the motion of Commissioner Bates with a second by Commissioner Campos, unanimously approved the release of a notice for the upcoming Public Hearing for amendments to the RM2 Program for the SMART Rail project and to identify replacement funding for an element of project #11, the Greenbrae Interchange.

- *Dumbarton Rail Project Status Report.*

Anne Richman, MTC Programming and Allocations Section, presented for information, a status report of the Dumbarton Rail Project.

Under Public Comment, Jim Bigelow, Redwood City – San Mateo County Chamber and Menlo Park Chamber commented spoke in support of this item with the interim bus service.

California Transportation Commission Update

The Committee received, in writing, updates on the California Transportation Commission (CTC) meeting held on May 11 and 12 in Los Angeles, CA.

Public Comment

Commissioner Glover adjourned the meeting at approximately 11:45 a.m.