



ADMINISTRATION & FINANCE COMMITTEE

Thursday, March 16, 2017

12:00 PM

VTA Conference Room B-106

3331 North First Street

San Jose, CA

AGENDA

CALL TO ORDER

1. ROLL CALL

2. PUBLIC PRESENTATIONS:

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

3. ORDERS OF THE DAY

CONSENT AGENDA

- 4. ACTION ITEM** - Approve the Regular Meeting Minutes of February 16, 2017.
- 5. ACTION ITEM** - Adopt a resolution authorizing the filing of an annual claim to the Metropolitan Transportation Commission (MTC) for allocation of FY 2017-2018 Transportation Development Act (TDA) and State Transit Assistance (STA) funds.
- 6. ACTION ITEM** - Authorize the General Manager to execute a contract with Sposeto Engineering, Inc., the lowest responsible bidder, in the amount of \$1,730,247 for the construction of the Rapid 523 Bus Stop Improvements.
- 7. INFORMATION ITEM** - Review the Legislative Update Matrix.

REGULAR AGENDA

8. ACTION ITEM -Authorize the General Manager to enter into an Exclusive Negotiations Agreement (ENA) with Republic Tamien LLC (a Joint Venture of Republic Urban Properties and The Core Companies) for negotiation of the proposed terms and conditions of a Joint Development Agreement for a Joint Development project at the Tamien Station. If agreement cannot be reached with Republic Tamien LLC during the ENA term, authorize the General Manager to enter into an ENA with ROEM Development Corporation.
9. ACTION ITEM -Authorize the General Manager to execute a contract with MuniServices, LLC, for a five-year term, plus two optional one year extensions to provide sales tax reporting, forecasting and audit/recovery services. Fees for sales tax reporting and forecasting services shall not exceed \$250,000 in total over the seven year life of the contract. Separate from the limit on reporting and forecasting fees, the audit/recovery fees will be paid additionally on a contingent basis at a rate of 20% of the sales tax revenues recovered by MuniServices.
10. INFORMATION ITEM -Receive the Monthly Investment Report for January 2017.

OTHER ITEMS

11. Items of Concern and Referral to Administration.
12. Review Committee Work Plan. (Srinath)
13. Committee Staff Report. (Srinath)
14. Chairperson's Report. (Hendricks)
15. Determine Consent Agenda for the April 6, 2017, Board of Directors Meeting.
16. ANNOUNCEMENTS
17. ADJOURN

In accordance with the Americans with Disabilities Act (ADA) and Title VI of the Civil Rights Act of 1964, VTA will make reasonable arrangements to ensure meaningful access to its meetings for persons who have disabilities and for persons with limited English proficiency who need translation and interpretation services. Individuals requiring ADA accommodations should notify the Board Secretary's Office at least 48-hours prior to the meeting. Individuals requiring language assistance should notify the Board Secretary's Office at least 72-hours prior to the meeting. The Board Secretary may be contacted at ☎ (408) 321-5680 or ✉ board.secretary@vta.org or ☎ (408) 321-2330 (TTY only). VTA's home page is www.vta.org or visit us on www.facebook.com/scvta. ☎ (408) 321-2300: 中文 / Español / 日本語 / 한국어 / tiếng Việt / Tagalog.

Disclosure of Campaign Contributions to Board Members (Government Code Section 84308) In accordance with Government Code Section 84308, no VTA Board Member shall accept, solicit, or direct a contribution of more than \$250 from any party, or his or her agent, or from any

participant, or his or her agent, while a proceeding involving a license, permit, or other entitlement for use is pending before the agency. Any Board Member who has received a contribution within the preceding 12 months in an amount of more than \$250 from a party or from any agent or participant shall disclose that fact on the record of the proceeding and shall not make, participate in making, or in any way attempt to use his or her official position to influence the decision. A party to a proceeding before VTA shall disclose on the record of the proceeding any contribution in an amount of more than \$250 made within the preceding 12 months by the party, or his or her agent, to any Board Member. No party, or his or her agent, shall make a contribution of more than \$250 to any Board Member during the proceeding and for three months following the date a final decision is rendered by the agency in the proceeding. The foregoing statements are limited in their entirety by the provisions of Section 84308 and parties are urged to consult with their own legal counsel regarding the requirements of the law.

All reports for items on the open meeting agenda are available for review in the Board Secretary's Office, 3331 North First Street, San Jose, California, (408) 321-5680, the Monday, Tuesday, and Wednesday prior to the meeting. This information is available on VTA's website at <http://www.vta.org> and also at the meeting.

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

ADMINISTRATION & FINANCE COMMITTEE

Thursday, February 16, 2017

MINUTES

CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:01 p.m. by Chairperson Hendricks in Conference Room B-106, VTA River Oaks Campus, 3331 North First Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status
Jeannie Bruins	Member	Present
Larry Carr	Vice Chairperson	Absent
John McAlister	Alternate Member	NA
Dev Davis	Alternate Member	NA
Sam Liccardo	Member	Present
Glenn Hendricks	Chairperson	Present

*Alternates do not serve unless participating as a Member.

A quorum was present.

2. PUBLIC PRESENTATIONS

Roland Lebrun, Interested Citizen, commented about the latest information from the State Capitol regarding an executive order directing California's freight trains to be more efficient. Mr. Lebrun mentioned two assembly bills as a source of funding and suggested VTA staff look into the hybrid approach to funding a project.

3. ORDERS OF THE DAY

There were no Orders of the Day.

CONSENT AGENDA

Upon inquiry of Member Liccardo regarding Agenda Item #6 - Construction Contract Award C741 Landscaping for Berryessa and Milpitas Campuses and Third Party Access, Tina Yoke, Manager of Procurement Contracts and Materials, stated VTA staff would provide a breakdown on the scope of work to the Committee in order to better understand how staff determined the Disadvantaged Business Enterprise (DBE) participation goal.

Member Bruins requested that **Agenda Item #8.**, Fiscal Year 2017 Statement of Revenues and Expenses for the Period Ending December 31, 2016, be removed from the Consent Agenda and place on the Regular Agenda

4. Meeting Minutes of January 25, 2017

M/S/C (Liccardo/Bruins) to approve the Regular Meeting Minutes of January 25, 2017.

5. PlaceWorks Contract

M/S/C (Liccardo/Bruins) to approve submitting a recommendation to the Board of Directors (Board) to authorize the General Manager to amend the amount of the current \$500,000 on-call Joint Development Support Services contract with PlaceWorks, Inc. by \$867,000 (to a total of \$1,367,000), to provide technical support on development entitlements for multiple joint development sites in the City of San Jose.

6. Construction Contract Award C741 (C16335F) Landscaping for Berryessa and Milpitas Campuses and Third Party Access

M/S/C (Liccardo/Bruins) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute a contract with WABO Landscape & Construction Inc., the lowest responsive and responsible bidder, in the amount of \$5,830,462 for the construction of Landscaping for Berryessa and Milpitas Campuses and Third Party Access (C741).

7. Amendment of Agreement for Reimbursement of Santa Clara Valley Water District's Costs for SVBX Project Support

M/S/C (Liccardo/Bruins) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to negotiate and execute an amendment to the existing cooperative agreement with the Santa Clara Valley Water District (SCVWD) regarding the reimbursement of SCVWD's staff costs to assist VTA with construction coordination and project close out in support of the BART Silicon Valley Berryessa Extension (SVBX) Project to increase the authorization by \$200,000, from an existing amount of \$2,273,000 to \$2,473,000.

8. (Removed from the Consent Agenda and placed on the Regular Agenda.)

Review and accept the Fiscal Year 2017 Statement of Revenues and Expenses for the period ending December 31, 2016.

NOTE: M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.

RESULT:	APPROVED [UNANIMOUS]
	Consent Agenda Items #4-7
MOVER:	Sam Liccardo, Member
SECONDER:	Jeannie Bruins, Member
AYES:	Bruins, Hendricks, Liccardo
NOES:	None
ABSENT:	Carr

REGULAR AGENDA

8. Fiscal Year 2017 Statement of Revenues and Expenses for the Period Ending December 31, 2016

The Committee and staff discussed the different line items noted on Attachment 8.a – FY 2017 Statement of Revenues and Expenses as of December 31, 2016.

M/S/C (Bruins/Liccardo) to approve submitting a recommendation to the Board of Directors to review and accept the Fiscal Year 2017 Statement of Revenues and Expenses for the period ending December 31, 2016

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Jeannie Bruins, Member
SECONDER:	Sam Liccardo, Member
AYES:	Bruins, Hendricks, Liccardo
NOES:	None
ABSENT:	Carr

9. Selection of Firm to Provide General Investment Consultant Services

Sean Bill, Investment Program Manager, provided an overview of the staff report.

The Committee discussed the following: 1) the expectations from consultants; 2) how consultants compare to policy benchmarks; 3) key metrics used to assess a firm's financial performance; and 5) the benefit of having a potential firm's performance portfolio in the staff report.

Mr. Bill reported that though a consultant firm advises a Board, the ultimate decision is still up to the Board. In his experience there have been cases where if a dilemma occurs, the Board points to the consultant and the consultant points to the Board, leaving the question of responsibility.

Nuria I. Fernandez, General Manager and CEO, noted that staff would provide history of the consultant's performance relative to their benchmark.

M/S/C (Bruins/Liccardo) to approve submitting a recommendation to the Board of Directors to approve the selection of NEPC, LLC and authorize the General Manager to execute the contract for NEPC, LLC to provide general investment consultant services to the Santa Clara Valley Transportation Authority (VTA) for a period of five years plus two optional one year extensions, for a total of seven years and an amount not to exceed \$1,377,000.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Jeannie Bruins, Member
SECONDER:	Sam Liccardo, Member
AYES:	Bruins, Hendricks, Liccardo
NOES:	None
ABSENT:	Carr

10. Monthly Investment Report - December 2016

Mr. Bill provided an overview of the staff report and distributed a presentation entitled “Monthly Investment Report,” highlighting: 1) Overview; 2) Civilian Unemployment Rate; 3) S&P 500; 4) Consumer price Index; 5) US 10 Year Treasury Yield; 6) Return vs. Risk- Defined Benefits Plan; and 7) Progress on Initiatives .

Upon inquiry of Member Liccardo, Mr. Bill reported that VTA is planning to scale down the risk profile and rate of return assumption.

On order of Chairperson and there being no objection, the Committee received the Monthly Investment Report for December 2016.

11. Next Network Outreach Status Update

Jim Unites, Transit Planning & Capital Development Manager, provided an overview of the staff report. Mr. Unites reported about the progress and community input received regarding the proposed changes.

Members of the Committee inquired about the following: 1) the current DASH Downtown Area Shuttle (DASH) route and the proposed DASH route; 2) the Key Performance Indicators (KPI) for the new service plan; 3) cost of transfers; 4) financial implications; 5) information received from the Technical Advisory Committee (TAC); and 6) using incremental 2016 Measure B funds.

Discussion ensued about the following: 1) the need for cities and VTA staff to collaborate to determine where transportation is greatly needed; 2) the Policy Advisory Committee (PAC), being a great place to have a conversation about the various ways cities could do their part; since there is a constituent from each city on the Committee; 3) transit service options to cities’ downtown areas; 4) opportunities to assist with filling in the gaps, specifically looking at three-way partnerships with some cities in order to expand transit; 4) finding ways to ensure ridership prior to implementing a bus route or returning a bus route; 5) the need to resist using 2016 Measure B funds right now; and 6) the importance of knowing what the baseline for a route is to see how it is performing.

Ms. Fernandez noted VTA staff was invited to a West Valley City meeting regarding better service to the senior community.

Mr. Unites and Raj Srinath, Chief Financial Officer, reported that many of the questions regarding KPI's and financial implications will be addressed in the fare policy study and the Final Next Network draft coming in the next few months. Mr. Srinath further reported that there are many components affecting revenue and expenses that staff is reviewing. VTA staff will have the most current information for Board Members at the April 2017 workshop.

Ms. Fernandez reported that the level of granularity will be based by route. Ms. Fernandez further reported that along with projections and KPI's, VTA will need to be very clear about the expectations from the Board regarding routes that do not perform and the next steps to be taken.

Public Comment

Mr. Lebrun commented about the transit options in South County and suggested VTA take over rail responsibility from San Jose to Gilroy.

On order of Chairperson and there being no objection, the Committee received a summary of community feedback collected to date on the draft Next Network transit service plan

12. Legislative Update Matrix

Kurt Evans, Government Affairs Manager, provided an overview of the staff report.

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

OTHER ITEMS

13. Items of Concern and Referral to Administration

Member Liccardo commented about the Bay Area Rapid Transit (BART) extension to Silicon Valley and their decision in determining which city it would travel to. Member. Liccardo inquired about which of the two cities, Daly City or Richmond, would VTA like to see a BART extension.

Ms. Fernandez noted that she will be getting an update soon and will provide the information to Member Liccardo.

14. Committee Work Plan

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

15. Committee Staff Report

Mr. Srinath referred to the Committee Staff report provided to the Committee Members at their table, highlighting the following categories; 1) Enterprise Risk Management; 2) Finance; and 3) Real Estate.

16. Chairperson's Report

Chairperson Hendricks thanked the Board Members for appointing him Chairperson to the Administration and Finance Committee.

17. Determine Consent Agenda for the March 2 2017, Board of Directors Meeting

CONSENT:

Agenda Item #5. Authorize the General Manager to amend the amount of the current \$500,000 on-call Joint Development Support Services contract with PlaceWorks, Inc. by \$867,000 (to a total of \$1,367,000), to provide technical support on development entitlements for multiple joint development sites in the City of San Jose.

Agenda Item #6. Authorize the General Manager to execute a contract with WABO Landscape & Construction Inc., the lowest responsive and responsible bidder, in the amount of \$5,830,462 for the construction of Landscaping for Berryessa and Milpitas Campuses and Third Party Access (C741).

Agenda Item #7. Authorize the General Manager to negotiate and execute an amendment to the existing cooperative agreement with the Santa Clara Valley Water District (SCVWD) regarding the reimbursement of SCVWD's staff costs to assist VTA with construction coordination and project close out in support of the BART Silicon Valley Berryessa Extension (SVBX) Project to increase the authorization by \$200,000, from an existing amount of \$2,273,000 to \$2,473,000.

Agenda Item #9. Approve the selection of NEPC, LLC and authorize the General Manager to execute the contract for NEPC, LLC to provide general investment consultant services to the Santa Clara Valley Transportation Authority (VTA) for a period of five years plus two optional one year extensions, for a total of seven years and an amount not to exceed \$1,377,000.

Agenda Item #10. Receive the Monthly Investment Report for December 2016.

Agenda Item #12. Review the Legislative Update Matrix.

REGULAR:

Agenda Item #8. Review and accept the Fiscal Year 2017 Statement of Revenues and Expenses for the period ending December 31, 2016.

Agenda Item #11. Receive a summary of community feedback collected to date on the draft Next Network transit service plan.

18. Announcements

There were no Announcements.

19. Adjournment

On order of Chairperson Hendricks and there being no objection, the meeting was adjourned at 1:41pm.

Respectfully submitted,

Theadora Abraham, Board Assistant
VTA Office of the Board Secretary



Date: March 10, 2017
 Current Meeting: March 16, 2017
 Board Meeting: April 6, 2017

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Nuria I. Fernandez

FROM: Interim Director - Planning & Program Development, Carolyn M. Gonot

SUBJECT: FY17-18 Transportation Development Act (TDA)/State Transit Assistance (STA) Claim

Policy-Related Action: No

Government Code Section 84308 Applies: No

Resolution

ACTION ITEM

RECOMMENDATION:

Adopt a resolution authorizing the filing of an annual claim to the Metropolitan Transportation Commission (MTC) for allocation of FY 2017-2018 Transportation Development Act (TDA) and State Transit Assistance (STA) funds.

BACKGROUND:

Transportation Development Act (TDA) funds originate from a statewide 1/4-cent sales tax that is returned to a Local Transportation Fund (LTF) in the county of origin specifically for transit purposes. Since FY 1992-1993, VTA has claimed all available TDA funds to offset annual operating expenses, including funds apportioned according to TDA Article 4.0 (public transit) and Article 4.5 (paratransit) funds.

State Transit Assistance (STA) funds are derived from the statewide sales tax on diesel fuel and appropriated by the Legislature to the State Controller's Office. That Office then allocates the tax revenue, by formula, to planning agencies (e.g. MTC) and other selected agencies. State law requires that 50% of STA funds be allocated according to population and 50% be allocated according to operator revenues from the prior fiscal year.

MTC apportions a relatively small amount of STA funds to VTA for paratransit purposes, and a larger amount for general transit operating or capital purposes. VTA's combined TDA/STA Claim to MTC is made with the understanding that budgeted funding for the paratransit program

will be at least as large as the combined total of TDA Article 4.5 and STA paratransit funds. The FY 2017 adopted budget includes \$20,884,000 for paratransit services.

As a result of the passage of Assembly Bill 1951 (Chapter 632, Statutes of 2000), VTA is eligible to claim STA funds on behalf of Altamont Corridor Express (ACE). AB 1951 amended Public Utility Code Sections 99314 and 99314.3 and added Section 99314.1 to provide STA funds for ACE to be allocated to ACE member agencies to help meet their obligations for ACE operating costs. Each member agency now claims a prorated share of the STA funding earned as a result of operating ACE.

DISCUSSION:

VTA is required to file a claim with MTC in order to receive its annual allocations of TDA and STA funding. Although there is no official estimate at this point, a reasonable calculation based on available information for this year's TDA/STA estimates (inclusive of FY2016-17 adjustments) are:

Source Amount

TDA Article 4.0 (Public Transit)	\$ 99,351,847
TDA Article 4.5 (Paratransit)	<u>\$ 5,228,304</u>
Total TDA	\$ 104,580,151
STA VTA Revenue Estimate	\$ 10,093,131
STA Paratransit Revenue Estimate	\$ 991,012
STA ACE Revenue Estimate	<u>\$ 261,864</u>
Total STA	\$ 11,346,007
TOTAL TDA/STA	\$ 115,926,158

ALTERNATIVES:

There is no alternative to this recommendation if VTA intends to claim the combined TDA and STA revenues.

FISCAL IMPACT:

The TDA and STA funds will be used to support VTA operations, including those associated with paratransit service and VTA's contribution to ACE operations as included in the Proposed FY 2018 VTA Transit Fund Operating Budget.

Prepared by: Lorena Bernal-Vidal
Memo No. 6044

Attachment A
Resolution No. _____

**RESOLUTION AUTHORIZING THE FILING OF A CLAIM WITH THE
METROPOLITAN TRANSPORTATION COMMISSION FOR ALLOCATION OF
TRANSPORTATION DEVELOPMENT ACT AND STATE TRANSIT ASSISTANCE
FUNDS FOR FISCAL YEAR 2017-2018**

WHEREAS, a Local Transportation Fund (LTF) has been established by the Board of Supervisors of the County of Santa Clara pursuant to Article 11, Chapter 2, Division 3 of Title 3 of the Government Code, commencing with Section 29530, for the purpose of collecting local sales tax for transit purposes; and

WHEREAS, the Transportation Development Act (TDA), Chapter 4 of Part 11, Division 10 of the Public Utilities Code commencing with Section 99200 provides for the disbursement of funds from the Local Transportation Fund (LTF) of the County of Santa Clara for use by operators and eligible claimants for the support of public transit systems, and community transit (paratransit) services; and

WHEREAS, pursuant to the provisions of the TDA, and pursuant to the applicable rules and regulations thereunder (21 Cal. Code of Regs. Section 6600 et. seq.), a prospective applicant wishing to receive an allocation from the LTF shall file its claim with the Metropolitan Transportation Commission (MTC); and

WHEREAS, the State Transit Assistance (STA) fund is created pursuant to Public Utilities Code Section 99313.6; and

WHEREAS, STA Fund monies are available for allocation to eligible applicants for public transportation purposes and community transit services; and

WHEREAS, allocations from the Local Transportation Fund of Santa Clara County and the State Transit Assistance Fund will be required by the Santa Clara Valley Transportation Authority (VTA) in Fiscal Year 2017-2018 for the support of public transportation systems; and

WHEREAS, VTA will file a combined claim for TDA Article 4.0 (transit operations) and Article 4.5 (paratransit) funds, and commits to spend an amount at least equal to the total available for paratransit purposes through Public Utilities Code Section 99313, 99313.6 and 99314 to fulfill its commitments toward the implementation of its obligations under the Americans With Disabilities Act (ADA); and

WHEREAS, VTA is an eligible claimant for TDA and STA funds for the purposes set forth in Public Utilities Code Sections 99260(a) and 99275(a) as attested to by the Opinion of Counsel Dated 3/15/17.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Santa Clara Valley Transportation Authority, that the General Manager is authorized to execute and file the appropriate TDA, LTF and STA claim with all necessary supporting documents, with the Metropolitan Transportation Commission for an allocation of TDA, LTF and STA funds in Fiscal Year 2017-2018; and

BE IT FURTHER RESOLVED, that the VTA General Manager is designated to furnish such additional information as the Metropolitan Transportation Commission may require in connection with the claim; and

BE IT FURTHER RESOLVED, that a copy of this Resolution be transmitted to the Metropolitan Transportation Commission in conjunction with the filing of the claim; and the Metropolitan Transportation Commission hereby is requested to grant the allocations of funds as specified herein.

Passed and adopted by the Board of Directors of the Santa Clara Valley Transportation Authority on _____ by the following Vote:

AYES:

NOES:

ABSENT:

Jeannie Bruins, Chairperson
Board of Directors

ATTEST:

Elaine Baltao, Secretary
Board of Directors

APPROVED as to Form

ROBERT FABELA
General Counsel



Date: March 9, 2017
 Current Meeting: March 16, 2017
 Board Meeting: April 6, 2017

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Nuria I. Fernandez

FROM: Interim Director - Engr & Transp Infra Dev, Dennis Ratcliffe

SUBJECT: Rapid 523 Improvements

Policy-Related Action: No

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to execute a contract with Sposeto Engineering, Inc., the lowest responsible bidder, in the amount of \$1,730,247 for the construction of the Rapid 523 Bus Stop Improvements.

BACKGROUND:

Based on current ridership demand in the Stevens Creek Corridor, VTA is proposing to implement a Rapid 523 service as a near term improvement and early deliverable of the Stevens Creek Bus Rapid Transit (BRT) Project. The Rapid 523 service would replace the Limited 323 and will follow the example of VTA's Rapid 522 that was implemented in 2005.

The Rapid 523 project will improve travel time and enhance the passenger waiting area to encourage walking and bicycling in the corridor. The goal of the project is to design a compelling, attractive service that will build ridership for future BRT implementation. The Rapid 523 project is focused on providing an enhanced service that will serve the Berryessa BART Station when it opens and, in coordination with the BART Transit Integration Plan, create a service plan between Berryessa BART and De Anza College.

Currently VTA is implementing Transit Signal Priority on the Limited 323 bus route, and the Rapid 523 project creates an opportunity for VTA to implement its Transit Passenger Environment Plan (TPEP), providing high quality bus stop environment that enhances the transit experience and speeds up boarding, which helps to reduce overall travel times.

The contract includes bus stop pad and passenger boarding improvements at locations along Stevens Creek Boulevard (see Exhibit A). The work includes concrete bus pads, curb and gutter and sidewalk construction. This contract also includes the installation of new bus stop shelters that are being provided by a separate procurement contract.

DISCUSSION:

On November 14, 2016, the Rapid 523 Bus Stop Improvements construction contract was advertised, and two bids were received on December 13, 2016. However, both of the bids significantly exceeded the Engineer's Estimate primarily due to a specialty item, Real Time Information Signs. Due to the possible confusion regarding the information signs, VTA rejected all bids and readvertised the contract after deleting the real time information signs and providing some modifications to clarify the plans. VTA is currently testing and evaluating different technology for the real time information sign at bus stops. After completing our evaluation, the real time information signs will be installed with upcoming projects.

The contract was readvertised on January 25, 2017. Five bids were opened on February 14, 2017 with the following results:

<u>Company Name</u>	<u>Bid Amount</u>
Sposeto Engineering, Inc.	\$ 1,730,247
Granite Rock Company, Inc.	\$ 1,881,936
JJR Construction, Inc.	\$ 1,927,817
Golden Bay Construction, Inc.	\$ 2,219,013
George Bianchi Construction, Inc.	\$ 2,317,526
Engineer's Estimate	\$ 1,995,406

On February 16, 2017, VTA issued a Notice of Recommended Award of the contract to Sposeto Engineering, Inc. The Post Bid Opening Protest period has ended without any protests, and Sposeto Engineering, Inc. is the lowest responsible and responsive bidder. The bid is 13% below the Engineer's Estimate. VTA has determined the bid to be fair and reasonable, and recommends award of this contract to Sposeto Engineering, Inc.

Construction is scheduled to begin in May 2017 with a contract duration of 200 days.

ALTERNATIVES:

The Board could choose to reject all bids and readvertise the contract. This would result in a delay in awarding this contract and would jeopardize the completion of the project that is planned for completion prior to the planned increased bus service resulting from new BART service to Berryessa as early as the end of 2017.

FISCAL IMPACT:

This action will authorize \$1,730,247 for construction of improvements for the Rapid 523 Project. Appropriation for this expenditure is included in the FY2017 Adopted 2000 Measure A Transit Improvement Program Fund Capital Budget.

SMALL BUSINESS ENTERPRISE (SBE) PARTICIPATION:

Based on identifiable subcontracting opportunities, a Small Business Enterprise (SBE) goal of 12.64% was established for this contract. Contractor has met the established goal and has committed to 92.79% SBE participation on this contract.

Prepared by: Ed Evangelista, Sr. Transportation Engineer
Memo No. 5769

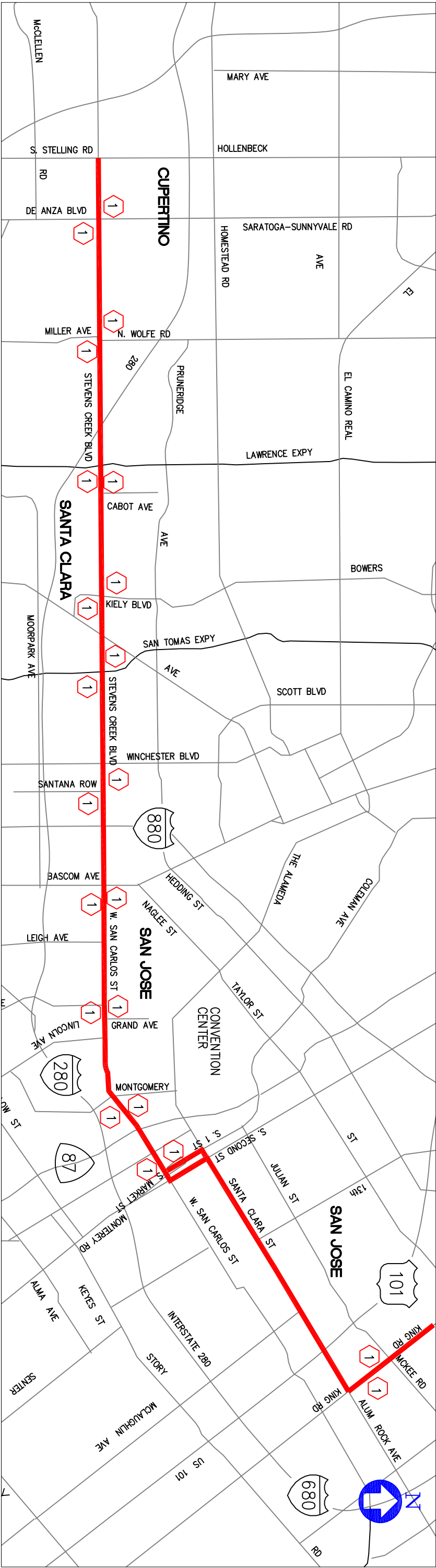
ATTACHMENTS:

- 5769_Exhibit_A_Bus_Stop_Locations (PDF)

EXHIBIT A

Rebid Rapid 523 Bus Stop Improvements

1 BUS STOP LOCATION





Date: March 6, 2017
 Current Meeting: March 16, 2017
 Board Meeting: April 6, 2017

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Nuria I. Fernandez

FROM: Director of Government & Public Relations, Jim Lawson

SUBJECT: Legislative Update Matrix

FOR INFORMATION ONLY

BACKGROUND:

The Legislative Update Matrix summarizes the key bills that are being considered by the California State Legislature during the first year of the 2017-2018 regular session. The matrix indicates the status of these measures and any VTA positions with regard to them.

DISCUSSION:

The purpose of this report is to provide an update on recent developments concerning important transportation-related issues facing lawmakers in Sacramento.

Transportation Funding: 2017 marks the third consecutive year that the Legislature will grapple with how to increase state funding for transportation. After Gov. Jerry Brown and legislative leaders released a joint letter in November 2016 announcing their commitment to address the subject this year, Senate Transportation & Housing Committee Chairman Jim Beall (D-San Jose) and Assembly Transportation Committee Chairman Jim Frazier (D-Oakley) wasted no time in introducing two new transportation funding measures when the 2017-2018 legislative session convened on December 5, 2016. Those bills are SB 1 and AB 1, respectively. Gov. Brown then proposed his own plan as part of his recommended FY 2018 budget, which he submitted to the Legislature on January 10, 2017.

SB 1, AB 1 and the Governor's plan all seek to generate new, ongoing revenues through various tax and fee increases to support two major transportation initiatives: (1) state highway and local roadway maintenance and rehabilitation; and (2) trade corridor improvements. However, the tax and fee increases that are being proposed differ, as follows:

	<u>SB 1</u>	<u>AB 1</u>	<u>Governor's Plan</u>
Gas Tax Increase	12 cents	12 cents	None
Diesel Tax Increase	20 cents	20 cents	11 cents
Road Improvement Charge	None	None	\$65
Vehicle Registration Fee	\$38	\$38	None
ZEV Registration Fee	\$100	\$165	None

All three proposals call for accelerating the repayment of approximately \$706 million in prior-year loans made to the General Fund from various transportation accounts, but would distribute this one-time funding in different ways. SB 1 and AB 1 would expend these revenues on maintenance and rehabilitation work on both the state highway and local roadway systems. The funds would be split evenly between Caltrans and cities/counties. Conversely, Gov. Brown's plan would use the loan repayments for the following purposes: (1) trade corridors (\$323 million); (2) the Transit and Intercity Rail Capital Program (\$236 million); (3) state highway maintenance and rehabilitation (\$127 million); and climate change adaptation planning grants to local and regional agencies (\$20 million).

All three proposals tap into cap-and-trade auction proceeds for additional ongoing investments in transportation, but in different ways. SB 1 and AB 1 call for increasing the percentage of cap-and-trade auction proceeds that would be continuously appropriated to the Transit and Intercity Rail Capital Program from 10 percent to 20 percent, and to the Low Carbon Transit Operations Program from 5 percent to 10 percent. Meanwhile, Gov. Brown is proposing to allocate an additional \$500 million in cap-and-trade auction proceeds per year for transportation purposes, with \$400 million going to the Transit and Intercity Rail Capital Program, and \$100 million to the Active Transportation Program. However, unlike the approach in SB 1 and AB 1, this additional \$500 million would require the Legislature to take action every year to appropriate the funds through the Budget Act.

Both SB 1 and AB 1 recapture a portion of vehicle weight fee revenues for transportation. Currently, these revenues, which amount to approximately \$1 billion a year, are being transferred from the State Highway Account to the General Fund to pay debt service for general obligation bonds that have been issued for transportation purposes. SB 1 gradually reduces the percentage of vehicle weight fee revenues that would be transferred to the General Fund over a five-year period. Under the provisions of this bill, by FY 2022, only 50 percent of the total amount of vehicle weight fee revenues generated per year would go to the General Fund. The other 50 percent would stay in the State Highway Account and be used for transportation. AB 1, on the other hand, gradually limits the annual dollar amount of the vehicle weight fee transfer for FY 2018 through FY 2022, so that by FY 2022, only \$500 million per year would go to the General Fund. Unlike the two legislative proposals, the Governor's plan does not touch vehicle weight fee revenues because of his concerns about the impact to the General Fund.

Both SB 1 and AB 1 call for increasing the diesel sales tax rate to provide additional funding for public transit, while Gov. Brown's plan does not. SB 1 would impose a new diesel sales tax rate of 4 percent, with the revenues generated from a rate of 3.5 percent going to the State Transit Assistance Program (STA). Under the provisions of SB 1, the money derived from a new rate of

0.5 percent would be distributed to intercity and commuter rail projects. Conversely, the new rate imposed by AB 1 would be 3.5 percent, with all of the money flowing to STA.

In addition to generating new revenues for transportation purposes, all three plans would:

- Address the volatility of the variable portion of the state's gasoline excise tax by ending the Board of Equalization's annual adjustments and, instead, converting the variable rate to a fixed rate. In the case of SB 1 and AB 1, the variable rate would be fixed at 17.3 cents per gallon, and the revenues would continue to be distributed according to existing law: (1) 44 percent to the State Transportation Improvement Program (STIP); (2) 44 percent for local streets/roads; and (3) 12 percent for the State Highway Operation and Protection Program (SHOPP). In the case of the Governor's plan, the rate would be fixed at 21.5 cents per gallon, with the revenues from 18 cents being distributed according to current law, and from 3.5 cents going for state highway and local roadway maintenance and rehabilitation, and trade corridor improvements.
- End the erosion of the purchasing power of the gasoline and diesel excise taxes by indexing them to inflation. Indexing would occur annually under Gov. Brown's plan, and every three years under SB 1 and AB 1.
- Push Caltrans to become more efficient. In his plan, the Governor is assuming that improving the efficiency of Caltrans would result in \$100 million in annual savings, which could be reinvested in capital projects. Both SB 1 and AB 1 include provisions that require Caltrans, on an annual basis, to identify savings achieved through efficiencies implemented by the department, and require these savings, up to a maximum of \$70 million per year, to be allocated to the Active Transportation Program.

All in all, Gov. Brown's transportation funding plan is the most conservative of the three. Because it calls for smaller tax and fee increases, it would raise less money -- \$4.3 billion annually versus \$6 billion per year under SB 1 and AB 1.

Cap-and-Trade: The future of the state's cap-and-trade allowance auctions may hinge on the outcome of a long-standing lawsuit that was first filed by the California Chamber of Commerce in 2012. This lawsuit contends that the current auction system amounts to an illegal tax. That claim was rejected by a trial court judge, and the matter was heard by the 3rd District Court of Appeals on January 24, 2017. A decision from the appellate court is expected within 90 days (prior to April 24, 2017), though it is likely that the losing side will appeal the case to the state Supreme Court.

Meanwhile, Gov. Brown, in his FY 2018 budget, recommended that the Legislature, by a two-thirds vote, pass a bill to provide the California Air Resources Board (CARB) with the statutory authority to administer cap-and-trade allowance auctions beyond December 31, 2020. This proposal is meant to address the current volatility in auction revenues, which many speculate is resulting from both the legal uncertainty as to whether cap-and-trade can continue to exist beyond 2020, and the California Chamber of Commerce lawsuit. If the Legislature is able to approve such a measure by a two-thirds majority, that action would render the lawsuit moot.

In addition, the Governor's budget outlines a \$2.2 billion expenditure plan for cap-and-trade auction proceeds, which encompasses \$1.5 billion in allowance auction revenues assumed to be generated in FY 2018 and about \$700 million in unallocated prior-year collections. Consistent with current law, the Governor's budget notes that 60 percent (\$900 million) of the FY 2018 money is already committed and would be continuously appropriated to four programs, as follows:

- Low Carbon Transit Operations Program = \$75 million.
- Transit and Intercity Rail Capital Program = \$150 million.
- Affordable Housing and Sustainable Communities Program = \$300 million.
- High-Speed Rail = \$375 million.

These four programs would receive cap-and-trade funding in FY 2018 under any circumstances. However, if CARB's authority to administer allowance auctions is not extended past 2020, the actual amounts allocated to them could be significantly less than what is assumed in the Governor's budget because the current volatility being experienced in the cap-and-trade marketplace most likely would continue.

The remaining \$1.3 billion in Gov. Brown's recommended FY 2018 cap-and-trade expenditure plan is proposed to be used for one-time appropriations for a wide range of programs, including low-carbon transportation, recycling, urban green spaces, forestry improvements, agricultural water conservation, energy efficiency upgrades, and weatherization. Of this amount, \$363 million would be allocated to CARB to provide incentives for low-carbon freight and passenger transportation, including rebates for zero-emission cars, and vouchers for hybrid and zero-emission trucks. Another \$500 million is targeted for the Transit and Intercity Rail Capital Program (\$400 million) and the Active Transportation Program (\$100 million) pursuant to Gov. Brown's transportation funding plan. However, the Governor's budget states that this \$1.3 billion in one-time funding would be allocated to these programs only if the Legislature passes a cap-and-trade extension bill by a two-thirds majority.

So far, two cap-and-trade extension bills have been introduced in the Legislature. AB 151 (Burke) is narrowly focused on extending cap-and-trade, while imposing additional reporting requirements on CARB. AB 378 (C. Garcia), on the other hand, not only would extend cap-and-trade, but also would refocus the state's climate efforts in a way that would place more emphasis on social justice considerations.

Project Delivery: In 2005, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) established the Surface Transportation Project Delivery Pilot Program as a way to expedite the completion of transportation projects without a lessening of environmental protection. Under this program, which was renamed the NEPA Assignment Program in a subsequent federal surface transportation authorization bill, California was designated as one of five states eligible to apply to the U.S. Department of Transportation to assume the responsibilities of the Federal Highway Administration (FHWA) under the National Environmental Policy Act (NEPA). To participate in this program, eligible states were required to accept the financial costs associated with the delegated authority, as well as assume full

liability for lawsuits filed under NEPA in federal court by waiving, on a limited basis, their sovereign immunity under the Eleventh Amendment of the U.S. Constitution.

In 2006, AB 1039 (Nunez) was enacted into law to provide the necessary statutory authority for Caltrans to participate in the NEPA Assignment Program. Among other things, this bill granted Caltrans a limited waiver of its Eleventh Amendment protection in order to allow the department to be sued in federal court, as well as to defend legal claims brought against NEPA documents. AB 1039 was scheduled to sunset on January 1, 2009, but subsequent bills extended its provisions until January 1, 2017.

With the limited waiver in place, Caltrans entered into a memorandum of understanding with FHWA and began participating in the NEPA Assignment Program on July 1, 2007. Thus, Caltrans assumed the role of lead agency for federal environmental reviews for transportation projects that previously would have gone through FHWA. Since 2007, Caltrans has provided a series of reports to the Legislature showing that the department has been able to realize significant time and cost savings for transportation projects as a result of its participation in the NEPA Assignment Program.

The two bills that were introduced last year as part of the special legislative session on transportation funding -- SBX1-1 (Beall) and ABX1-26 (Frazier) -- included language to eliminate the January 1, 2017, sunset date for Caltrans' limited waiver of sovereign immunity. However, the special session ended on November 30, 2016, without the Legislature passing either measure. As a result, Caltrans is no longer authorized to approve NEPA documents, and the department is in the process of transferring this responsibility back to FHWA. For a number of reasons, this situation will likely increase environmental document processing times for California transportation projects. In fact, FHWA has indicated that it does not have the resources to re-assume the responsibility for NEPA approvals from Caltrans, and is not in a position to bring on any additional staff because of the hiring freeze that President Donald Trump has imposed on all federal agencies and departments.

AB 28 would solve this problem by re-authorizing Caltrans to consent to the jurisdiction of the federal courts with regard to NEPA lawsuits until January 1, 2020, thereby opening the door for the department to continue to participate in the NEPA Assignment Program for another three years.

Prepared By: Kurt Evans, Government Affairs Manager
Memo No. 5882

LEGISLATIVE UPDATE MATRIX

2017 State Legislative Session

March 10, 2017

2017 Regular Session Calendar

DAY	JANUARY
1	Statutes signed into law in 2016 take effect.
4	Legislature reconvenes.
10	Budget must be submitted by the Governor to the Legislature on or before this date.
20	Last day to submit bill requests to the Legislative Counsel's Office.

DAY	FEBRUARY
17	Last day for new bills to be introduced.

DAY	MARCH
	None.

DAY	APRIL
6	Spring Recess begins upon adjournment.
17	Legislature reconvenes from Spring Recess.
28	Last day for policy committees to hear and report fiscal bills introduced in their house of origin.

DAY	MAY
12	Last day for policy committees to hear and report to the floor non-fiscal bills introduced in their house of origin.
26	Last day for fiscal committees to hear and report to the floor bills introduced in their house of origin.

DAY	JUNE
2	Last day for bills to be passed out of their house of origin.
15	Budget must be passed by midnight.

DAY	JULY
14	Last day for policy committees to hear and report fiscal bills introduced in the other house.
21	Last day for policy committees to hear and report non-fiscal bills introduced in the other house. Summer Recess begins upon adjournment, provided that the Budget Bill has been enacted.

DAY	AUGUST
21	Legislature reconvenes from Summer Recess.

DAY	SEPTEMBER
1	Last day for fiscal committees to hear and report to the floor bills introduced in the other house.
8	Last day to amend bills on the Assembly and Senate floors.
15	Last day for each house to pass bills. Interim Recess begins at the end of this day's session.

DAY	OCTOBER
15	Last day for the Governor to sign or veto bills passed by the Legislature before September 15, and in his possession on or after September 15.

State Assembly Bills

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1 (Frazier) Transportation Funding	Creates the Road Maintenance and Rehabilitation Account to be funded from the following sources: (1) an increase in the gasoline excise tax of 12 cents per gallon, which would be indexed to inflation every three years; (2) a registration surcharge of \$38 per year imposed on all motor vehicles, which would be indexed to inflation every three years; (3) a registration surcharge of \$165 per year imposed on zero-emission vehicles starting with the second year of ownership, which would be indexed to inflation every three years; and (4) revenues obtained by Caltrans through the rental or sale of property, the sale of documents, and charges for other miscellaneous services provided to the public. Distributes the revenues deposited into the Road Maintenance and Rehabilitation Account in the following manner: (1) \$200 million per year would be taken off the top for allocation to local jurisdictions that have sought and gained voter approval of a local transportation special tax, or that have imposed uniform developer or other fees solely for transportation improvements; (b) \$80 million per year would be taken off the top and distributed to the Active Transportation Program; (c) for FY 2018 through FY 2021, \$30 million per year would be taken off the top to be used to fund the implementation of advance environmental mitigation plans for future transportation projects; (4) \$2 million per year would be taken off the top and distributed to the California State University to conduct transportation research, and transportation-related workforce education, training and development; (5) \$3 million would be taken off the top and distributed to the University of California for institutes of transportation studies; (6) 50 percent of the amount remaining after the aforementioned set-asides would be allocated to Caltrans for maintenance of the state highway system, and for projects programmed in the State Highway Operation and Protection Program (SHOPP); and (6) 50 percent of the amount remaining after the aforementioned set-asides would be provided to cities and counties for their local roadway systems. Provides new funding for public transit through the following sources: (1) an increase in the diesel sales tax by a rate of 3.5 percent for the State Transit Assistance Program (STA); (2) an increase in the percentage of cap-and-trade auction proceeds continuously appropriated to the Transit and Intercity Rail Capital Program from 10 percent to 20 percent; and (3) an increase in the percentage of cap-and-trade auction proceeds continuously appropriated to the Low Carbon Transit Operations Program from 5 percent to 10 percent. Increases the diesel excise tax by 20 cents per gallon, which would be indexed to inflation every three years, and deposits these revenues into the Trade Corridors Improvement Fund for goods movement projects programmed by the California Transportation Commission (CTC). Requires revenues apportioned to California from the formula-based National Highway Freight Program to be deposited into the Trade Corridors Improvement Fund. Converts the variable gas tax to a fixed rate of 17.3 cents per gallon, which would be indexed to inflation every three years. Requires the repayment of approximately \$700 million in outstanding loans owed by the General Fund to various transportation accounts over a two-year period ending June 30, 2018. Distributes these one-time revenues in the following manner: (1) 50 percent to Caltrans for maintenance of the state highway system, and for SHOPP projects; and (2) 50 percent to cities and counties for their local roadway systems. Recaptures \$500 million of the annual amount of vehicle weight fee revenues for the State Highway Account over a five-year period ending June 30, 2022.	As Introduced	Assembly Transportation Committee	Support

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 12 (Cooley) State Agency Regulations	By January 1, 2020, requires each state agency to do all of the following: (1) review all provisions of the California Code of Regulations adopted by that agency; (2) identify any regulations that are duplicative, overlapping, inconsistent, or out of date; and (3) adopt, amend or repeal regulations to reconcile or eliminate any duplication, overlap, inconsistencies, or out-of-date provisions. By January 1, 2020, requires each state agency, if applicable, to notify a department, board or other unit within that agency of any existing regulation adopted by that department, board or other unit that the agency has determined may be duplicative, overlapping or inconsistent with a regulation adopted by another department, board or other unit within that agency. Requires the department, board or other unit to notify the agency of revisions to regulations that it proposes to make to address any duplication, overlap or inconsistencies.	As Introduced	Assembly Accountability & Administrative Review Committee	
AB 17 (Holden) Transit Pass Program	Creates the Transit Pass Program to support local programs that provide free or reduced-fare public transit passes to any of the following: (1) pupils attending public middle schools or high schools that are eligible for funding under Title 1 of the federal No Child Left Behind Act of 2001; (2) students attending a California community college who qualify for a waiver of student fees pursuant to the Education Code; or (3) a student who attends a campus of the California State University or the University of California, and who receives an award under the Cal Grant Program, the federal Pell Grant Program, or both. Requires Caltrans to administer this program. Provides that the Transit Pass Program is to be funded from money made available for this purpose through appropriations by the Legislature. Requires Caltrans to develop guidelines describing the criteria that eligible transit providers shall use to make available free or reduced-fare transit passes to eligible participants. Defines “eligible transit provider” to mean a transportation agency, transportation planning agency or county transportation commission that is eligible to receive State Transit Assistance Program (STA) funding. Defines “eligible participants” to mean a public agency, including a transit operator, school district, community college district, the California State University, or the University of California. Requires Caltrans to develop performance measures and reporting requirements to evaluate the effectiveness of the Transit Pass Program, including an annual update of the number of free or reduced-fare transit passes distributed to students and whether the program is increasing transit ridership among students. Requires funds allocated to the Transit Pass Program to be expended to provide low- or no-cost transit passes to students through programs that support new or existing transit pass programs. Allows a an eligible transit provider to give priority to an application from an eligible participant with an existing, successful transit pass program, provided that the eligible participant can demonstrate that the additional funds will further reduce the cost of the transit pass or expand program eligibility. Requires each eligible transit provider to receive \$20,000 from the Transit Pass Program. After the initial \$20,000 amount is allocated, requires the remaining program funds to be distributed according to the STA formula. Requires any funds allocated during a fiscal year, but not distributed, to be added to the allocation for the following fiscal year.	As Introduced	Assembly Transportation Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 28 (Frazier) Federal Environmental Review Process	Reinstates the statutory authorization for Caltrans to participate in a federal program that allows states to assume the responsibilities of the Federal Highway Administration (FHWA) under the National Environmental Policy Act (NEPA). In addition, reinstates provisions that authorize Caltrans to consent to the jurisdiction of the federal courts with regard to the assumption of FHWA's responsibilities under NEPA and that waive the state's Eleventh Amendment protection against NEPA-related lawsuits brought in federal court. Repeals the provisions of the bill on January 1, 2020.	3/2/17	Senate Appropriations Committee	Support
AB 33 (Quirk) Fees and Rebates on New Vehicle Purchases	States the intent of the Legislature to enact a bill to reduce net emissions from greenhouse gases from transportation by imposing fees and granting rebates on sales of new automobiles and light-duty trucks.	As Introduced	Assembly Desk	
AB 65 (Patterson) High-Speed Rail Bond Debt Service	Prohibits money in the Transportation Debt Service Fund from being used to pay debt service for bonds issued pursuant to the Safe, Reliable high-Speed Passenger Train Bond Act for the 21 st Century (Proposition 1A).	As Introduced	Assembly Transportation Committee	
AB 66 (Patterson) California High-Speed Rail Authority: Reporting Requirements	Requires the business plan prepared by the California High-Speed Rail Authority to identify projected financing costs for each segment or combination of segments of the high-speed rail system for which financing is proposed by the authority. In the business plan and in other reports that High-Speed Rail Authority is required to prepare, specifies that the authority shall call out any significant changes in scope for segments of the high-speed rail system identified in the previous version of the report, and provide an explanation of adjustments in cost and schedule attributable to the changes.	As Introduced	Assembly Transportation Committee	
AB 77 (Fong) Regulations: Legislative Review	Requires the Office of Administrative Law to submit each major regulation to both the Assembly and Senate for review. Provides that a regulation shall not become effective if the Legislature enacts a statute to override it.	2/7/17	Assembly Accountability & Administrative Review Committee	
AB 87 (Ting) Autonomous Vehicles	Requires the Department of Motor Vehicles (DMV) to revoke the registration of an autonomous vehicle that is being operated on public streets or roads in violation of current state law. Authorizes a peace officer to cause the removal and seizure of an autonomous vehicle operating on public streets or roads with a registration that has been revoked by the DMV. Authorizes the DMV to impose a penalty of up to \$25,000 per day that an autonomous vehicle is operated on public streets roads in violation of current state law.	As Introduced	Assembly Transportation Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 91 (Cervantes) HOV Lanes: Riverside County	Beginning July 1, 2018, prohibits a high-occupancy vehicle (HOV) lane from being established in Riverside County, unless the lane is established as an HOV lane only during the hours of heavy commuter traffic, as determined by Caltrans. Requires any existing HOV lane in Riverside County that is not a toll lane to be modified to operate as an HOV lane under those same conditions. On or after May 1, 2019, authorizes Caltrans to reinstate 24-hour HOV lanes in Riverside County if the department determines that there is an adverse impact on safety, traffic conditions or the environment by limiting the use of HOV lanes during hours of heavy commuter traffic. Before reinstating 24-hour HOV lanes in Riverside County, requires Caltrans to notify the Assembly Transportation Committee, and the Senate Transportation & Housing Committee.	As Introduced	Assembly Transportation Committee	
AB 92 (Bonta) Public Contracts: Retention Proceeds	Extends the sunset date from January 1, 2018, to January 1, 2023, for provisions in current law that authorize the retention proceeds withheld from any payment by a public entity from the original contractor, by the original contractor from any subcontractor, and by a subcontractor from any other subcontractor to exceed 5 percent if: (1) a finding is made prior to contract bid that the project is substantially complex and requires a higher retention; and (2) this finding and the actual retention amount is included in the bid documents.	As Introduced	Assembly Accountability & Administrative Review Committee	
AB 151 (Burke) Cap-and-Trade Extension	Declares the intent of the Legislature to enact a bill to authorize the California Air Resources Board (CARB) to utilize a market-based compliance mechanism after December 31, 2020, in order to help California achieve the statewide greenhouse gas emissions limit of at least 40 percent below the 1990 level by 2030.	3/2/17	Assembly Desk	
AB 161 (Levine) CalPERS: Infrastructure Investments	Authorizes the Department of Finance to identify infrastructure projects in the state for which the department will guarantee a rate of return for an investment made in that infrastructure project by the Public Employees' Retirement System (CalPERS). Creates the Reinvesting in California Special Fund as a continuously appropriated fund. Requires money in the fund to be used to pay the rate of return on investments made in infrastructure projects. States the intent of the Legislature to identify special fund dollars to be transferred to the Reinvesting in California Special Fund.	As Introduced	Assembly Public Employees, Retirement & Social Security Committee	
AB 174 (Bigelow) California Transportation Commission: Rural County Representation	Requires at least one voting member of the California Transportation Commission (CTC) to reside in a rural county with a population of less than 100,000 people.	As Introduced	Assembly Transportation Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 179 (Cervantes) California Transportation Commission: Member Qualifications	Requires seven of the voting members of the California Transportation Commission (CTC) to have the following qualifications: (1) two members shall have worked directly with those communities in the state that are most significantly burdened by, and vulnerable to, high levels of pollution, including those communities with racially and ethnically diverse populations or with low-income populations; (2) one member shall have training and experience in sustainable transportation that includes addressing bicycle and pedestrian safety issues; (3) one member shall have training and experience in sustainable transportation that includes addressing public transit issues; (4) one member shall have training and experience in, or be an authority on, the public health effects of transportation; (5) one member shall have training and experience in, or be an authority on, climate change mitigation, including the role of transportation projects on that mitigation; and (6) one member shall have training and experience in, or be an authority on, climate change mitigation, including the role of transportation projects with regard to such mitigation. Requires the CTC to create an Environmental Justice Advisory Committee to advise the commission in its allocation and programming of transportation funding, and any other pertinent transportation policy matters. Requires this advisory committee to be comprised of at least five members. Requires each member of the advisory committee to represent a community disproportionately burdened by, and vulnerable to, high levels of pollution and other environmental justice issues, including communities with diverse racial and ethnic populations or with low-income populations. Requires the CTC to appoint only individuals nominated by environmental justice organizations and community groups to the advisory committee. Requires the CTC and the California Air Resources Board (CARB) to hold at least two joint meetings per calendar year to coordinate their implementation of transportation policies.	2/14/17	Assembly Transportation Committee	
AB 195 (Obernolte) Local Government Ballot Measures	If a ballot measure proposed by a local governing body calls for imposing a tax or raising the rate of a current tax, requires the ballot to include in the statement of the measure to be voted on the amount of money to be raised annually, and the rate and duration of the tax to be levied.	As Introduced	Assembly Elections & Redistricting Committee	
AB 278 (Steinorth) CEQA Exemption for Certain Transportation Projects	Exempts from the California Environmental Quality Act (CEQA) a project that consists of the inspection, maintenance, repair, rehabilitation, replacement, or removal of existing transportation infrastructure, including highways, roadways, bridges, tunnels, culverts, public transit systems, bikeways, paths and sidewalks serving bicycles or pedestrians, and the addition of auxiliary lanes or bikeways to existing transportation infrastructure, if the project meets all of the following conditions: (1) the project is located within an existing right-of-way; (2) any area surrounding the right-of-way that is to be altered as a result of construction activities that are necessary for the completion of the project will be restored to its condition before the project; and (3) the project does not add additional motor vehicle lanes, except auxiliary lanes.	As Introduced	Assembly Natural Resources Committee	
AB 330 (Cooley) FAST Act	Requires the fund estimate for the State Transportation Improvement Program (STIP) prepared by Caltrans and the California Transportation Commission (CTC) to identify and include federal funds derived from apportionments made to the state under the Fixing America's Surface Transportation (FAST) Act. Conforms state law related to driving under the influence of alcohol to federal law in order to allow California to be eligible to receive certain federal grant funding under the FAST Act.	As Introduced	Assembly Transportation Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 342 (Chiu) Automated Speed Enforcement: San Jose and San Francisco Five-Year Pilot Program	<p>Authorizes the city of San Jose and the city/county of San Francisco to implement a five-year pilot program utilizing an automated speed enforcement (ASE) system for speed limit enforcement on streets or portions of streets that: (1) have a speed limit of 50 miles per hour or less; and (2) have had three or more speed-related fatal, severe or other visible injury collisions occur within a one-half mile distance of each other over a five-year period based on the most recent available local or state collision data. Requires the ASE system to be activated no later than January 1, 2019, and to be operated for no longer than five years. Requires the ASE system to meet all of the following: (1) is operated in cooperation with a law enforcement agency; (2) clearly identifies the presence of the fixed or mobile ASE system by signs stating “Photo Enforced” along with the posted speed limit; (3) identifies vehicles containing a mobile ASE system with distinctive markings; (4) identifies the streets or portions of the streets that have been approved for enforcement using an ASE system and the hours of enforcement on the municipality’s Internet Web site; (5) utilizes trained peace officers or other trained designated municipal employees to oversee the operation of the ASE system and maintain control over enforcement activities; and (6) ensures that the ASE system is regularly inspected, and certifies that the system is installed and operated properly. Prior to enforcing speed limits using an ASE system, requires the city of San Jose and the city/county of San Francisco to do both of the following: (1) administer a public information campaign for at least 30 calendar days prior to the initial commencement of the use of the system; and (2) issue warning notices rather than notices of violation for the first violations detected by the ASE system during the first 90 calendars days of enforcement. Requires the governing body of the city of San Jose and the city/county of San Francisco to adopt an ASE System Use Policy to include all of the following: (1) specific purposes for the ASE system, the uses that are authorized, the rules and processes required prior to that use, and the uses that are prohibited; (2) the data or information that can be collected by the ASE system, the individuals who can access or use the collected information, and the rules and processes related to the access or use of the information; and (3) provisions for protecting data from unauthorized access, data retention, public access, third-party data sharing, training, auditing, and oversight to ensure compliance with the policy. Requires the governing body of the city of San Jose and the city/county of San Francisco to approve an ASE System Impact Report to include all of the following: (1) description of the ASE system and how it works; (2) proposed purpose of the ASE system; (3) locations where the ASE system may be deployed, and traffic data for those locations; (4) assessment of the potential impact of the ASE system on civil liberties and civil rights, and any plans to safeguard those public rights; and (5) fiscal costs associated with the ASE system. Requires the city of San Jose and the city/county of San Francisco to develop uniform guidelines that must be approved by the local law enforcement agency for both of the following: (1) the screening and issuing of notices of violations; and (2) the processing and storage of confidential information, and procedures to ensure compliance with confidentiality requirements. Specifies that a speed violation recorded by the ASE system shall be subject only to a civil penalty, the total amount of which cannot exceed \$100.</p>	As Introduced	Assembly Transportation Committee	Support
AB 344 (Melendez) Toll Evasion Violations	<p>Specifies that a person contesting a notice of a toll evasion violation or a notice of a delinquent toll evasion violation shall not be required to pay the penalty until after it is found that the person committed the violation.</p>	As Introduced	Assembly Transportation Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 351 (Melendez) Transportation Funding: Loan Repayments, Vehicle Weight Fees and Non-Article 19 Transportation Revenues	Requires loans of revenues to the General Fund from the State Highway Account, the Public Transportation Account (PTA), the Bicycle Transportation Account, the Motor Vehicle Fuel Account, the Highway Users Tax Account (HUTA), the Pedestrian Safety Account, the Transportation Investment Fund, the Traffic Congestion Relief Fund (TCRF), the Motor Vehicle Account, and the Local Airport Loan Account to be repaid by December 31, 2018, to the account or fund from which the loan was made. Specifies that this requirement applies to all loans that otherwise have a repayment date of January 1, 2019, or later. Eliminates the annual transfer of vehicle weight fee revenues from the State Highway Account to the General Fund for payment of debt service for general obligation bonds issued for transportation purposes and, instead, retains these revenues in the State Highway Account. Deletes provisions in current law relating to the reimbursement of the State Highway Account with gasoline excise tax revenues for vehicle weight fee revenues transferred to the General Fund and, instead, allows these gasoline excise tax revenues to be allocated in the following manner: (1) 44 percent to the State Transportation Improvement Program (STIP); (2) 44 to cities and counties for local streets/roads; and (3) 44 percent to the State Highway Operation and Protection Program (SHOPP). Eliminates the annual transfer of so-called Non-Article 19 revenues obtained by Caltrans through the rental or sale of property, the sale of documents, and charges for other miscellaneous services provided to the public to the General Fund, and, instead, retains these revenues in the State Highway Account for transportation purposes.	As Introduced	Assembly Transportation Committee	
AB 378 (C. Garcia) Greenhouse Gas Emissions Reductions	Authorizes the California Air Resources Board (CARB) to adopt or subsequently revise new regulations that establish a market-based compliance mechanism, applicable from January 1, 2021, to December 31, 2030, to complement direct emissions reduction measures in ensuring that statewide greenhouse gas emissions are reduced to at least 40 percent below the 1990 level by 2030. Requires CARB, in ensuring that statewide greenhouse gas emissions are reduced to at least 40 percent below the 1990 level by 2030, to adopt the most effective and equitable mix of emissions reduction measures, and to ensure that such measures collectively and individually support achieving air quality and other environmental and public health goals.	As Introduced	Assembly Natural Resources Committee	
AB 382 (Voepel) Off-Highway Vehicle Trust Fund	Deletes provisions in current law requiring \$833,000 per month to be transferred from the Off-Highway Vehicle Trust Fund to the General Fund and, instead, retains these revenues in the trust fund for off-highway motor vehicle recreation purposes.	As Introduced	Assembly Transportation Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 398 (E. Garcia) Greenhouse Gas Reduction Fund: Department of Finance Report	Requires the annual report submitted by the Department of Finance to the Legislature regarding the status of projects funded with cap-and-trade auction proceeds from the Greenhouse Gas Reduction Fund to include, at a minimum, all of the following: (1) the greenhouse gas emissions reductions attributable to each project; (2) the environmental and public health benefits, as applicable, attributable to each project; (3) actions and outcomes from those actions taken to assist residents of disadvantaged communities and other target populations with the business, employment and training opportunities offered through activities funded in whole or in part with money from the fund; (4) the geographic location, industry sector and number of employees of the business entities receiving money from the fund; (5) the number of jobs created, including wage levels, by the business entities receiving money from the fund; and (6) the amount of other public or private money leveraged with investments from the fund. Requires state agencies expending cap-and-trade auction proceeds from the Greenhouse Gas Reduction Fund to condition the acceptance of the money on the recipient providing the information necessary to meet the reporting requirements of this bill. Defines “targeted populations” to mean communities and groups of individuals experiencing high levels of unemployment or poverty.	As Introduced	Assembly Natural Resources Committee	
AB 408 (Chen) Eminent Domain: Final Offer of Compensation	Changes the standards by which courts decide whether to award litigation expenses in eminent domain actions. Provides that if a court finds, on motion of the defendant, that the offer of the plaintiff was lower than 90 percent of the compensation awarded in the proceeding, then the court would be required to include the defendant’s litigation expenses in the costs allowed. Provides that if the court finds that the offer of the plaintiff was at least 90 percent and less than 100 percent of the compensation awarded in the proceeding, then the court may include the defendant’s litigation expenses in the costs allowed.	As Introduced	Assembly Judiciary Committee	
AB 467 (Mullin) Local Transportation Authorities: Expenditure Plans	Exempts a local transportation authority from including the entire adopted expenditure plan for a retail transactions and use tax in the voter information handbook if: (1) the authority posts the plan on its Internet Web site; and (2) the sample ballot and voter information handbook sent to voters include information on viewing an electronic version of the plan on the authority’s Internet Web site and on obtaining a printed copy of the plan by calling the county election office. Requires the local transportation authority to provide sufficient copies of the plan to the county election office for mailing to each person requesting a printed copy.	As Introduced	Assembly Local Government Committee	
AB 468 (Santiago) Assaults Committed Against Public Transit Operators	Declares the intent of the Legislature to enact a bill establishing the crime of assault against a public transit operator while a transit vehicle is in motion.	As Introduced	Assembly Desk	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 515 (Frazier) State Highway System Management Plan	Requires Caltrans to prepare a State Highway System Management Plan consisting of the existing 10-year rehabilitation plan that forms the basis of the State Highway Operation and Protection Program (SHOPP), and a five-year maintenance plan addressing the maintenance needs of the state highway system. Requires the maintenance plan to include only maintenance activities that, if not performed, could result in increased SHOPP costs in the future. In addition, requires the maintenance plan to identify any existing backlog in those maintenance activities, and to recommend a strategy, specific activities and an associated funding level to reduce or prevent any backlog during the plan's five-year period. Requires the State Highway System Management Plan to do all of the following: (1) include specific milestones, as well as quantifiable accomplishments, goals, objectives, and performance measures consistent with Caltrans' Assets Management Plan; (2) contain strategies to control costs and improve the efficiency of the SHOPP; and (3) attempt to balance resources between the SHOPP and maintenance activities in order to achieve identified milestones and goals at the lowest possible long-term total cost. Requires the State Highway Management Plan to be updated every two years.	As Introduced	Assembly Transportation Committee	
AB 536 (Melendez) Counties: Federal Funding	If compliance with a state law would result in a county losing federal funding, authorizes the county to elect to not comply with that law to the extent that compliance jeopardizes its federal funding.	As Introduced	Assembly Desk	
AB 673 (Chu) Public Transit Operators: Vehicle Safety Requirements	Before placing a new bus into revenue service, requires a public transit agency to take into consideration the recommendations of, and the best practice standards developed by, the exclusive representative of the recognized organization representing the agency's operators for the purpose of protecting operators from the risk of assaults and removing blind spots. Before placing a new bus into revenue service, requires a public transit agency to ensure that the bus is equipped, at a minimum, with all of the following: (1) transparent, glare-free, accessible partition enclosures around the bus operator seating area capable of withstanding gun fire; (2) a door or window at least the same size as a passenger emergency window to the left of the bus operator seating area that allows for safe and rapid emergency egress from the vehicle; (3) a mechanism that allows for a direct connection to local law enforcement, such as a panic button; (4) low-mounted, reasonably sized, left-side mirrors, as well as reasonably sized "A" pillars, that allow the bus operator, regardless of size, to adequately view pedestrians crossing in front of the bus; and (5) an overall bus operator seating area that eliminates blind spots to the greatest extent feasible. Specifies that these standards shall be implemented only to the extent that they comply with Federal Motor Vehicle Safety Standards.	As Introduced	Assembly Transportation Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 697 (Fong) Toll Facilities: Privately Owned Emergency Ambulances	Exempts a private ambulance from any requirement to pay a toll or other charge on a vehicular crossing, toll highway or high-occupancy toll (HOT) lane, if the following conditions are met: (1) the private ambulance is properly displaying a valid California license plate, and is properly identified or marked as a private ambulance; (2) the private ambulance is being driven while responding to or returning from an urgent or emergency call, engaged in an urgent or emergency response, or engaging in a fire station coverage assignment directly related to an emergency response; and (3) the driver of the private ambulance determines that the use of the toll facility shall likely improve the availability or response and arrival time of the authorized emergency vehicle and its delivery of essential public safety services.	As Introduced	Assembly Transportation Committee	
AB 730 (Quirk) BART: Prohibition Orders	Eliminates the January 1, 2018, sunset date and makes permanent provisions in current law that authorize the Bay Area Rapid Transit District (BART) to issue a prohibition order to any person cited for committing certain acts on BART vehicles or at BART's transit facilities, under which the person would be prohibited from entering the property, facilities or vehicles of BART for a specified period of time.	As Introduced	Assembly Public Safety Committee	
AB 733 (Berman) Enhanced Infrastructure Financing Districts: Climate Change Projects	Allows an enhanced infrastructure financing district to finance projects that incentivize adapting to the impacts of climate change, including extreme weather events, sea level rise, flooding, heat waves, wildfires, and drought.	As Introduced	Assembly Local Government Committee	
AB 765 (Low) Local Initiative Measures	Requires the election for a county, municipal or special district initiative measure that qualifies for the ballot to be the next statewide election or the jurisdiction's next regular election, as applicable, unless the governing body of the county, city or special district calls a special election.	As Introduced	Assembly Elections & Redistricting Committee	
AB 943 (Santiago) Land-Use Ordinances	Provides that a proposed ordinance submitted by a city to the voters that would curb, delay or deter growth or development within that city shall be enacted only if approved by at least two-thirds of the votes cast on the ordinance at the election.	As Introduced	Assembly Local Government Committee	
AB 965 (Kiley) Caltrans: Civil Liability	In an action against Caltrans for injury, specifies that the amount of non-economic damages shall not exceed \$250,000 per individual or \$500,000 per occurrence. In an action against Caltrans for personal injury, property damage or wrongful death based upon the principles of comparative fault, specifies that the liability of the department for economic damages shall be several only and shall not be joint. Specifies that Caltrans shall be liable only for the amount of economic damages allocated to the department in direct proportion to its percentage of fault, and requires a separate judgment to be rendered against the department for that amount. Requires Caltrans to identify savings achieved through the implementation of the bill on an annual basis. From the identified savings, requires Caltrans to propose an appropriation to be included in the annual Budget Act for expenditure on highway maintenance, operation, rehabilitation, and improvement.	As Introduced	Assembly Transportation Committee	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 980 (Wood) Caltrans: Broadband	As part of each project located in a priority area, as defined, requires Caltrans to install a broadband conduit capable of supporting fiber optic communication cables.	As Introduced	Assembly Transportation Committee	
AB 1060 (Burke) LA Metro: Enhanced Infrastructure Financing District	Authorizes the Los Angeles County Metropolitan Transportation Authority (LA Metro) to establish an enhanced infrastructure financing district.	As Introduced	Assembly Desk	
AB 1103 (Obernalte) Bicyclists: Rules of the Road	After slowing to a reasonable speed and yielding the right-of-way, allows a person operating a bicycle approaching a stop sign to cautiously make a turn or proceed through the intersection without stopping, unless safety considerations require otherwise. Requires a person operating a bicycle to continuously signal an intention to turn right or left during the last 100 feet traveled before the turn, unless the person's hand is needed to control or operate the bicycle.	As Introduced	Assembly Desk	
AB 1113 (Bloom) State Transit Assistance Program	Revises and recasts the provisions in current state law governing the State Transit Assistance Program (STA). Clarifies the definition of STA-eligible transit operator for purposes of allocating STA revenue-based funds. Clarifies that only transportation planning agencies can receive direct allocations of STA population-based and revenue-based funds from the Controller's Office. Requires a transportation planning agency to allocate revenue-based funds only to STA-eligible transit operators within its jurisdiction. Requires the Controller's Office to compute and publish the revenue-based shares that each STA-eligible transit operator in the state shall receive based on an operator's qualifying revenues. Defines "qualifying revenues" to mean an STA-eligible transit operator's fare revenues, including paratransit fare revenues, and other local funds used by the operator in the delivery of public transit service. Excludes the following from the definition of "qualifying revenues": (1) state and federal operating funds; and (2) all funds used for capital expenditures or depreciation. Specifies that an STA-eligible transit operator's revenue-based share cannot exceed its total annual operating expenses. Requires the amount of revenue-based funds allocated by the Controller's Office to a transportation planning agency to be based on the ratio that the total qualifying revenues of all STA-eligible transit operators within the jurisdiction of the transportation planning agency bears to the total qualifying revenues of all STA-eligible transit operators in the state. Requires the amount of revenue-based funds allocated by a transportation planning agency to each STA-eligible transit operators within its jurisdiction to be based on the ratio that an operator's qualifying revenues bears to the total qualifying revenues of all STA-eligible transit operators within the transportation planning agency's jurisdiction.	As Introduced	Assembly Desk	Support
AB 1121 (Chiu) Bay Area Ferries	Declares the intent of the Legislature to enact a bill to authorize Bay Area voters to approve new, dedicated funding for regional ferries.	As Introduced	Assembly Desk	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1218 (Oberholte) CEQA: Bicycle Transportation Plans and Projects	Eliminates the January 1, 2018, sunset date and makes permanent the following two exemptions from the requirements of the California Environmental Quality Act (CEQA): (1) a bicycle transportation plan prepared for an urbanized area for the restriping of streets/highways, bicycle parking and storage, signal timing to improve street/highway intersection operations, and related signage for bicyclists, pedestrians and vehicles; and (2) a project that consists of restriping streets/highways for bicycle lanes in an urbanized area that is consistent with the area's bicycle transportation plan.	As Introduced	Assembly Desk	
AB 1233 (Cunningham) Office of the Transportation Inspector General	Creates the Office of the Transportation Inspector General to ensure that Caltrans, the California High-Speed Rail Authority and all other state agencies expending state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws. Requires the Office of the Transportation Inspector General to review policies, practices and procedures, and to conduct audits and investigations of activities involving state transportation funds in consultation with affected state agencies. Requires the duties and responsibilities of the Office of the Transportation Inspector General to include all of the following: (1) examining the operating practices of all state agencies expending state transportation funds to identify fraud and waste, opportunities for efficiencies, and opportunities to improve the data used to determine appropriate project resource allocations; (2) identifying best practices in the delivery of transportation projects, and developing policies or recommending proposed legislation to enable state agencies to adopt these practices; (3) providing objective analysis of, and offering solutions to, concerns raised by the public or generated within agencies involving the state's transportation infrastructure and project delivery methods; (4) conducting, supervising and coordinating audits and investigations relating to the programs and operations of all state agencies with state-funded transportation projects; (5) recommending policies promoting economy and efficiency in the administration of programs and operations of all state agencies with state-funded transportation projects; and (6) ensuring that the California State Transportation Agency and the Legislature are fully and currently informed concerning fraud, or other serious abuses or deficiencies relating to the expenditure of funds, or the administration of programs and operations. Requires the Office of the Transportation Inspector General to provide a summary of its findings, investigations and audits at least annually to the Governor and Legislature. Requires this summary to include significant problems discovered by the Office of the Transportation Inspector General, and whether its recommendations relating to its investigations and audits have been implemented by the affected agencies.	As Introduced	Assembly Desk	
AB 1282 (Mullin) Transportation Permitting Task Force	Establishes a Transportation Permitting Task Force consisting of representatives from Caltrans, the California Transportation Commission (CTC), state environmental permitting agencies, and other transportation planning entities. Requires the task force to develop a process for early engagement of all relevant parties in the development of transportation projects to reduce permit processing time, to establish reasonable deadlines for permit approvals, and to provide for greater certainty of permit approval requirements.	As Introduced	Assembly Desk	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1301 (Fong) Joint Legislative Committee on Climate Change Policies	Requires the Joint Legislative Committee on Climate Change Policies to do all of the following: (1) evaluate the actions that California, other states and foreign nations are taking to reduce greenhouse gas emissions, and quantify those reductions from those jurisdictions over the prior year; (2) evaluate the impact that California's climate policies have had on the price of gasoline, electricity and other commodities identified by the joint committee; (3) recommend to the Legislature how to prioritize the allocation of cap-and-trade auction proceeds in the Greenhouse Gas Reduction Fund in order to achieve the greatest reductions of emissions for each dollar spent; and (4) track changes in the cost effectiveness of clean technologies based on the amount of emissions avoided. Requires the California Air Resources Board (CARB) to annually report to the joint committee the greenhouse gas emissions reduction measures identified in the board's Scoping Plan that are being implemented or considered.	As Introduced	Assembly Desk	
AB 1324 (Gloria) Metropolitan Planning Organizations: Sales Taxes	Allows a metropolitan planning organization (MPO) that has sales taxing authority under current law to levy, expand, increase or extend such a tax in a portion of the MPO's area of jurisdiction, rather than in the MPO's entire area of jurisdiction, provided that the tax is approved by the required percentage of voters in that portion of the MPO's area of jurisdiction who vote on the measure. Requires the revenues derived from the tax to be used only within that portion of the MPO's area of jurisdiction.	As Introduced	Assembly Desk	
AB 1363 (Baker) Non-Article 19 Transportation Revenues	Beginning July 1, 2018, eliminates the annual transfer of so-called Non-Article 19 revenues obtained by Caltrans through the rental or sale of property, the sale of documents, and charges for other miscellaneous services provided to the public to the General Fund, and, instead, retains these revenues in the State Highway Account for transportation purposes.	As Introduced	Assembly Desk	
AB 1395 (Chu) State Highways: Graffiti	Declares the intent of the Legislature to enact a bill to create a pilot project that consists of Caltrans' Division of Maintenance working with a local jurisdiction to effectively address blight on state highway property.	As Introduced	Assembly Desk	
AB 1418 (O'Donnell) Freight Transportation Systems	Declares the intent of the Legislature to enact a bill to ensure and promote the competitiveness of California's statewide and local freight transportation systems, including job growth, in a manner that is consistent with the goals of the state's Sustainable Freight Strategy.	As Introduced	Assembly Desk	
AB 1421 (Dababneh) Intercity Passenger Rail Services: Noise and Vibration	Requires Caltrans to conduct a study to determine the noise and vibration levels associated with the operation of state-funded intercity passenger rail services that impact residential areas or schools along railroad lines where the department contracts for those services.	As Introduced	Assembly Desk	
AB 1442 (T. Allen) High-Speed Rail: Bond Funding	Declares the intent of the Legislature to enact a bill to redirect funds from the Safe, Reliable High-Speed Passenger Train Bond Act for the 21 st Century (Proposition 1A) to water projects.	As Introduced	Assembly Desk	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1489 (Brough) Architects Practice Act	Provides that a licensed architect is not responsible for damage caused by construction deviating from a permitted set of plans, specifications, reports, or documents.	As Introduced	Assembly Desk	
AB 1509 (Baker) BART: Rapid Transit Facilities	Requires the Bay Area Rapid Transit District (BART) to maintain its existing commitment of funds for the acquisition, construction or completion of rapid transit facilities. Following the approval of Measure RR at the November 8, 2016, election, prohibits BART from redirecting any existing funds dedicated for system improvements to cover operating expenses. In any fiscal year in which BART spends Measure RR revenues, requires BART to expend from other revenue sources an amount not less than the annual average of its expenditures on acquisition, construction or completion of rapid transit facilities during FY 2014, FY 2015 and FY 2016. Authorizes the Controller's Office to perform audits to ensure BART's compliance with the provisions of this bill.	As Introduced	Assembly Desk	
AB 1561 (Quirk-Silva) Land Port Infrastructure Financing Act	Allows two or more local agencies to establish an authority under the state's joint powers law for the purpose of financing land port infrastructure. Adds land port infrastructure to the list of eligible projects for which an enhanced infrastructure financing district may be established.	As Introduced	Assembly Desk	
AB 1613 (Mullin) Retail Transactions and Use Tax: SamTrans	Authorizes the San Mateo County Transit District (SamTrans) to impose a retail transactions and use tax that would exceed the 2 percent maximum combined rate for all local option transactions and use taxes that could be imposed in San Mateo County if both of the following requirements are met: (1) the tax is set at a rate of no more than 0.5 percent; and (2) the SamTrans Board of Directors adopts the ordinance approving the tax before January 1, 2021.	As Introduced	Assembly Desk	
AB 1628 (Grayson) Public Works Projects: Independent Contractors	Declares the intent of the Legislature to enact a bill to prohibit the use of independent contractors on public works projects.	As Introduced	Assembly Desk	
AB 1630 (Bloom) California Transportation Plan: Wildlife Movement	Adds wildlife movement across transportation infrastructure to the list of subject areas that the California Transportation Plan is required to consider.	As Introduced	Assembly Desk	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1640 (E. Garcia) Regional Transportation Improvement Programs	Beginning January 1, 2020, requires a regional transportation improvement program (RTIP) to allocate a minimum of 25 percent of available State Transportation Improvement Program (STIP) funds to projects or programs that provide direct, meaningful and assured benefits to: (1) low-income individuals who live in certain identified communities; or (2) riders of public transit service, of which at least 65 percent of its ridership is composed of low-income riders, that connects low-income residents to critical amenities and services. Through an inclusive and transparent public process, and in consultation with the California Air Resources Board (CARB), the Strategic Growth Council and the Department of Public Health, requires Caltrans to adopt guidelines for the allocation of RTIP funds pursuant to the provisions of this bill no later than June 30, 2018. Requires these guidelines to do all of the following: (1) define and map urban and rural low-income communities in California that are disadvantaged with respect to transportation; (2) identify communities that would benefit from the allocation requirements of the bill; and (3) specify criteria for determining whether investments in transportation projects and programs benefit low-income residents of the communities identified by the department. In identifying communities, requires Caltrans to use the following factors: (1) inadequate access to high quality public transit; (2) lack of sidewalks, crossing facilities or bicycle infrastructure; (3) low rates of automobile ownership; (4) proximity to a freeway, major arterial or goods movement corridor; (5) lack of shelters, benches or pedestrian lighting at public transit stops, employment centers, schools, medical facilities, grocery stores, and other community services; (6) risk of physical or economic displacement; and (7) health and air pollution impacts of the transportation system. Requires congestion management agencies (CMAs) and regional transportation planning agencies (RTPAs) to report to Caltrans information regarding the transportation project and program benefits provided to disadvantaged community residents. Upon appropriation by the Legislature, requires Caltrans to provide financial support to low-income residents of disadvantaged communities for all of the following purposes: (1) to assist those residents in engaging in the development of the guidelines for the allocation of RTIP funds; (2) to provide those residents with planning support and other technical assistance in identifying their priorities for local projects and programs that meet their needs by reducing their disadvantage with respect to transportation; and (3) to provide those residents with support in developing and implementing a participatory budget process.	As Introduced	Assembly Desk	
AB 1652 (Kalra) Public Transportation	Declares the intent of the Legislature to enact a bill to promote access to public transportation.	As Introduced	Assembly Desk	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
ACA 4 (Aguiar-Curry) Local Government Financing: Voter Approval	Calls for placing before the voters an amendment to the California Constitution to allow a city or county to incur indebtedness in the form of general obligation bonds, if approved by its electorate by a 55 percent majority, to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure or affordable housing, or the acquisition or lease of real property for those purposes. Creates an exception to the 1 percent limit for property tax assessments if the revenues are being used to pay bonded indebtedness, approved by a 55 percent majority vote, to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure or affordable housing, or the acquisition or lease of real property for those purposes. Allows a local government to impose, extend or increase a special tax, if approved by its electorate by a 55 percent majority, to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure or affordable housing, or the acquisition or lease of real property for those purposes. Defines “public infrastructure” to include projects that provide any of the following: (1) water or protect water quality; (2) sanitary sewer; (3) treatment of wastewater or reduction of pollution from stormwater runoff; (4) protection of property from the impacts of sea level rise; (5) parks; (6) open space and recreation facilities; (7) improvements to public transit, and streets/highways; (8) flood control; (9) broadband expansion in underserved areas; or (10) local hospital construction.	As Introduced	Assembly Desk	
ACA 9 (Oberholte) Budget Trailer Bills	Calls for placing before the voters an amendment to the California Constitution to require the annual Budget Act to be passed by the Legislature and enacted as a statute by midnight of June 15 of each year. Requires bills that provide for appropriations relating to, or that are necessary to implement, the Budget Act to be passed by the Legislature and enacted as statutes by midnight on June 30 of each year. If the Budget Act or a budget trailer bill is not enacted by the applicable deadline, prohibits the Budget Act or trailer bill from taking effect with a majority vote, thereby requiring it to be passed by a two-thirds vote of the Legislature. If the Budget Act is not enacted by the applicable deadline, prohibits an appropriation for the salary and benefits of members of the Legislature and the Governor from midnight on June 15 until the Budget Act is enacted.	As Introduced	Assembly Desk	

State Senate Bills

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1 (Beall) Transportation Funding	Creates the Road Maintenance and Rehabilitation Account to be funded from the following sources: (1) an increase in the gasoline excise tax of 12 cents per gallon, which would be phased in over three years and indexed to inflation every three years; (2) a registration surcharge of \$38 per year imposed on all motor vehicles, which would be indexed to inflation every three years; (3) a registration surcharge of \$100 per year imposed on zero-emission vehicles starting with the second year of ownership, which would be indexed to inflation every three years; and (4) revenues obtained by Caltrans through the rental or sale of property, the sale of documents, and charges for other miscellaneous services provided to the public. Distributes the revenues deposited into the Road Maintenance and Rehabilitation Account in the following manner: (1) \$200 million per year would be taken off the top for allocation to local jurisdictions that have sought and gained voter approval of a local transportation special tax, or that have imposed uniform developer or other fees solely for transportation improvements; (b) \$80 million per year would be taken off the top and distributed to the Active Transportation Program; (c) for FY 2018 through FY 2021, \$30 million per year would be taken off the top to be used to fund the implementation of advance environmental mitigation plans for future transportation projects; (4) \$2 million per year would be taken off the top and distributed to the California State University to conduct transportation research, and transportation-related workforce education, training and development; (5) 50 percent of the amount remaining after the aforementioned set-asides would be allocated to Caltrans for maintenance of the state highway system, and for projects programmed in the State Highway Operation and Protection Program (SHOPP); and (6) 50 percent of the amount remaining after the aforementioned set-asides would be provided to cities and counties for their local roadway systems. Provides new funding for public transit through the following sources: (1) an increase in the diesel sales tax by a rate of 3.5 percent for the State Transit Assistance Program (STA); (2) an increase in the diesel sales tax by a rate of 0.5 percent for commuter and intercity rail; (3) an increase in the percentage of cap-and-trade auction proceeds continuously appropriated to the Transit and Intercity Rail Capital Program from 10 percent to 20 percent; and (4) an increase in the percentage of cap-and-trade auction proceeds continuously appropriated to the Low Carbon Transit Operations Program from 5 percent to 10 percent. Increases the diesel excise tax by 20 cents per gallon, which would be indexed to inflation every three years, and deposits these revenues into the Trade Corridors Improvement Fund for goods movement projects programmed by the California Transportation Commission (CTC). Requires revenues apportioned to California from the formula-based National Highway Freight Program to be deposited into the Trade Corridors Improvement Fund. Converts the variable gas tax to a fixed rate of 17.3 cents per gallon, which would be indexed to inflation every three years. Requires the repayment of approximately \$700 million in outstanding loans owed by the General Fund to various transportation accounts over a two-year period ending December 31, 2018. Distributes these one-time revenues in the following manner: (1) 50 percent to Caltrans for maintenance of the state highway system, and for SHOPP projects; and (2) 50 percent to cities and counties for their local roadway systems. Recaptures half of the annual amount of vehicle weight fee revenues for the State Highway Account over a five-year period ending June 30, 2022.	1/26/17	Senate Governance & Finance Committee	Support

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 2 (Atkins) Building Homes and Jobs Act	<p>Enacts the Building Homes and Jobs Act. Beginning January 1, 2018, imposes a fee of \$75 to be paid at the time of recording of every real estate instrument, paper or notice required or permitted by law to be recorded per each single transaction per single parcel of real property. Specifies that this fee shall not exceed \$225. Prohibits the fee from being imposed on any real estate instrument, paper or notice recorded in connection with a transfer of real property that is a residential dwelling to an owner-occupier. Deposits the revenues derived from the fee in the Building Homes and Jobs Trust Fund for expenditure by the Department of Housing & Community Development. Upon appropriation by the Legislature, requires 20 percent of the revenues in the trust fund to be expended for affordable owner-occupied workforce housing, and 10 percent to address affordable homeownership and rental housing opportunities for agricultural workers and their families. Requires the remainder of the money in the trust fund to be expended for the following purposes: (1) the development, acquisition, rehabilitation, and preservation of rental housing that is affordable to extremely low-income, very low-income, low-income, and moderate-income households; (2) affordable rental and ownership housing that meets the needs of a growing workforce up to 120 percent of area median income; (3) matching portions of funds placed into local or regional housing trust funds; (4) matching portions of funds available through the Low and Moderate Income Housing Asset Fund; (5) capitalized reserves for services connected to the creation of new permanent supportive housing, including developments funded through the Veterans Housing and Homelessness Prevention Bond Act of 2014; (6) emergency shelters, transitional housing and rapid rehousing; (7) accessibility modifications; (8) efforts to acquire and rehabilitate foreclosed or vacant homes; (9) homeownership opportunities, including downpayment assistance; (10) grants to local and regional agencies to assist in the development and updating of planning documents and zoning ordinances in order to accelerate housing production; and (11) fiscal incentives as matching funds to local agencies that approve new housing for extremely low-income, very low-income, low-income, and moderate-income households. At the time of the Department of Finance's adjustments to the proposed FY 2019 budget, requires the Department of Housing & Community Development to submit to the Legislature an initial Building Homes and Jobs Investment Strategy. Beginning with FY 2024, and every five years thereafter, requires the department to update this investment strategy and submit it to the Legislature concurrent with the release of the Governor's proposed budget. Requires the investment strategy to do all of the following: (1) identify the statewide needs, goals, objectives, and outcomes for housing for a five-year period; (2) provide for a geographically balanced distribution of funds, including a 50 percent direct allocation to local governments; (3) emphasize investments that serve households that are at or below 60 percent of area median income; (4) encourage economic development and job creation by helping to meet the housing needs of a growing workforce up to 120 percent of area median income; (5) identify opportunities for coordination among state departments and agencies; (6) incentivize the use and coordination of non-traditional funding sources; and (7) incentivize innovative approaches that produce cost savings to local and state services by reducing the instability of housing for frequent, high-cost users of hospitals, jails, detoxification facilities, psychiatric hospitals, and emergency shelters. Requires expenditure requests in the Governor's proposed budget to be consistent with the Building Housing and Jobs Investment Strategy. Declares the intent of the Legislature to enact a bill to create a Secretary of Housing within state government to oversee all activities related to housing in California.</p>	2/22/17	Senate Governance & Finance Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 3 (Beall) Affordable Housing Bond Act of 2018	<p>Calls for submitting the Affordable Housing Bond Act of 2018 to the voters at the November 6, 2018, statewide general election, which authorizes the issuance of \$3 billion in general obligation bonds to fund various programs related to housing. If approved by the voters, requires the proceeds from the issuance of the bonds to be allocated in the following manner: (1) \$1.5 billion to construct, rehabilitate and preserve permanent and transitional rental housing for persons with incomes of up to 60 percent of the area median income; (2) \$200 million to provide assistance to cities, counties, public transit agencies, and developers for the purpose of developing or facilitating higher density uses within close proximity to transit stations that will increase public transit ridership; (3) \$300 million for infill incentive grants to assist in constructing and rehabilitating infrastructure that supports high-density affordable and mixed-income housing in locations designated as infill; (4) \$100 million for grants to qualifying cities and counties to be used for downpayment assistance to qualifying first-time homebuyers, or low-income and moderate-income buyers purchasing newly constructed homes in a Building Equity and Growth in Neighborhoods (BEGIN) project; (5) \$300 million for grants or loans for local public entities, non-profit corporations, limited liability companies, and limited partnerships for constructing or rehabilitating housing for agricultural employees and their families, or for acquiring manufactured housing as part of a program to address and remedy the impacts of current and potential displacement of farmworker families from existing labor camps, mobilehome parks or other housing; (6) \$300 million for competitive grants or loans to local housing trust funds that develop, own, lend, or invest in affordable housing to assist in creating pilot programs to demonstrate innovative, cost-saving approaches to building or preserving affordable housing; and (7) \$300 million for the CalHome Program to provide direct, forgivable loans to assist development projects involving multiple homeownership units.</p>	As Introduced	Senate Governance & Finance Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 4 (Mendoza) Goods Movement	<p>Subject to voter approval at the June 5, 2018, statewide primary election, enacts the Goods Movement and Clean Trucks Bond Act to authorize the issuance of \$600 million in state general obligation bonds for the following purposes: (1) \$200 million to the California Transportation Commission (CTC) for projects and programs eligible for funding from the Trade Corridors Improvement Fund (TCIF); (2) \$200 million to the California Air Resources Board (CARB) for projects and programs consistent with the Goods Movement Emission Reduction Program; and (3) \$200 million to CARB for projects and programs to expand the use of zero- and near-zero emission trucks in areas of the state that are designated as severe or extreme nonattainment areas for ozone and particulate matter. Requires revenues apportioned to California from the National Highway Freight Program established by the federal Fixing America's Surface Transportation (FAST) Act to be deposited into the TCIF and allocated by the CTC for projects pursuant to the statutes governing the TCIF. In prioritizing projects for TCIF funding, requires the CTC to consult the California Sustainable Freight Action Plan released in July 2016 pursuant to a gubernatorial executive order. Requires projects eligible for TCIF funding to further the state's economic, environmental and public health objectives and goals for freight policy. In evaluating the program of projects to be funded from the TCIF, requires the CTC to evaluate the total potential economic and non-economic benefits of the program of projects to California's economy, environment and public health. Requires the CTC to allocate the revenues apportioned to California from the formula-based National Highway Freight Program in the following manner: (1) \$150 million dedicated exclusively to fund improvements to California's existing or planned land ports of entry on the border with Mexico; (2) \$70 million dedicated exclusively to fund projects for the elimination, alteration or improvement of hazardous railroad-highway grade crossings; and (3) \$360 million for projects nominated by regional transportation agencies and other public entities, in consultation with Caltrans, consistent with the corridor-based programming targets contained in the TCIF Guidelines. Requires the CTC to proportionately adjust these amounts if the funding received by California from the National Highway Freight Program is less than or greater than \$580 million. Requires the CTC to amend the current TCIF Guidelines to allocate funding in a manner that: (1) addresses the state's most urgent needs; (2) balances the demands of various land ports of entry, seaports and airports; (3) provides reasonable geographic balance between the state's regions; (4) places an emphasis on projects that improve trade corridor mobility and safety, while reducing emissions of diesel particulates, greenhouse gases and other pollutants, and reducing other negative community impacts; and (5) makes a significant contribution to the state's economy. In adopting amended guidelines, and in developing and adopting the program of projects for TCIF funding, requires the CTC to do all of the following: (1) accept nominations for projects to be included in the program of projects from regional and local transportation agencies, and from Caltrans; (2) recognize the key role of the state in project identification and support integrating statewide goods movement priorities into the corridor approach; and (3) give the highest priority for funding allocations to projects jointly nominated by Caltrans and a regional or other public agency.</p>	As Introduced	Senate Transportation & Housing Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 19 (Hill) California Public Utilities Commission: Duties, Responsibilities and Governance	Among other things, makes legislative findings and declarations relative to the administration working with the California Public Utilities Commission (CPUC) to develop a reorganization plan to transfer those duties and responsibilities of the commission over transportation-related entities that would be better performed by departments within the California State Transportation Agency (CalSTA). By February 1 of each year, requires CalSTA to report to the Governor and the relevant committees of the Legislature statistical information regarding application, permit and enforcement activities undertaken by the agency in carrying out the duties and responsibilities transferred to the agency from the CPUC.	As Introduced	Senate Energy, Utilities & Communications Committee	
SB 20 (Hill) Buses: Seatbelts	Requires a passenger in a bus equipped with seatbelts to be properly restrained by a belt. Before the departure of a bus carrying passengers in a vehicle equipped with seatbelts, requires the driver to inform passengers of the requirement to wear the belt under California law and about the penalties for violating this requirement. Specifies that a violation of the seatbelt requirement is an infraction punishable by a fine of not more than \$20 for the first offense, and a fine of not more than \$50 for each subsequent offense. Specifies that the aforementioned provisions of the bill do not apply to school buses. Requires a charter bus company to ensure that a driver of a vehicle designed to carry 39 or more passengers does both of the following: (1) instructs or plays a video for all passenger regarding the safety equipment and emergency exists on the vehicle prior to the beginning of any trip; and (2) provides each passenger with written or video instructions that include, at a minimum, a demonstration of the location and operation of all exits, the requirement to wear a seatbelt, if available, and the penalties for violating the seatbelt requirement.	2/15/17	Senate Transportation & Housing Committee	
SB 21 (Hill) Law Enforcement Agencies: Surveillance Technology Policy	By July 1, 2018, requires each law enforcement agency to submit to its governing body at a properly noticed public meeting on the regular, non-consent calendar a Surveillance Use Policy pertaining to any surveillance technologies used by that agency. Requires the policy to include all of the following: (1) types of surveillance technologies used by the agency; (2) authorized purposes for using surveillance technologies; (3) types of data that can be and is collected by the surveillance technologies; (4) a description of the job title or other designation of employees and independent contractors who are authorized to use the various types of surveillance technologies or to access the data collected; (5) title of the official custodian or owner of the surveillance technologies; (6) a description of how the surveillance technologies will be monitored to ensure the security of the information and compliance with any applicable privacy laws; (7) the length of time information collected by the surveillance technologies will be retained, and a process to determine if and when to destroy the retained information; (8) purposes of, processes for and restrictions on the sale, sharing or transfer of information to other persons; and (9) how collected information can be accessed by members of the public, including criminal defendants. Prohibits a law enforcement agency from acquiring a surveillance technology unless approved by its governing body. Requires the Surveillance Use Policy to be amended if the law enforcement agency intends to acquire a new type of surveillance technology after the initial adoption of the policy.	As Introduced	Senate Public Safety Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 32 (Moorlach) Public Employees' Pension Reform	<p>Creates the Citizens' Pension Oversight Committee to serve in an advisory role to the Teachers' Retirement Board and the Board of Administration of the California Public Employees' Retirement System (CalPERS). Requires the oversight committee to annually review the actual pension costs and obligations of CalPERS and the State Teachers' Retirement System (STRS), and to report them to the public. Prohibits a public retirement board from deeming incentive pay, educational pay, premium pay, special assignment pay, or holiday pay to be pensionable compensation. Requires the Board of Administration of CalPERS to reduce the unfunded liability of CalPERS to the 1980 level to be achieved by 2030, with the goal of fully funding the system. In any year in which the unfunded actuarial liability of CalPERS is greater than zero, requires the Board of Administration to increase the employer contribution rate otherwise provided by law for the state, contracting agencies and school employers by 10 percent. By January 1, 2019, requires the Board of Administration of CalPERS to develop and submit to the Legislature for approval a hybrid retirement plan consisting of the following: (1) a defined benefit component that utilizes low-risk investments; and (2) a defined contribution component under which an employee's contributions will be matched by employer contributions up to a certain percent. Requires a member who is first employed by the state, a contracting agency or a school employer, and becomes a member of CalPERS on or after the approval of the hybrid plan by the Legislature to participate in the hybrid plan. For an individual who becomes a member of any public retirement system for the first time on or after January 1, 2018, and who was not a member of any other public retirement system prior to that date, requires the final compensation used to determine the member's retirement benefits to be the highest annual pensionable compensation earned by the member during a period of at least 60 consecutive months, or at least five consecutive school years if applicable. Prohibits a public retirement system from making a cost-of-living adjustment to any retirement benefit to, or on behalf of, a person retired under the system, or to any survivor or beneficiary of a member or person retired under the system for any year, beginning on or after January 1, 2018, in which CalPERS or STRS is not fully funded.</p>	3/2/17	Senate Rules Committee	
SB 49 (de Leon) California Environmental, Public Health and Workers Defense Act of 2017	<p>Prohibits a state or local agency from amending or revising its rules and regulations to be less stringent than the baseline federal standards for the following federal laws: (1) Clean Air Act; (2) Endangered Species Act; (3) Safe Drinking Water Act; (4) Water Pollution Control Act; and (5) any other federal law relating to environmental protection, natural resources or public health. Defines "baseline federal standards" to mean the authorizations, policies, objectives, rules, requirements, and standards contained in the aforementioned federal laws, or regulations implementing those laws in existence as of January 1, 2016, or January 1, 2017, whichever is more stringent. Prohibits a state agency from amending or revising its rules and regulations in a manner that is less stringent in its protection of workers' rights or worker safety than standards in existence as of January 1, 2016, established pursuant to the following federal laws: (1) Fair Labor Standards Act; (2) Occupational Safety and Health Act; (3) Mine Safety and Health Act; and (4) any other federal statutes relating to worker rights and protections.</p>	2/22/17	Senate Natural Resources & Water Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 50 (B. Allen) Federal Public Lands: Conveyances	Establishes a state policy to discourage conveyances that transfer ownership of federal public lands in California from the federal government. Specifies that such conveyances are void unless the State Lands Commission was provided with the right of first refusal to the conveyance, or the right to arrange for the transfer of property to another entity. Authorizes the commission to seek declaratory and injunctive relief from a court of competent jurisdiction to contest conveyances made to any entity unless the requirements of this bill are met. Requires the commission, the Wildlife Conservation Board and the Department of Fish & Wildlife to enter into a memorandum of understanding that establishes a state policy that all three agencies would undertake all feasible efforts to protect against any future unauthorized conveyances of, or any changes in, federal public land designation.	2/22/17	Senate Natural Resources & Water Committee	
SB 51 (Jackson) Professional Licenses: Environmental Sciences and Climate Change	Prohibits boards within the Department of Consumer Affairs from taking disciplinary action, including disbarment, suspension, loss of credential, registration, or other professional privilege, against a public employee, or employee of a government contractor, subcontractor or grantee in connection with actions taken by that person to: (1) report improper governmental action; or (2) communicate the results of, or information about, scientific or technical research in a scientific or public forum, or with the media. Specifies that this prohibition includes persons working in the environmental sciences and climate-change-related fields. Requires the California Environmental Protection Agency (CalEPA) to ensure that all scientific information and other data otherwise in the public domain is protected against censorship or destruction by the federal government.	2/22/17	Senate Rules Committee	
SB 80 (Wieckowski) CEQA: Notices	Requires the lead agency for a project to post notices related to compliance with the California Environmental Quality Act (CEQA) on its Internet Web site. Requires the lead agency to offer to provide such notices by email to any person requesting them. Requires a county clerk to post notices regarding an environmental impact report or a negative declaration on the county's Internet Web site. If the lead agency determines that a project falls within a class of projects that is not subject to CEQA pursuant to guidelines developed by the Office of Planning & Research (OPR), and the agency approves or determines to carry out the project, requires the agency to file a notice of determination with the county clerk of each county in which the project will be located.	2/14/17	Senate Environmental Quality Committee	
SB 145 (Hill) Autonomous Vehicles	Deletes provisions in current law requiring the Department of Motor Vehicles to notify the Legislature of the receipt of an application from a manufacturer seeking approval to operate an autonomous vehicle on public roads.	As Introduced	Senate Transportation & Housing Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 185 (Hertzberg) Vehicle Code Violations: Indigent Defendants	In any case involving an infraction under the Vehicle Code, requires the court to determine whether the defendant is indigent for purposes of establishing the amount of any associated fine, fee, assessment, or other financial penalties that the person can afford to pay. If a defendant is determined to be indigent, requires the court to reduce the base fine, penalty assessments, any state or local fees, and any civil assessments by 80 percent on all charges pending against the defendant. Requires the court to provide alternatives to immediate payment of a sentence for a Vehicle Code infraction, including a payment plan option. Requires the court to determine the amount that a defendant can afford to pay per month by using a payment calculator developed by the Judicial Council. For persons not found to be indigent, requires that the monthly payment not exceed 5 percent of the defendant's family monthly income, excluding deductions for essential living expenses. For defendants found to be indigent, requires the monthly payments to be \$0 until the person's financial circumstances change, and requires the remaining amount owed to be discharged after 48 months in the interest of justice.	As Introduced	Senate Transportation & Housing Committee	
SB 224 (Jackson) CEQA: Baseline Physical Conditions	In determining the baseline physical conditions by which a lead agency decides whether a project has a significant effect on the environment pursuant to the California Environmental Quality Act (CEQA), prohibits the lead agency from considering modifications to the environment at the project site caused by either of the following: (1) action undertaken without an environmental review for emergency repairs to public service facilities necessary to maintain service, or specific actions necessary to prevent or mitigate an emergency; or (2) action that is unpermitted or illegal at the time the action was undertaken.	As Introduced	Senate Environmental Quality Committee	
SB 251 (Cannella) Merced County: Autonomous Vehicles Pilot Project	Authorizes the County of Merced to conduct a pilot project for the testing of autonomous vehicles that do not have a driver seated in the driver's seat, and that are not equipped with a steering wheel, a brake pedal or an accelerator, provided that the testing is conducted only at the Castle Commerce Center, inclusive of public roads within the center. Prior to the start of testing of any autonomous vehicles pursuant to this bill, requires Merced County, or a private entity, or a combination of the two to do both of the following: (1) obtain an instrument of insurance, surety bond or proof of self-insurance in an amount of \$5 million; and (2) submit a detailed description of the testing program to the Department of Motor Vehicles (DMV). Requires the operator of the autonomous vehicle technology being tested to disclose to an individual participating in the pilot project what personal information, if any, concerning the individual will be collected by the autonomous vehicle. For the testing of autonomous vehicles within the Castle Commerce Center, allows the DMV to require data collection for evaluating the safety of the vehicles. Specifies that the bill does not limit the authority of the DMV to promulgate regulations governing the testing and operation of autonomous vehicles on public roads, with or without the presence of a driver inside the vehicle. Specifies that the provisions of the bill shall remain in effect only until 180 days after the operative date of any regulations promulgated by the DMV that allow for the testing of autonomous vehicles without a driver in the vehicle. Requires any testing of autonomous vehicles conducted by Merced County to conform to those regulations.	As Introduced	Senate Transportation & Housing Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 263 (Leyva) Regional Climate Assistance Centers	<p>Requires the Strategic Growth Council to establish no less than 10 regional climate assistance centers, equitably distributed across urban and rural areas of California, to build the capacity of local community organizations, municipalities and small businesses from disadvantaged communities to participate in state climate investment programs. Requires a center to do all of the following: (1) work with community-based organizations to establish a regional leadership development network to identify, train and support climate leaders from disadvantaged communities; (2) initiate and coordinate regional partnerships and collaboration to support coalition building, community engagement, private-sector engagement, and policy opportunities surrounding climate investments, multi-benefit solutions, workforce development, and anti-displacement strategies; (3) provide funding for community-based and non-profit organizations for technical assistance and planning resources to assist eligible applicants for state climate investment programs from disadvantaged communities in project and proposal development; and (4) engage philanthropic and private-sector partners to provide direct contributions and in-kind assistance for additional technical assistance to match state financial investments in disadvantaged communities. Upon appropriation by the Legislature, requires the Strategic Growth Council to allocate cap-and-trade auction proceeds from the Greenhouse Gas Reduction Fund to community-based and non-profit organizations to engage with the regional climate assistance centers and conduct outreach in disadvantaged communities. Requires the Strategic Growth Council to establish the position of climate outreach coordinator covering each designated geographic region of the state that has a center. Requires the coordinator to conduct outreach and provide direct technical assistance to target user groups for the centers in order to identify relevant state funding programs, develop eligible activities and prepare applications. Requires the Strategic Growth Council to establish a state interagency working group to develop integrated outreach information on state climate investment programs and to coordinate outreach activities with the regional centers.</p>	As Introduced	Senate Environmental Quality Committee	
SB 337 (Bates) Repatriation Infrastructure Fund	<p>Requires the Department of Finance, in consultation with the Franchise Tax Board, to estimate, on an annual basis, the amount of revenues to be received from state taxes in the next fiscal year as a consequence of the enactment of a federal corporate repatriation statute under which the foreign earnings of U.S.-based corporations that are currently invested abroad are moved to the United States. After reservation of the appropriate amounts required for K-14 education pursuant to Proposition 98 and for the Budget Stabilization Account, specifies that the remaining repatriation revenues are to be transferred to a newly created Repatriation Infrastructure Fund. Requires the revenues in this fund to be continuously appropriated to the California Transportation Commission (CTC) and allocated as follows: (1) 65 percent for trade corridor projects; (2) 30 percent to cities and counties for local streets/roads; and (3) 5 percent to the Public Transportation Account (PTA). Specifies that the provisions of the bill would become inoperative on July 1, 2025.</p>	As Introduced	Senate Governance & Finance Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 414 (Vidak) High-Speed Rail: Bond Funding	Specifies that no further bonds shall be sold for high-speed rail purposes pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21 st Century (Proposition 1A), except as specifically provided with respect to an existing appropriation for early improvement projects related to the Phase I blended system. Upon appropriation by the Legislature, requires the unspent proceeds received from outstanding bonds issued and sold for high-speed rail purposes prior to the effective date of the provisions of this bill to be redirected to retiring the debt incurred from the issuance and sale of those outstanding bonds. Allows the remaining unissued bonds, as of the effective date of the provisions of this bill, that were authorized for high-speed rail purposes to be issued and sold. Upon appropriation by the Legislature, requires the net proceeds from the sale of these remaining unissued bonds to be made available as follows: (1) 50 percent to the California Transportation Commission (CTC) for allocation to repair and new construction projects on state highways and freeways; and (2) 50 percent to the Controller's Office for apportionment to cities and counties for transportation projects or other infrastructure improvements. Makes no changes to the authorization under Proposition 1A for the issuance of \$950 million in bonds for rail purposes other than high-speed rail. Specifies that the provisions of the bill would become effective only upon approval by the voters at the June 5, 2018, statewide primary election.	As Introduced	Senate Transportation & Housing Committee	
SB 415 (Vidak) High-Speed Rail: Real Property	For real property acquired by the state on or after January 1, 2018, for high-speed rail purposes, requires the California High-Speed Rail Authority to make a good faith effort to sell or exchange such property within three years from the date of acquisition if the authority has not begun construction on the property within that period of time. For real property acquired by the state before January 1, 2018, for high-speed rail purposes, requires the California High-Speed Rail Authority to make a good faith effort to sell or exchange such property by January 1, 2021, if the authority has not begun construction on the property by then. If the California High-Speed Rail Authority leased, prior to January 1, 2018, real property acquired by the state for high-speed rail purposes, requires the authority to make a good faith effort to sell or exchange such property within three years from the date of the expiration of the lease, if the authority has not begun construction on the property within that period of time.	As Introduced	Senate Transportation & Housing Committee	
SB 450 (Hertzberg) Public Notice of Bond Issuances	Prior to authorizing a bond issuance, requires the governing body of a public entity to obtain and disclose all of the following information in a meeting open to the public: (1) the annual percentage rate of the bond, which means the cost of interest expressed as a yearly rate; (2) the finance charge of the bond, which means the sum of all charges payable by the borrower, including interest and transaction costs, expressed in dollar terms; (3) the amount financed by the bond, which means the amount of credit provided by the lender; (4) the total payment amount, which means the sum total of all payments the borrower will have made by the time the full balance has been paid, including all fees and finance charges.	As Introduced	Senate Governance & Finance Committee	
SB 584 (de Leon) California Renewables Portfolio Standard Program	Restates the goals of the California Renewables Portfolio Standard Program to achieve a target of generating 50 percent of total retail sales of electricity in the state from eligible renewable energy resources by December 31, 2025, and 100 percent by December 31, 2045.	As Introduced	Senate Rules Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 603 (Glazer) BART: Work Stoppages	Prohibits the Bay Area Rapid Transit District (BART) from entering into an agreement that would limit its ability to prepare for, or operate during, a work stoppage.	As Introduced	Senate Public Employment & Retirement Committee	
SB 604 (Glazer) BART: Prohibition of Strikes by Employees	Prohibits the employees of the Bay Area Rapid Transit District (BART) from engaging in a strike or work stoppage if the BART Board of Directors maintains all provisions of an expired contract, including compensation and benefit provisions, and an employee or union has agreed to a provision prohibiting strikes in the expired or previous written labor contract. Provides that an employee whom BART finds willfully engaged in a strike or work stoppage in violation of the provisions of this bill is subject to dismissal if that finding is sustained upon conclusion of the appropriate proceedings necessary for the imposition of a disciplinary action on the employee.	As Introduced	Senate Public Employment & Retirement Committee	
SB 614 (Hertzberg) Passenger Misconduct Violations and Fare Evasion: Administrative Fines	For those public transit agencies that adopt and enforce an ordinance to impose administrative penalties for fare evasion and certain passenger misconduct violations, requires the revenues from the administrative fines to be deposited with the transit agency that issued the citation, rather than in the general fund of the county in which the citation is administered.	As Introduced	Senate Transportation & Housing Committee	Support
SB 711 (Hill) Local-State Sustainable Investment Incentive Program	Until January 1, 2025, establishes the Local-State Sustainable Investment Incentive Program to be administered by the Strategic Growth Council. Specifies that the goals of the program are to: (1) maximize opportunities to expand the availability of affordable housing; (2) encourage active transportation; (3) support greater infill and compact development; (4) reduce greenhouse gas emissions and vehicle miles traveled; and (5) assist local entities in planning sustainable communities. Allows cities, counties, enhance infrastructure financing districts, and community revitalization and investment authorities to file an application with the Strategic Growth Council to participate in the program. Requires the Strategic Growth Council to adopt policies and procedures for the receipt and evaluation of applications submitted by cities, counties, enhance infrastructure financing districts, and community revitalization and investment authorities. Requires the Strategic Growth Council to establish annual priorities for the Local-State Sustainable Investment Incentive Program, and allows the council to approve in the aggregate no more than \$10 million per year in annual Educational Revenue Augmentation Fund (ERAF) reductions for projects funded through the program. Specifies that the Strategic Growth Council shall not approve an application unless the council determines that the reduction in ERAF contributions is necessary to make the proposed project financially feasible, and that the project would significantly advance important greenhouse gas emissions reduction, affordable housing and other policy benefits. Specifies that the following are eligible for the program: (1) public infrastructure necessary for the development of a transit priority project; (2) a project that provides facilities or services within a disadvantaged community; (3) an infrastructure project that implements the state's priorities, as determined by the Strategic Growth Council; or (4) a project that provides affordable housing.	As Introduced	Senate Rules Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 732 (Stern) Repayment of Transportation Loans	Requires the repayment of approximately \$700 million in outstanding loans owed by the General Fund to the State Highway Account, the Motor Vehicle Fuel Account, the Highway Users Tax Account (HUTA), and the Motor Vehicle Account over a two-year period. Requires one half of the outstanding balance to be repaid by December 31, 2018, and the remainder by December 31, 2019. Requires the loans to be repaid from the Budget Stabilization Account. Requires the one-time revenues from the loan repayments to be allocated in the following manner: (1) 50 percent to Caltrans for state highway maintenance, and State Highway Operation and Protection Program (SHOPP) projects; and (2) 50 percent to cities/counties for local streets/roads.	As Introduced	Senate Rules Committee	
SB 760 (Wiener) Active Transportation and Complete Streets	Establishes a Division of Active Transportation within Caltrans to be responsible for: (1) developing projects and programs that increase bicycle and pedestrian safety and trips statewide; and (2) reviewing all state highway capital improvement projects for inclusion of bicycle and pedestrian facilities, where feasible. Requires the California State Transportation Agency to assign an undersecretary to give attention to active transportation matters to guide progress toward meeting Caltrans' active transportation goals and objectives. Requires the California Transportation Commission (CTC) to give high priority to increasing safety for bicyclists and pedestrians, and implementing bicycle and pedestrian facilities. By January 1, 2018, requires Caltrans to update its Highway Design Manual to incorporate the complete streets design concept. Requires the Assets Management Plan currently prepared by Caltrans to prescribe a process for community input and complete streets implementation to prioritize safety and accessibility for bicyclists, pedestrians and public transit users on all State Highway Operation and Protection Program (SHOPP) projects, where applicable. In connection with the Assets Management Plan, requires the CTC to adopt performance measures that include: (1) conditions of bicycle and pedestrian facilities; (2) accessibility and safety for bicyclists, pedestrians and public transit users; and (3) vehicle miles traveled on the state highway system. Adds capital improvements related to accessibility for bicyclists, pedestrians and public transit users of state highways and bridges to the list of projects that are eligible for SHOPP funding. Requires Caltrans to specify the cost of bicycle and pedestrian facilities for each project programmed in the SHOPP. When undertaking any capital improvement project on a state highway or a local street crossing a state highway that is funded through the SHOPP, requires Caltrans, by January 1, 2020, to include new bicycle and pedestrian facilities or improvements to existing facilities as part of the project, consistent with specified requirements. Requires Caltrans to establish a project development team for each SHOPP project, which shall include representatives from the local transportation agency, the local bicycle and pedestrian advisory committee, community-based organizations, residents of low-income disadvantaged communities, and other local stakeholders impacted by the project. Requires the project development team to provide input to Caltrans on identifying bicycle and pedestrian facility and public transit access needs related to the project. Requires Caltrans to use 3 percent of SHOPP funds from the Road Maintenance and Rehabilitation Account, if that account is created through legislation, for bicycle and pedestrian facilities. Makes accessibility improvements for all users of the transportation system that improve the efficiency of moving people within existing roadways, reduce vehicle miles traveled and promote public health the highest priority for State Highway Account funding. Requires safety improvements funded from the State Highway Account to prioritize reducing fatalities and severe injuries for vulnerable road users, and prohibits these projects from increasing vehicle miles traveled.	As Introduced	Senate Rules Committee	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SCA 2 (Newman) Motor Vehicle Fees and Taxes: Restrictions on Expenditures	Calls for placing before the voters an amendment to the California Constitution to prohibit the Legislature from borrowing revenues derived from fees and taxes imposed by the state on motor vehicles or their use or operations, and from using these revenues other than for state highways, local streets and roads, and fixed guideway mass transit as specified in Article 19 of the Constitution. In addition, prohibits these revenues from being pledged or used for the payment of principal and interest on general obligation bonds issued by the state, except in the case of vehicle weight fee revenues. Allows vehicle weight fee revenues to be pledged or used for the payment of principal and interest on general obligation transportation bonds approved prior to January 1, 2017. Authorizes the use of fuel tax and vehicle fee revenues attributable to tax and fee rate increases enacted on or after January 1, 2017, to pay principal and interest on debt service for revenue bonds issued for expenditure consistent with Article 19. Requires all revenues attributable to a future increase by the state in the diesel sales tax rate above the rate in effect on January 1, 2017, to be deposited into the Public Transportation Account (PTA) and used exclusively for mass transportation purposes. Prohibits the Legislature from taking any action that would temporarily or permanently divert or appropriate PTA revenues for non-mass transportation purposes; or that would delay, defer, suspend, or otherwise interrupt the quarterly deposit of these revenues into the PTA. Prohibits PTA revenues from being pledged or used for the payment of principal and interest on general obligation bonds issued by the state.	As Introduced	Senate Transportation & Housing Committee	
SCA 6 (Wiener) Local Transportation Special Taxes	Calls for placing before the voters an amendment to the California Constitution to allow a local government to impose, extend or increase a special tax in order to provide funding for transportation purposes, if approved by a 55 percent majority vote. Specifies that a tax provides funding for transportation purposes if 100 percent of the net revenues from the tax, after collection and administrative expenses, is dedicated to transportation programs and projects.	As Introduced	Senate Governance & Finance Committee	Support
SCA 10 (Moorlach) Public Employee Retirement Benefits	Calls for placing before the voters an amendment to the California Constitution to prohibit a government employer from providing its employees any retirement benefit increase until that increase is approved by a two-thirds vote of the electorate within the employer's jurisdiction and that vote is certified. Defines "retirement benefit" to mean any post-employment benefit, including a benefit provided through a defined benefit pension plan, defined contribution plan, retiree health care plan, or any form of deferred compensation offered by a government employer. Defines "benefit increase" to mean any change that increases the value of an employee's retirement benefit, including increasing a benefit formula or the rate of cost-of-living adjustments, expanding the categories of pay included in pension calculations, reducing a vesting period, lowering the eligible retirement age, or otherwise providing a new economic advantage for the employee.	As Introduced	Senate Rules Committee	



Date: March 10, 2017
 Current Meeting: March 16, 2017
 Board Meeting: April 6, 2017

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Nuria I. Fernandez

FROM: Chief Financial Officer, Raj Srinath

SUBJECT: Selection of a Developer for Tamien Joint Development Negotiations

Policy-Related Action: No

Government Code Section 84308 Applies: Yes

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to enter into an Exclusive Negotiations Agreement (ENA) with Republic Tamien LLC (a Joint Venture of Republic Urban Properties and The Core Companies) for negotiation of the proposed terms and conditions of a Joint Development Agreement for a Joint Development project at the Tamien Station. If agreement cannot be reached with Republic Tamien LLC during the ENA term, authorize the General Manager to enter into an ENA with ROEM Development Corporation.

BACKGROUND:

The Board of Directors adopted VTA's current Joint Development Policy in 2009, and it subsequently approved 23 locations as sites in the Joint Development portfolio, including the Tamien Station. Joint Development is mixed-use, mixed-income Transit Oriented Development pursuant to Federal Transit Administration Joint Development Circular requirements.

The three Joint Development program goals listed by priority in the Policy can be summarized as: (1) generate a long-term stable source of revenues for VTA; (2) create high-quality transit-oriented development that achieves highest and best use and provides affordable housing; and (3) create development that generates ridership growth and/or enhances VTA assets. Amendments by the Board of Directors to the Joint Development Policy in 2016 established a comprehensive affordable housing policy, with a goal for 35% of all residential units to be affordable when the portfolio is built out, and a minimum requirement for each project to provide at least 20% affordable units. It also established a goal for community workforce opportunities in projects.

In 2016, VTA completed a two-year effort when the San Jose City Council rezoned the approximately seven acre Tamien Station Joint Development site to allow up to 440 dwelling units, with up to 3,000 square feet of commercial space. The approval also included a City goal to increase the commercial space to up to 10,000 square feet in order to allow a new childcare center (the existing Bright Horizons childcare center at the Tamien Station will move to a new location in the area). VTA sold an additional 3.5 acres of land at Tamien Station to the City of San Jose for creation of a long-desired neighborhood park and construction has already commenced. Through a separate action, VTA completed environmental clearance for a replacement parking structure that will replace all of the existing parking spaces in the Tamien Park and Ride lot that will be the site of the Joint Development project.

On September 27, 2016, pursuant to the process set forth in the Joint Development Policy and Board authorization, VTA's Real Estate & Joint Development Department initiated a Request for Proposals (RFP) selection process for the Tamien Station. The RFP document required interested developers to submit a detailed development proposal that describes how they would design, finance, build, and manage the Joint Development project pursuant to a long-term ground lease from VTA. The RFP was distributed to an extensive list of national, regional, and local developers experienced in mixed-use development, including affordable housing developers. VTA staff conducted two pre-proposal meetings to allow interested developers to discuss the project with VTA staff and each other. VTA staff responded to a number of written questions from interested parties. Prior to issuance of the RFP, VTA conducted a Tamien community meeting to provide residents with an update on the Joint Development project, the upcoming RFP, and VTA's plans for working with the community once a developer is selected for an ENA.

DISCUSSION:

VTA received two proposals by the deadline of January 20, 2017: one from Republic Tamien LLC, a Joint Venture of Republic Urban Properties and The Core Companies (Republic Tamien); and the other from ROEM Development Corporation (ROEM). Both proposals call for development of 440 residential units and 3,000 square feet of commercial space pursuant to the recent City rezoning of the site. Attachment A to this memorandum summarizes the key considerations for each proposal. Attachment B presents more details from each proposal.

The proposals were evaluated by VTA-retained experts in architecture, parking, engineering and development economics. An evaluation panel consisting of VTA staff from Real Estate & Joint Development, Planning and Program Development, and the General Counsel's office, along with a Tamien Station area community member, was convened to review the technical evaluation, assess the proposals, and conduct interviews.

VTA staff spoke with numerous developers during the RFP offering who expressed strong interest in VTA Joint Development projects. At the same time, many of these developers indicated that they could not submit a proposal for the Tamien site because of the challenge to formulate a feasible development project. The feasibility challenge is due to the RFP requirement that developers finance and build the parking structure before they start the residential development, with no VTA funds available for the replacement parking structure. Other cited factors include: (i) Tamien Station is not in an established market for multi-family residential

development; (ii) the late stage of the current economic cycle; and (iii) challenges presented by ongoing construction cost inflation in the Silicon Valley market.

The evaluation panel assessed the proposals based on the criteria set forth in the RFP: (a) the quality of the development proposal, including the affordable housing commitment; (b) the proposed financial offer and other proposed terms and conditions, including benefits such as community workforce opportunities; (c) the proposed development team's experience (including a reference check); and (d) the financial capacity and financial strength of the proposed development team. The panel's mandate was to reach a consensus on the proposal that overall best accomplishes all of the goals and objectives identified in the RFP.

The panel determined that both the Republic Tamien and ROEM proposals have the potential for successful negotiation of a Joint Development Agreement that accomplishes Joint Development Policy goals. The panel's consensus finding, as set forth in Attachment C to this memorandum, is that the Republic Tamien proposal is overall superior for the following reasons:

- Greater Proceeds to VTA. The Republic Tamien proposal is projected to generate for VTA over the term of the ground lease \$49.7 million in cash payments (current dollars), versus \$25.5 million from the ROEM proposal (a comparison for Net Present Value is¹ \$8.5 million from Republic Tamien and \$5 million from ROEM).
- Higher Quality Residential Development. The Republic Tamien proposal calls for construction of podium buildings for both affordable and market-rate residential. Podium construction results in a courtyard and residential construction on a podium above parking. By comparison, the ROEM proposal calls for a podium building for the affordable units, however it uses wrap buildings for the market-rate units. Wrap buildings involve residential units built around an interior parking structure, and does not create as desirable residential units, which could affect long-term rental revenue growth and VTA's share of proceeds.
- Less Risk for Replacement Parking Structure Development. The Republic Tamien proposal calls for a parking structure with an estimated cost of \$23 million, and a design with the potential for adaptive reuse to another use if future parking demand decreases. This estimate is consistent with the projected cost anticipated by VTA's parking engineer. The ROEM proposal provides an allowance of \$13 million for the replacement parking structure, with VTA responsible for any cost overruns (this figure is based on shifting the first 20 years of ground rent payments to the parking structure budget). ROEM's estimated cost is approximately two-thirds of the cost typically incurred by developers for parking structures, and while ROEM makes an argument for how its vertically integrated design-build approach can significantly lower costs, the low cost and lack of ROEM's commitment to build the structure irrespective of actual cost results in a substantial risk to VTA.
- Meets Affordable Housing Requirement. The Republic Core proposal calls for 20 percent of the residential units to be affordable units meeting the RFP's minimum requirement. By

¹ Net Present Value (NPV) discounts cash flow over a period of time to a single figure in today's dollars. This calculation accounts for the time value of money (i.e. \$1 today is worth more than \$1 in the future). A discount factor of 5% was used for this calculation.

comparison, ROEM proposes a higher level of affordable housing at 30 percent of residential units and ROEM's proposal is superior in this regard. The community member who served on the evaluation panel concurred while emphasizing the importance of VTA maximizing affordable housing production at Tamien station.

The evaluation panel made recommendations for how the Republic Tamien proposal could be improved that could serve as a basis for VTA's negotiation objectives during the ENA period. For the Republic Tamien proposal the negotiation objectives would include but are not limited to: (a) move construction of affordable housing to the first phase of residential development; (b) consider enhancing the provision of affordable housing as well as deeper affordability pursuant to the Joint Development Policy goal; and (c) revise and condense the phasing of development to reduce community impacts and shorten the overall project timeline.

The evaluation panel recommendations for to improve the ROEM proposal, if and when VTA would enter into an ENA, include: (a) increase ground lease revenues so there is an initial payment starting upon completion of the first phase of construction, and the ground rent for the market-rate portion of the project is reset to fair market value at the earliest feasible date; (b) provide a guarantee for completion of the replacement parking structure that shifts completion and financial risk solely onto ROEM in the event of cost overruns; and (c) an enhanced commitment to recruitment of a childcare operator for the childcare space.

Following the Board's approval of a developer for an ENA, VTA Real Estate & Joint Development staff, assisted by its consultant team, will commence negotiations with the selected developer on the terms and conditions of a Joint Development Agreement and a long-term ground lease. The Joint Development Agreement will set forth contractual terms and conditions to be met by both parties, including contingencies for design and entitlement approvals, permit requirements, financing commitments, and other conditions that would need to be satisfied before VTA executes a ground lease agreement. VTA staff will submit the proposed Joint Development Agreement to the Board of Directors for review and approval once negotiations have been completed, and request authorization for the General Manager to sign the Agreement.

ALTERNATIVES:

The Board of Directors could select the other submitted development proposal. It could provide additional guidance for negotiations on either proposal. Alternatively, it could reject both proposals and direct staff to commence a new RFP offering, reevaluate plans for Joint Development at the Tamien station, or provide direction for other actions.

FISCAL IMPACT:

Exclusive negotiations will require use of VTA consultants to assist with review of ongoing developer submittals and negotiations. To the extent possible, VTA staff will seek to have the selected developer reimburse these expenses (proposals included a \$25,000 check as initial payment towards these expenses). Any other VTA project-related expense will be paid from the Joint Development Fund. Successful completion of a Joint Development project would result in VTA receiving a new parking structure worth as much as \$20 million+ and associated future parking revenues, as well as ongoing ground lease payments during the ground lease term.

Prepared by: Ron Golem
Memo No. 5993

ATTACHMENTS:

- Attach A - Proposal Comparison - JD Policy Goals (PDF)
- Attach B1 - Republic Tamien Proposal Summary (PDF)
- Attach B2 - ROEM Proposal Summary (PDF)
- Attach C - Evaluation Panel Report 3-8-17 (PDF)

Attachment A

Proposal Comparison: Joint Development Policy Goals

	REPUBLIC TAMIEN	ROEM
LEASE TERM	65 years + two 10-year extensions (85 years total)	50 years + two 25-year extensions (100 years total)
MARKET-RATE UNITS	352	308
AFFORDABLE UNITS	88 (20%)	132 (30%)
EST. GARAGE COST	\$23 million	\$13 million
CHILD CARE	Committed to providing child care on site	Will build child care space and market to child care providers

JOINT DEVELOPMENT POLICY GOALS	REPUBLIC TAMIEN	ROEM
GENERATES A LONG-TERM STABLE REVENUE SOURCE (50 YEAR ANALYSIS)	PROS: <ul style="list-style-type: none"> Total Revenue: \$49.7 million Net Present Value: \$8.5 million 	PROS: <ul style="list-style-type: none"> Total Revenue: \$25.5 million Net Present Value: \$5 million
	CONS/RISKS: <ul style="list-style-type: none"> Rent commencement at project milestone versus fixed date 	CONS/RISKS: <ul style="list-style-type: none"> Potential replacement parking garage cost overruns could impact revenue
HIGH QUALITY TRANSIT-ORIENTED DEVELOPMENT WITH AFFORDABLE HOUSING	PROS: <ul style="list-style-type: none"> Meets affordable housing policy minimum (20%) High quality podium-style buildings 	PROS: <ul style="list-style-type: none"> 30% affordable housing Shorter overall construction timeline
	CONS: <ul style="list-style-type: none"> Longer overall construction timeline 	CONS: <ul style="list-style-type: none"> Wrap-style market-rate building
ENHANCES RIDERSHIP GROWTH AND/OR VTA ASSETS	PROS: <ul style="list-style-type: none"> Shorter lease term Convertible parking structure design allows adaptive reuse Transportation demand management program 	PROS: <ul style="list-style-type: none"> Entire replacement parking structure to be completed in Phase 1
	CONS: <ul style="list-style-type: none"> Combined resident and rider station access 	CONS: <ul style="list-style-type: none"> Longer lease term

Attachment B: Republic Tamien Proposal Summary

Terms:

Item	Proposal
Units	352 market-rate, 88 affordable (20%)
Lease Term	Initial term of 65 years and two 10-year extensions (85 years total)
Lease Payment	\$100,000 per year (+inflation) starting after completion of the first building; Rent adjusted to market after ~30 years
Estimated Cost of Garage	\$23 million
Phasing	Phase I: Market Rate Apartments & 285-Stall Parking Garage Phase II: Market-Rate Apartments, Affordable Housing, Child Care Center, & 285-Stall Parking Garage
Risks	Possible delay of affordable housing and rent commencement until second phase
Total Revenue (50 Years)	\$49,693,277
Net Present Value* (50 years)	\$8,535,945

***Net Present Value: The present value of future cash inflows. Calculation assumes a 5% discount rate.**

Benefits:

- Self-sufficient childcare facility partnership with Bright Horizons, including a possible family subsidy program
- Convertible parking structure design allows adaptive reuse
- Transportation demand management concepts including rideshare as a first/last mile service to residents (e.g. Lyft partnership)
- Experience working with local contractors and community workforce agreements
- LEED Silver

Project	Proposed Quantity
Market Rate Units	352
Affordable Units	88
Replacement Parking Spaces	566

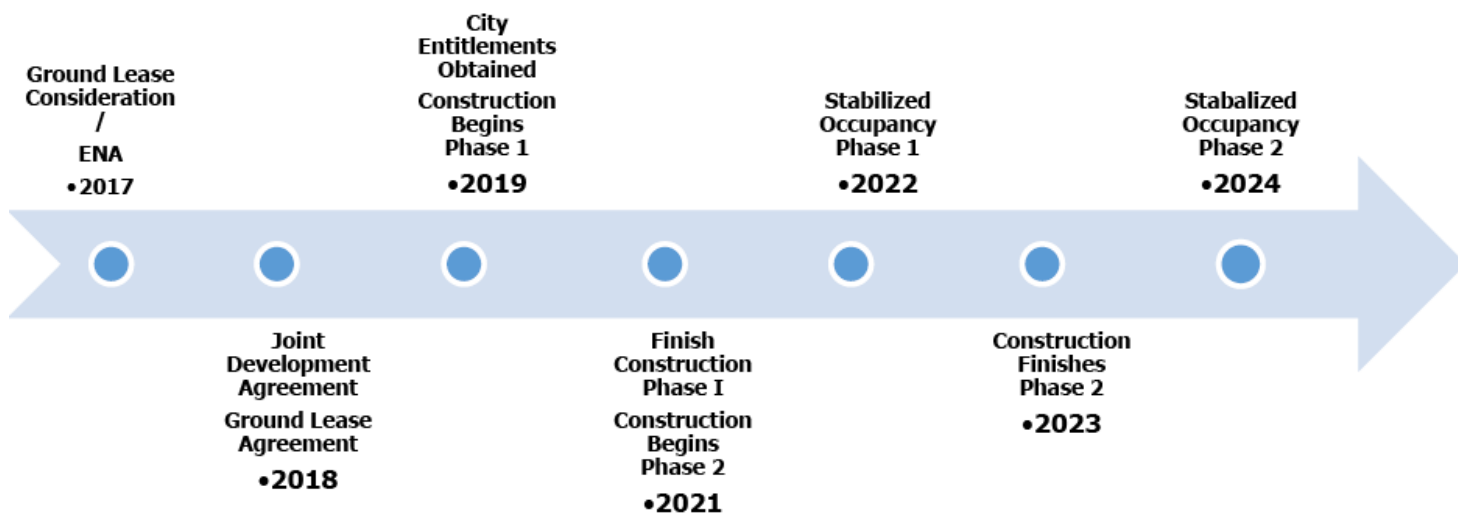
Affordability Range	Proposed Units	Percentage
Extremely Low Income (<30% AMI)	11	13%
Very Low Income (30-50% AMI)	54	61%
Low Income (50-80% AMI)	23	26%
Moderate Income (80-120% AMI)	0	
TOTAL	88	

*AMI = Area Median Income

Project Rendering and Site Plan:



Proposed Schedule:



Attachment B: ROEM Proposal Summary

Terms:

Item	Proposal
Units	308 market-rate, 132 affordable (30%)
Lease Term	Initial term of 50 years and two 25-year extension (100 years total)
Lease Payment	\$750,000 per year starting in year 21; 5% increase every 5 years thereafter
Estimated Cost of Garage	\$13 million
Phasing	Phase I: Parking Structure Phase II: Affordable apartments Phase III: Market Rate Apartments
Risks	Estimated garage construction cost of \$13 million is 65% of industry standard; Cost overruns would impact ground lease payments
Total Revenue (50 years)	\$25,507,173
Net Present Value* (50 years)	\$5,000,387

***Net Present Value: The present value of future cash inflows. Calculation assumes a 5% discount rate.**

Benefits:

- 30% affordable housing achieves all of City of San Jose's desired affordability levels
- Preference for local subcontractors during construction and operation and maintenance
- Established apprenticeship program: 1 hour of apprentice work for every 5 hours of journeyman work; training contributions
- Childcare facility provided if subsidized by City
- LEED Silver

Project	Proposed Quantity
Market Rate Units	308
Affordable Units	132
Replacement Parking Spaces	566

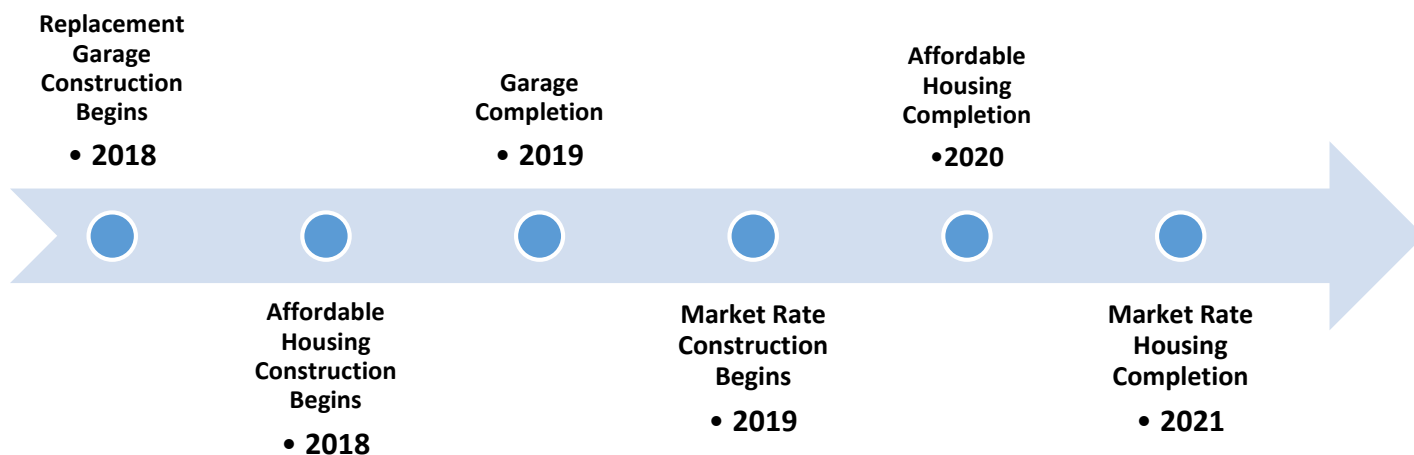
Affordability Range	Proposed Units	Percentage
Extremely Low Income (<30% AMI)	8	6%
Very Low Income (30-50% AMI)	95	72%
Low Income (50-80% AMI)	17	13%
Moderate Income (80-120% AMI)	11	8%
	1 Manager Unit	
TOTAL	132	

*AMI = Area Median Income

Project Rendering and Site Plan:



Proposed Schedule:



Attachment C: Evaluation Panel Report

Republic Tamien, LLC, a joint-venture company between Republic Urban Properties and The Core Companies ("Republic Tamien"):

A. Quality of Development Proposal

VTA seeks development proposals that describe high-quality Transit-Oriented Development ("TOD") that represents best practices, supports TOD on other adjacent and nearby sites, and maximizes benefits for both VTA and the community.

The Republic Tamien proposal includes 20% affordable housing (88 units total) with 74% of those units below 50% Average Medium Income ("AMI"). The proposal meets VTA's Affordable Housing Policy goals, but did not include City of San Jose desired affordable units at moderate income levels (80% - 120% AMI). The community member participant on the panel strongly advocated for additional affordable units at deeper affordability levels. Three-bedroom units represent 25% of the affordable units in this proposal.

Phase 1 consists of one market rate building and half of the replacement parking stalls (1/2 remains at grade). Phase 2 includes the additional market rate building, the affordable housing building, child care center, and the remaining replacement parking stalls. This longer development timeline would impact the neighborhood for a longer period of time as well as delay affordable housing to the second phase. Review panelists expressed interest in advancing affordable housing to the first phase. The current timeline projects completion by 2023.

The proposal features a podium-style development (parking underneath a podium structure, with courtyards and residential above) for both affordable and market rate units, which the panels believes will result in a high quality design and resident experience.

Republic Tamien included a vision for adaptive reuse of the garage structure for commercial purposes allowing flexibility in the event of parking demand changes over time.

The proposed architectural design is conceptual in various aspects and is not as detailed as the other proposal. Future negotiations will need to ensure the quality and creativity shown in the submittal will continue and be enhanced as design work progresses.

The proposal included circulation complementary to transit operations by maintaining kiss-and-ride and other access amenities on the residential portion of land.

B. Offer/Terms to VTA

VTA seeks financial proposals that maximize VTA's long-term financial return. VTA also seeks to maximize public benefits, including, but not limited to, more below-market rate units, a larger number of below-market rate family size apartments, and a quantifiable increase in community workforce opportunities.

Over 50 years, Republic Tamien's proposal returns \$49.7 million in total consideration with a net present value of \$8.5 million¹. Although the proposal indicated that there would be a delay in rent until completion of the second market rate building, the team offered to advance that payment to completion of the first building during the interview.

The team incorporated a childcare solution that indicated their understanding of the needs and willingness to attract a provider. The team met with Bright Horizons (childcare on site) to discuss the feasibility of preserving them as a tenant and have committed to maintaining childcare use on site.

The proposal included information on their existing partnership with Lyft to provide first/last mile rides at other transit-oriented development locations and committed to offer similar benefits to Tamien residents. The proposal also mentioned additional transportation demand management concepts and partnerships with bike and pedestrian planners.

The team committed to LEED Silver certification and utilization of apprentice labor.

C. Development Team Experience

VTA seeks a Developer who has demonstrated experience with the successful development and operation of one or more projects similar to what is envisioned for Tamien Station, including the ability to successfully work with public agencies and diverse communities. VTA seeks demonstrated experience on the development team in the successful completion of multiple affordable housing development projects that utilize Low Income Housing Tax Credits (LIHTC).

Republic Tamien brings together two development companies that have extensive experience in both market rate and affordable housing within the San Jose area. The two groups have successfully worked together with other transit agencies, such as BART, on similar TOD projects. Having multiple development partners could provide VTA greater security in the instance of defaults.

The Republic principal did not attend the interview, though Core's principal attended and led the team's presentation. The team has not yet identified a project manager or day-to-day point of contact for the project.

Prior to submitting their proposal, the team contacted residents within the neighborhood to begin public outreach efforts. The proposal detailed a robust outreach plan including use of

¹ Net Present Value (NPV) discounts cash flow over a period of time to a single figure in today's dollars. This calculation accounts for the time value of money (i.e. \$1 today is worth more than \$1 in the future). A discount factor of 5% was used for this calculation.

a public relations consultant. The team has a strong understanding of the community needs due to recent development experience within the neighborhood.

References highlighted this partnerships' ability to handle complex projects. They expressed flexibility and desire to work with the VTA to accomplish competing goals.

D. Financial Capacity and Strength of the Development Team and Applicants

VTA seeks a developer who has the capability to obtain financing for the proposed project, as demonstrated by its previous history of completed projects, as well as current financing activities for pending projects.

Core provided strong company level financials while Republic provided personal financials for the Chairman of the Board who has provided personal guarantees for lenders and completion of projects. The project team had third-party verifications of sufficient bonding capacity for a project of this size. The team demonstrated success in obtaining project financing for both market rate and affordable housing projects.

ROEM Development Corporation ("ROEM"):

A. Quality of Development Proposal

VTA seeks development proposals that describe high-quality Transit-Oriented Development ("TOD") that represents best practices, supports TOD on other adjacent and nearby sites, and maximizes benefits for both VTA and the community.

The ROEM proposal includes 30% affordable housing (132 units total) with 79% of those units below 50% AMI. They provided affordable housing at all of the City of San Jose's required income levels. They proposed a greater number of affordable units, and have committed to providing 25% of affordable housing as 3-bedroom units.

Phase 1 consists of the replacement parking structure followed by the affordable housing building in Phase 2. Phase 3 includes the market rate apartments. The community member from the panel preferred this timeline and phasing plan over the other respondent team, however other members on the panel expressed concern regarding potential market feasibility issues that might result from this proposal's lack of phasing. The current timeline projects completion by 2021.

The proposal features a wrap-style development (above-ground parking surrounded by residential units) for market rate units and a podium-style development for the affordable units. The panel commented that a wrap style project is inferior quality (for marketplace quality and resident experience) to a podium style project.

The team provided a comprehensive architectural package inclusive of public art and creating a destination experience for the station.

The site plan included separated transit traffic access, however there was concern over the feasibility of the area committed to kiss and ride drop off areas.

B. Offer/Terms to VTA

VTA seeks financial proposals that maximize VTA's long-term financial return. VTA also seeks to maximize public benefits, including, but not limited to, more below-market rate units, a larger number of below-market rate family size apartments, and a quantifiable increase in community workforce opportunities.

Over 50 years, the ROEM proposal returns \$25.5 million in total consideration with a net present value of \$5 million. Rental payments would begin at year 21 as the team considers construction of the parking structure to function as rental payments for the first twenty years.

The expert consultants and the majority of the review panel were concerned with the estimated cost presented by the team for the replacement parking structure. The total cost may be underestimated by up to 40%. This cost shortage shifts the risk of cost overruns on the structure to VTA.

The proposal included a plan to build childcare space that would be marketed by ROEM to childcare providers. The space could be converted to other commercial uses in the event the marketing efforts to attract a childcare tenant is not successful.

The proposal incorporated a robust apprentice program including specifying a minimum of one hour of apprentice work for every five hours of work performed at the journeyman level as well as providing training contributions.

The team committed to LEED Silver certification.

C. Development Team Experience

VTA seeks a Developer who has demonstrated experience with the successful development and operation of one or more projects similar to what is envisioned for Tamien Station, including the ability to successfully work with public agencies and diverse communities. VTA seeks demonstrated experience on the development team in the successful completion of multiple affordable housing development projects that utilize Low Income Housing Tax Credits (LIHTC).

References confirmed that ROEM is an expert in both market rate and affordable housing. They have statewide experience working on other TOD projects with agencies including Los Angeles County Metro and Caltrain.

Additionally, the team has significant affordable housing experience and connections with City of San Jose and local housing departments and programs.

The firm is vertically integrated and both principals and day-to-day project managers were identified and at the interview. The proposed parking garage contractor was not present.

D. Financial Capacity and Strength of the Development Team and Applicants

VTA seeks a developer who has the capability to obtain financing for the proposed project, as demonstrated by its previous history of completed projects, as well as current financing activities for pending projects.

ROEM provided company-level financials which demonstrated adequate development resources for the project, including sufficient bonding capacity for a project of this size. The team demonstrated success in obtaining project financing for both market rate and affordable housing projects. They presented extensive knowledge regarding local affordable housing funding sources.

Panel Recommendation:

After consideration of the development proposals, their relative advantages, and the range of risks presented by each one, the panel reached a consensus that the Republic Tamien proposal presents the best overall opportunity to accomplish the full range of objectives identified in the RFP. This is based on the following considerations:

- **Greater Proceeds to VTA.** Over 50 years, the Republic Tamien proposal is projected to generate approximately \$24 million more to VTA. The lower proceeds from ROEM (including lower NPV) is largely due to its deferral of the first 20 years of ground rent, in order to set these funds aside as a credit towards the cost of the replacement parking structure.

Revenue Summary		
	Republic Tamien	ROEM
Total Revenue (50 Years)	\$49,693,277	\$25,507,173
Net Present Value (50 Years)*	\$8,535,945	\$5,000,387

*Net Present Value (NPV) discounts cash flow over a period of time to a single figure in today's dollars. This calculation accounts for the time value of money (i.e. \$1 today is worth more than \$1 in the future). A discount factor of 5% was used for this calculation.

- **Higher Quality Residential Development.** The Republic Tamien proposal calls for construction of podium buildings for both affordable and market-rate residential. By comparison, the ROEM proposal calls for a podium building for the affordable units, however it uses wrap buildings for the market-rate units which could affect long-term rental revenue growth and the value of the project when it reverts to VTA at the end of the ground lease.

Both proposals include a child care center in the design, as an amenity to the residential development as well as a service for the surrounding neighborhood (the existing Bright Horizons childcare center at the Tamien Station will relocate to another site in the area prior to the start of construction for the Joint Development project). Republic Tamien's proposal is superior in this regard as it commits to locating a childcare center operator (and is in discussions with Bright Horizons for another location), while ROEM's proposal makes a

childcare center contingent upon the provision of subsidy from the City of San Jose (augmented in the interview by a plan to market the space and offer discounted rent).

- **Less Risk for Replacement Parking Structure Development.** The Republic Tamien proposal calls for a parking structure with an estimated cost of \$23 million, and a design with the potential for adaptive reuse of the parking structure if parking demand decreases. This estimate is consistent with the projected cost anticipated by VTA's parking consultant. The ROEM proposal provides an allowance of \$13 million for the replacement parking structure, with VTA likely to be responsible for any cost overruns through reduced ground lease revenues. ROEM's estimated cost is approximately two-thirds of the cost typically incurred by developers for parking structures, and while ROEM makes an argument for how its vertically integrated design-build approach can significantly lower costs, it results in a substantial risk to VTA.

The risks associated with the cost of the replacement parking structure is the most significant risk for successful completion of a Tamien Joint Development Project, since VTA does not have funds available to contribute towards the structure. While other factors were a consideration, this item and the substantial difference in revenues to VTA had the greatest impact on the panel's consensus that the Republic Tamien proposal is overall most advantageous to VTA.

- **Meets Affordable Housing Requirement.** The Republic Tamien proposal calls for 20% of the residential units to be affordable units meeting the RFP's minimum requirement. By comparison, ROEM proposes a higher level of affordable housing at 30% of residential units. ROEM's proposal is superior in this regard.

Both proposals provide deep affordability, with approximately three-fourths of all affordable units with rents for households at 50% of Area Median Income or lower. Both proposals had a comparable proportion of 3-bedroom units (with ROEM offering more total units and more 3-bedroom units with its higher percentage of affordable housing). Both proposals identified the same site adjacent to the new City park, with higher quality podium development for the units.

Republic Tamien Proposal for Affordable Housing:

Affordability Range	Proposed Units	Percentage
Extremely Low Income (<30% AMI)	11	13%
Very Low Income (30-50% AMI)	54	61%
Low Income (50-80% AMI)	23	26%
Moderate Income (80-120% AMI)	0	
TOTAL	88	

ROEM Proposal for Affordable Housing:

Affordability Range	Proposed Units	Percentage
Extremely Low Income (<30% AMI)	8	6%
Very Low Income (30-50% AMI)	95	72%
Low Income (50-80% AMI)	17	13%
Moderate Income (80-120% AMI)	11	8%
	1 Manager Unit	
TOTAL	132	

*AMI = Area Median Income

The community member who served on the evaluation panel, while concurring with the panel's recommendations, strongly emphasized the need for a higher proportion of affordable housing units as the Tamien station area contains a substantial number of lower income households. In his view, this emphasizes the importance for VTA to maximize affordable housing production at the Tamien station.

While the panel recommends that the Republic Tamien team be selected for an Exclusive Negotiations Agreement, there are various aspects in which the panel believes it is feasible to enhance the proposal to provide an even better Joint Development project that meets VTA's objectives. Based on the review of the proposal, the panel recommends these be incorporated into VTA's objectives for negotiations with the Republic Tamien team, in addition to other objectives that may be identified by Staff or the Board of Directors:

- Advance the timing of development for the affordable housing so that it is developed up-front or as part of the initial phase, rather than later in the project;
- Consider enhancing the provision of affordable housing as well as deeper affordability pursuant to the Joint Development Policy goal; and
- Improve phasing in order to minimize construction impacts to the community, reduce impacts to station access from Lick Avenue, and overall shorten project timeline.

Should the VTA be unable to reach agreement on the terms and conditions of an Exclusive Negotiation Agreement or a Joint Development Agreement with Republic Tamien, VTA could subsequently enter into an Exclusive Negotiations Agreement with ROEM.

In such event, the evaluation panel's recommendations for VTA objectives (in addition to other objectives that may be identified by Staff or the Board of Directors) for project negotiation with ROEM, in addition to other objectives that may be identified by Staff or the Board of Directors, include:

- Increase ground lease revenues so that there is an initial payment starting upon completion of the first phase of construction, and the ground rent for the market-rate portion of the project is reset to fair market value at the earliest feasible date;
- Provide a guarantee for completion of the replacement parking structure that shifts completion and financial risk solely onto ROEM in the event of cost overruns; and
- Enhanced commitment to recruitment of a childcare operator for the childcare space.

Overall, both proposals represent high-quality development mixed-use development, and the panel appreciates the effort made by both Republic Tamien and ROEM in the creation of their proposed development programs.

Tamien Developer Selection

Administration & Finance Committee
March 16, 2017



Tamien Project

- VTA 2-year effort with community, City to rezone
 - Up to 440 dwelling units
 - Up to 3,000 sf commercial
 - City Council goal for new childcare
- Sale of 3.5 acres to create new community park
- Joint Development with replacement parking





Joint Development Policy Goals

- Board adopted 2009 Joint Development Policy
- Three primary goals, in priority order:
 - Generate a long-term, stable revenue source
 - High quality TOD with affordable housing
 - Enhance ridership growth and/or VTA assets



Tamien Developer Request for Proposals

- Issued September 27, 2016
- Competitive offering to identify a developer to enter into exclusive negotiations (ENA)
 - ENA outcome is a Joint Development Agreement
- VTA would enter into a long-term ground lease to build a project as entitled by City



Tamien RFP Goals

- Obtain a high quality proposal from an experienced team that meets all VTA goals
 - Financial capacity to design, finance, build, operate
- Realize Joint Development Policy Goals
- Minimum 20% of units as affordable housing
- Create community workforce opportunities



Submittals

- Two proposals by January 20, 2017 deadline:
 - Republic Tamien, LLC, a joint venture of Republic Urban and The Core Companies
 - ROEM Development Corporation
- Other interested developers struggled with:
 - 100% replacement parking requirement
 - Market uncertainty, cost concerns



Republic Tamien LLC Proposal

- 352 market rate units, 88 affordable (20%)
- 65-year ground lease + 2 x 10-year options
- Replacement garage estimated at \$23 million
- 50-year revenue: \$49.7 million
 - NPV: \$8.5 million

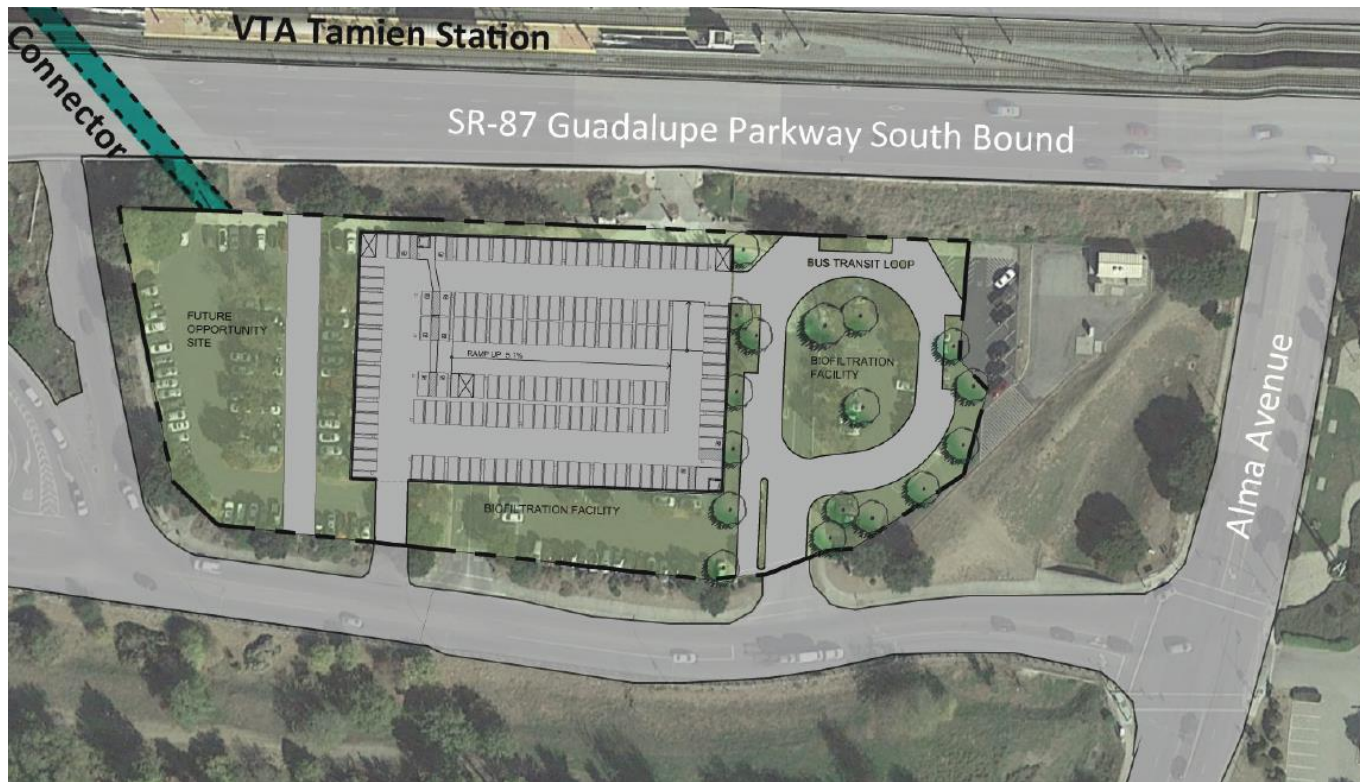




Republic Tamien







ROEM Development Corp. Proposal

- 308 market rate units, 132 affordable (30%)
- 50-year ground lease + 2 x 25-year options
- Replacement garage allowance at \$13 million
- 50-year revenue: \$25.5 million
 - NPV: \$5 million





ROEM Development







Considerations for Evaluation Process

- Proposals introduced development strategies not previously considered
- Proposals are conceptual in nature, with considerable work remaining
- Proposals can be enhanced for VTA's benefit
- Evaluation includes clarifications by submitters



Evaluation Panel Process

- Panel's mandate: identify the proposal that overall best accomplishes RFP goals
 - Policy calls for panel consensus, if possible
- 5 member panel with VTA staff from various departments, local community member
- Consultant support on design, economics



Evaluation Panel Findings

- Both proposals have the potential to result in a successful Joint Development project
- Republic Tamien proposal is overall superior:
 - Greater proceeds to VTA: \$24.2 million
 - Higher quality residential development
 - Less risk for parking structure cost-overruns
 - Meets affordable housing minimum (ROEM 10% more)



Potential VTA Objectives for Negotiations

- Republic Tamien:
 - Advance affordable housing to first phase
 - Enhance provision of affordable housing
 - Revise project phasing to shorten project timeline, reduce community impacts



Potential VTA Objectives for Negotiations

- ROEM Development:
 - Advance timing of ground lease payments so it is not delayed to Year 21, sooner reset to market value
 - Guarantee completion of parking structure at its identified cost estimate, so no risk to VTA
 - Commit to securing a childcare operator for the identified childcare space



Q&A:



Date: March 9, 2017
 Current Meeting: March 16, 2017
 Board Meeting: April 6, 2017

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Nuria I. Fernandez

FROM: Chief Financial Officer, Raj Srinath

SUBJECT: Appoint Sales Tax Audit Consultant

Policy-Related Action: No

Government Code Section 84308 Applies: Yes

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to execute a contract with MuniServices, LLC, for a five-year term, plus two optional one year extensions to provide sales tax reporting, forecasting and audit/recovery services. Fees for sales tax reporting and forecasting services shall not exceed \$250,000 in total over the seven year life of the contract. Separate from the limit on reporting and forecasting fees, the audit/recovery fees will be paid additionally on a contingent basis at a rate of 20% of the sales tax revenues recovered by MuniServices.

BACKGROUND:

Sales tax revenues are by far the largest revenue source that VTA receives. Therefore, it is important to obtain performance reports and updated revenue forecasts that are as accurate and timely as possible, to be used in conjunction with ongoing budget processes. Additionally, because of the large dollar value of the sales tax revenues, it is appropriate to retain a firm to audit the State Board of Equalization's (SBOE) records to identify and correct problems that reduce VTA's revenues. Examples of problems are when businesses fail to report their transactions tax properly, such as when sales tax is allocated to an incorrect jurisdiction or not reported at all. MuniServices has specialized systems and experience to identify such errors and a good working relationship with the SBOE to recover the funds.

Although the SBOE has the responsibility of auditing taxpayer returns, they do not have sufficient staff to conduct ongoing comprehensive audits nor do they have any significant incentive to correct these types of misallocations or underreporting, leaving the primary responsibility for this effort to the taxing jurisdictions like VTA.

MuniServices, LLC has been providing sales tax auditing services to VTA since 2002 and has recovered \$12 million through October, 2016. Relative to the \$945,000 of contingent fees associated with those recoveries, VTA has retained more than 90% of the recovered revenues.

DISCUSSION:

VTA issued a Request for Proposal (RFP) on September 19, 2016. Responses for the Request for Proposals were received from:

HdL Companies
MuniServices, LLC
Sotomayor CPAs

All proposals received were considered and reviewed by a panel consisting of a Contracts Administrator, a Fiscal Resources Manager, the Investment Program Manager and a Financial Analyst. Each proposal was evaluated based on the following criteria:

- Qualification of the firm
- Staffing and project organization
- Work plan/project understanding
- Local firm preference
- Cost and price

The panel eliminated Sotomayor CPAs because they did not demonstrate an understanding of the requested work and did not provide a responsive work plan. The panel interviewed both MuniServices and HdL. Based on the combined results of the proposal reviews and the interviews, MuniServices ranked higher than HdL. MuniServices better demonstrated their understanding of the unique nuances of a district transaction based sales tax and had more experience related to auditing such tax receipts. Therefore, the recommended action is to award the contract to MuniServices.

Many of the larger transportation agencies that collect a tax also use MuniServices, and include the Bay Area Rapid Transit District, Los Angeles County Metropolitan Transportation Authority, Orange County Transportation Authority, San Diego County Regional Transportation Commission and San Joaquin County Transportation Authority. Additionally, MuniServices provides auditing services for ten cities within Santa Clara County. This mix of transportation clients and clients in Santa Clara County provides MuniServices with extensive synergies related to data analysis and data collection, which facilitates location of a greater number of errors and recoveries on behalf of VTA.

Fees for work related to transaction and use tax auditing will be paid on a contingent basis at the rate of 20% (applying only to additional revenue received by VTA as a result of accounts identified and corrected by MuniServices). The contingent fee applies to all eligible prior quarters preceding up to and including the first quarter of correction for claims made resulting from the audits. The amount of future recoveries is unknown, but based on historical recoveries; staff anticipates the amount to be approximately \$6.0 million over the seven year contract period,

which would result in contingent fees of approximately \$1.2 million. For errors identified by SBOE prior to submission of a claim to SBOE by MuniServices, no contingent audit recovery fees are paid.

Fees for work related to comprehensive sales tax analysis reports and forecast, including extensive information related to sales tax collections by economic category (e.g. general retail, business to business, transportation, construction, etc.) and economic segment (e.g. department stores, office equipment, auto sales, building materials, etc.) are \$150,000 for five years, and if extended, would be an amount not to exceed \$77,000 for the two additional years. Additionally, \$23,000 is included to fund any ad hoc analytical or reporting needs.

ALTERNATIVES:

The Board could elect not to award this contract, however, this alternative is not recommended, as it would jeopardize the amount of sales tax revenue that may potentially be recovered and eliminate useful analysis related to the origins of VTA's primary source of revenue that supports VTA's transit operating and capital programs.

FISCAL IMPACT:

This action will authorize approximately \$1.2 million of contingent fees related to recovery of sales tax revenues over the next seven years. Actual fees paid may be more than or less than \$1.2 million depending on the amount of sales tax revenue recovery. This action also authorizes \$250,000 for sales tax revenue analysis and reporting services over the next seven years. Anticipated costs for the first two years of the contract will be included in the Proposed FY 2018 & FY 2019 VTA Transit Fund Operating Budget. Appropriation for the remainder of the contract will be included in subsequent budgets.

Prepared by: Michael J. Smith - Finance Manager
Memo No. 6041

ATTACHMENTS:

- Attachment A - Sec 84308 (PDF)

Attachment A

Government Code Section 84308

Campaign Disclosure Prohibitions

Subject: Appoint Sales Tax Audit Service Provider

Firm	Name	Role	Location
MuniServices, LLC	Doug Jensen	Senior VP Client Services	Fresno, CA



Date: March 7, 2017
 Current Meeting: March 16, 2017
 Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration & Finance Committee

THROUGH: General Manager, Nuria I. Fernandez

FROM: Chief Financial Officer, Raj Srinath

SUBJECT: Monthly Investment Report - January 2017

FOR INFORMATION ONLY

BACKGROUND:

The investment activities of the Santa Clara Valley Transportation Authority are in compliance with the Investment of Non-Trust Held Funds Investment Policy, the VTA Retirees' Other Post-Employment Benefits Trust Investment Policy and the ATU, Local 265 Pension Plan's Investment Policy.

DISCUSSION:

Real gross domestic product (GDP) increased at an annualized rate of 1.9 percent in the fourth quarter of 2016, according to the "first" estimate released by the Bureau of Economic Analysis. The expansion was the result of positive contributions from personal consumption expenditures, residential investment, and private inventory investment. Offsetting these contributions to growth was a decline in exports. In the third quarter of 2016, real GDP increased at an annual rate of 3.5%.

Headline consumer prices, as measured by the consumer price index (CPI), rose 2.5% year over year as of January 2016. Core CPI, which excludes volatile food and energy prices increased at a rate of 2.3% year over year as of January 2016. Energy prices are moving higher and are lifting the overall rate of consumer inflation, which now exceeds the Federal Reserve target inflation rate of 2.00%.

The unemployment rate in the San Jose-Sunnyvale-Santa Clara MSA was 3.8% in January 2017, up from a revised 3.4% in December 2016, and below the year-ago estimate of 4.0%. This compares with an unadjusted unemployment rate of 5.5% for California and 5.1% for the nation during the same period.

Market Watch

The S&P 500 Index returned 1.90% in January 2017. Large cap stocks returned 2.01% and small cap stocks returned 0.39%. Within the large cap space, growth stocks outperformed value stocks, returning 3.37% and 0.71%, respectively. The top-performing sectors were technology, materials and processing, and consumer discretionary. The worst-performing sectors were financial services, utilities, and energy.

The Barclays Aggregate index returned 0.20% in January 2017. For the month of January treasuries returned 0.23% and government related securities returned 0.43%, investment grade corporate debt returned 0.31%.

In global markets, the United States 10 year government bond yield ended the month at 2.45%, up from 2.44% at the end of December. The European 10 year government bond yield ended the month at 0.44% and the Japanese 10 year government bond yield finished January at 0.09%.

VTA Enterprise Funds

VTA Enterprise Funds are invested in portfolios managed by Payden & Rygel, the State of California Local Agency Investment Fund (LAIF) and an interest bearing checking account. Investment performance for the Payden & Rygel managed accounts are included in the table below.

The Payden & Rygel weighted average composite portfolio outperformed its policy benchmark in January by 0.05%. The current yield for the Payden long-term portfolio is 1.74%, the mid-term portfolio is 1.24%, and the short-term portfolio is 0.98%.

At month-end the current yield for funds invested in LAIF was 0.75% and the VTA's checking accounts was 0.50%.

Market performance for each Payden & Rygel account is summarized in the following table:

Investment Performance as of January 2017									
Asset Class	Fund Manager	Jan	3 Mo	Y-T-D	1 Yr	3 Yr	5 Yr	10 Yr	I-T-D
Long-Term Fixed Income	Payden & Rygel	0.26%	-1.21%	0.26%	0.50%	1.60%	1.33%	3.52%	4.07%
<i>Barclays US Govt. Intermediate Index</i>		<i>0.20%</i>	<i>-1.51%</i>	<i>0.20%</i>	<i>-0.33%</i>	<i>1.37%</i>	<i>0.98%</i>	<i>3.43%</i>	<i>4.00%</i>
Mid-Term Fixed Income ¹	Payden & Rygel	0.17%	-0.04%	0.17%	0.89%	0.90%	0.82%	-	1.37%
<i>Merrill Lynch 1- 3 Year Treasury Index</i>		<i>0.13%</i>	<i>-0.24%</i>	<i>0.13%</i>	<i>0.40%</i>	<i>0.67%</i>	<i>0.57%</i>	<i>-</i>	<i>0.99%</i>
Short-Term Fixed Income ²	Payden & Rygel	0.12%	0.21%	0.12%	1.00%	0.59%	0.54%	1.31%	1.70%
<i>iMoneynet Money Market Index</i>		<i>0.04%</i>	<i>0.10%</i>	<i>0.04%</i>	<i>0.29%</i>	<i>0.11%</i>	<i>0.09%</i>	<i>0.81%</i>	<i>1.21%</i>
Composite Portfolio Returns		0.18%	-0.24%	0.18%	0.88%	1.04%	0.93%	2.40%	3.44%
<i>Policy Benchmark Returns</i>		<i>0.13%</i>	<i>-0.44%</i>	<i>0.13%</i>	<i>0.28%</i>	<i>0.76%</i>	<i>0.60%</i>	<i>2.14%</i>	<i>3.27%</i>

¹ Implemented February 11, 2009

² Implemented February 14, 2003

VTA Retirees' Other Post-Employment Benefits (OPEB) Trust

The VTA Retirees' OPEB Trust Investment Policy requires the following asset allocation:

<u>Asset Allocation</u>	<u>Range</u>	<u>Target</u>	<u>Actual</u>
Domestic Fixed Income	15-30%	23%	21%
Domestic Large Cap Index	28-68%	51%	53%
Int'l Equity Emerging Market	0-10%	6%	6%
Private Real Estate	6-16%	11%	11%
Absolute Return	0-15%	8%	8%
Cash	0-03%	1%	1%

The Retirees' OPEB composite portfolio outperformed its policy benchmark by 0.28% in the current month. The current yield for the fixed income portfolio is 4.24%.

Market performance for each money manager is summarized in the following table:

Investment Performance as of January 2017									
Asset Class	Fund Manager	Jan	3 Mo	Y-T-D	1 Yr	3 Yr	5 Yr	10 Yr	I-T-D
Large Cap Index	State Street	1.89%	7.73%	1.89%	19.96%	10.82%	14.04%	7.00%	4.87%
<i>S&P 500 Index</i>		<i>1.90%</i>	<i>7.76%</i>	<i>1.90%</i>	<i>20.06%</i>	<i>10.87%</i>	<i>14.10%</i>	<i>6.99%</i>	<i>4.76%</i>
Fixed Income	Dodge & Cox	0.46%	-0.65%	0.46%	7.20%	3.78%	3.67%	5.41%	5.96%
<i>Barclays US Aggregate Bond Index</i>		<i>0.20%</i>	<i>-2.04%</i>	<i>0.20%</i>	<i>1.46%</i>	<i>2.60%</i>	<i>2.10%</i>	<i>4.38%</i>	<i>5.19%</i>
Emerging Market	State Street EM⁽²⁾	5.64%	0.73%	5.64%					
<i>MCSI World Emerging Market</i>		<i>2.76%</i>	<i>-1.75%</i>	<i>2.76%</i>					
US Core Real Estate	UBS⁴		1.46%						
<i>NCREIF NFI-ODCE</i>			<i>2.11%</i>						
Absolute Return	Lighthouse³	0.75%	2.15%	0.75%					
<i>HFRI FoF Index</i>		<i>0.70%</i>	<i>1.86%</i>	<i>0.70%</i>					
Absolute Return	Sky Bridge³	1.41%	3.29%	1.41%					
<i>HFRI FoF Index</i>		<i>0.70%</i>	<i>1.86%</i>	<i>0.70%</i>					
Composite Portfolio Returns		1.52%	4.21%	1.52%	13.88%	8.06%	9.95%	7.02%	6.60%
<i>Policy Benchmark Returns</i>		<i>1.24%</i>	<i>3.67%</i>	<i>1.24%</i>	<i>12.68%</i>	<i>7.39%</i>	<i>8.46%</i>	<i>6.17%</i>	<i>5.44%</i>

² Funded June 30, 2016

³ Funded January 28, 2016

⁴ Funded January 4, 2016

DODGE & COX - The Fixed Income portfolio manager outperformed its benchmark in January 2017 by 0.26%. Contributors to relative outperformance for the month included strong security selection among the finance credit holdings, the portfolios' Agency MBS holdings, and the portfolio's nominal yield advantage.

A 7.00% rate of return assumption is used in the annual actuarial analysis for the Retirees' OPEB. The results of the actuarial analysis determine VTA's annual contribution rates. Any difference between actual investment returns and the 7.00% assumed annual return is recognized in the same year. The annual returns for the Retirees' OPEB portfolio have been equivalent to or exceeded the 7.00% assumed rate of return in 9 out of 14 years.

Historic Portfolio Performance for the last fourteen calendar years:

Year	Performance	Year	Performance	Year	Performance
2003	17.2%	2008	-20.9%	2013	18.9%
2004	7.6%	2009	22.2%	2014	10.8%
2005	3.9%	2010	12.5%	2015	1.1%
2006	11.7%	2011	4.0%	2016	9.3%
2007	6.1%	2012	12.4%		

SCVTA-ATU, Local 265 Pension Plan Assets

It is the policy of the SCVTA-ATU Board of Pensions to have a well-managed investment program that provides for the financial needs of the pension plan and allows the investments to be appropriately diversified and prudently invested to protect the safety of the principal while maintaining a reasonable return. Assets are invested within the following investment guidelines:

<u>Asset Allocation</u>	<u>Range</u>	<u>Target</u>	<u>Actual</u>
Domestic Fixed Income	15-30%	27%	26%
Domestic Large-Cap Value	10-20%	15%	15%
Domestic Large-Cap Index	5-15%	10%	10%
Domestic Small-Cap Value	5-15%	10%	10%
Int'l Equity Developed Markets	8-18%	13%	13%
Int'l Equity Emerging Markets	0-10%	5%	5%
US Core Real Estate	5-15%	10%	12%
Absolute Return	4-14%	9%	8%
Cash	0-05%	1%	1%

The SCVTA-ATU Pension Plan composite portfolio outperformed its policy benchmark in January 2017 by 0.02%. The current yield of the Dodge & Cox Fixed Income portfolio is 4.05%.

Market performance for each money manager is summarized in the following table:

Investment Performance as of January 2017									
Asset Class	Fund Manager	Jan	3 Mo	Y-T-D	1 Yr	3 Yr	5 Yr	10 Yr	I-T-D
Fixed Income	Dodge & Cox	0.48%	-0.76%	0.48%	6.48%	3.70%	3.65%	5.42%	6.20%
<i>Barclays US Aggregate Bond Index</i>		0.20%	-2.04%	0.20%	1.46%	2.60%	2.10%	4.38%	4.81%
Large-Cap Value Stocks	Boston Partners	0.61%	10.50%	0.61%	23.49%	8.28%	14.19%	7.60%	9.35%
<i>Russell 1000 Value Index</i>		0.71%	9.12%	0.71%	24.58%	10.15%	14.11%	5.66%	6.88%
Large-Cap Index	State Street	1.89%	7.73%	1.89%	19.96%	10.82%	14.04%	7.00%	6.60%
<i>S&P 500 Index</i>		1.90%	7.76%	1.90%	20.06%	10.87%	14.10%	6.99%	6.51%
Small-Cap Value Stocks	Wedge ⁵	0.31%	14.85%	0.31%	34.63%	12.26%	15.30%	6.94%	10.48%
<i>Russell 2000 Value Index</i>		-0.71%	17.11%	-0.71%	40.23%	9.48%	13.43%	6.02%	9.87%
Int'l Equity Dev. Markets Growth	MFS ⁶	3.49%	2.11%	3.49%	11.48%	3.40%	6.25%	-	2.86%
<i>MSCI AC World ex-US Growth Index</i>		4.03%	1.53%	4.03%	11.00%	1.68%	4.85%	-	-0.01%
Emerging Market	State Street EM⁷	5.64%	0.73%	5.64%					
<i>MCSI World Emerging Market</i>		2.76%	-1.75%	2.76%					
US Core Real Estate	UBS ⁸		1.46%		7.21%	10.59%	10.47%	-	11.52%
<i>NCREIF NFI-ODCE</i>			2.11%		8.77%	12.06%	12.21%	-	13.56%
Absolute Return	Lighthouse ⁹	0.75%	2.15%	0.75%					
<i>HFRI FoF Index</i>		0.70%	1.86%	0.70%					
Absolute Return	Sky Bridge ⁹	1.41%	3.29%	1.41%					
<i>HFRI FoF Index</i>		0.70%	1.86%	0.70%					
Composite Portfolio Returns ¹⁰		0.73%	3.77%	0.73%	13.21%	6.46%	8.69%	6.85%	8.07%
<i>Policy Benchmark Returns</i>		0.71%	3.42%	0.71%	13.30%	6.27%	7.85%	5.05%	5.90%

⁵ Funded April 1, 2009. Prior manager was Brandywine with the same benchmark.

⁶ Funded December 14, 2007. Prior managers were Putnam and Fidelity with MSCI EAFE as their benchmark.

⁷ Initially funded June 30, 2016

⁸ Initially funded July 1, 2010. UBS Realty Investors LLC with NCREIF NFI-ODCE as their benchmark. Report 45 days after quarter ended.

⁹ Funded January 28, 2016

¹⁰ Investment performances by prior managers are included in composite returns and historical policy benchmark returns.

DODGE & COX - The Fixed Income portfolio manager outperformed its benchmark in January 2017 by 0.28%. Contributors to relative outperformance for the month included strong security selection among the finance credit holdings, the portfolios' Agency MBS holdings, and the portfolio's nominal yield advantage.

BOSTON PARTNERS - The Domestic Large Cap Value Equity manager underperformed its policy benchmark in January 2017 by 0.10%. Detractors from relative performance for the month of January included stock selection in the financial services sector and an underweight position to railroads. Stock selection in the technology, communications and consumer services sectors were positive contributors to relative performance.

WEDGE - The Domestic Small Cap Value Equity manager outperformed its policy benchmark in January 2017 by 1.02%. An underweight position to finance sector relative to the benchmark contributed significantly to the portfolio's relative outperformance for the month of January.

MFS - The International Equity manager underperformed its policy benchmark in January 2017 by 0.54%. Stock selection in the special products and services, technology and the basic materials sectors all contributed to relative underperformance.

A 7.00% rate of return assumption is used in the annual actuarial analysis for the ATU Pension Plan. The results of the actuarial analysis determine VTA's annual contribution rates. The annual returns for the ATU Pension Plan portfolio have been equivalent to or exceeded the 7.00% assumed rate of return 10 out of 14 years.

Historic Portfolio Performance (calendar year) for the last fourteen calendar years:

Year	Performance	Year	Performance	Year	Performance
2003	21.5%	2008	-19.7%	2013	16.5%
2004	12.2%	2009	25.7%	2014	7.2%
2005	7.2%	2010	14.0%	2015	0.5%
2006	14.5%	2011	1.7%	2016	9.2%
2007	5.8%	2012	14.5%		

ATU Spousal Medical Trust Fund, Dental, and Vision Plan

Asset allocation for the ATU Spousal Medical Trust Fund (including funds for dental and vision plans) is provided for in the SCVTA-ATU Pension Plan Investment Policy.

<u>Asset Allocation</u>	<u>Range</u>	<u>Target</u>	<u>Actual</u>
Domestic Fixed Income	30-50%	38%	34%
Domestic Large Cap Index	50-70%	60%	62%
Cash	0-5%	2%	4%

The ATU Spousal Medical Trust Fund composite portfolio outperformed its policy benchmark in the current month by 0.12%. The current yield for the fixed income portfolio is 4.05%

Market performance for each money manager is summarized in the following table:

Investment Performance as of January 2017									
Asset Class	Fund Manager	Jan	3 Mo	Y-T-D	1 Yr	3 Yr	5 Yr	10 Yr	I-T-D
Fixed Income	Dodge & Cox	0.37%	-0.73%	0.37%	6.10%	3.12%	3.40%	5.09%	4.82%
<i>Barclays US Aggregate Bond Index</i>		<i>0.20%</i>	<i>-2.04%</i>	<i>0.20%</i>	<i>1.46%</i>	<i>2.60%</i>	<i>2.10%</i>	<i>4.38%</i>	<i>4.15%</i>
Large-Cap Index	State Street	1.89%	7.73%	1.89%	19.96%	10.82%	14.04%	7.00%	8.26%
<i>S&P 500 Index</i>		<i>1.90%</i>	<i>7.76%</i>	<i>1.90%</i>	<i>20.06%</i>	<i>10.87%</i>	<i>14.10%</i>	<i>6.99%</i>	<i>8.25%</i>
Composite Portfolio Returns		1.34%	4.55%	1.34%	14.62%	7.99%	10.18%	7.14%	7.52%
<i>Policy Benchmark Returns</i>		<i>1.22%</i>	<i>3.78%</i>	<i>1.22%</i>	<i>12.37%</i>	<i>7.64%</i>	<i>9.28%</i>	<i>6.24%</i>	<i>6.84%</i>

DODGE & COX - The Fixed Income portfolio manager outperformed its benchmark in January 2017 by 0.17%. Contributors to relative outperformance for the month included strong security selection among the finance credit holdings, the portfolios' Agency MBS holdings, and the portfolio's nominal yield advantage.

Other Data

The valuation of VTA's securities is provided by Interactive Data Corporation (IDC), Merrill Lynch Securities Pricing Service and Bloomberg Generic Pricing Service. These firms are the leading providers of global securities data. They offer the largest information databases with current and historical prices on securities traded in all major markets.

This report complies with VTA's adopted investment policies. Based on budgeted revenues and expenditures as well as actual transfers to/from reserves, there are sufficient funds available to meet expenditure requirements for the six months ending July 31, 2017.

Prepared By: Sean Bill, Investment Program Manager
Memo No. 5852

VTA INVESTMENT COMPOSITE PORTFOLIO PERFORMANCE.

PER GENERAL LEDGER BALANCE - SETTLEMENT DATE FOR THE MONTH OF JANUARY 2017

SUMMARY: JANUARY 31, 2017

<u>Description</u>	(1) <u>Dec-16</u> <u>Book Value</u> <u>/Cost</u>	<u>Jan-17</u> <u>Book Value</u> <u>/Cost</u>	<u>Fiscal 17</u> <u>Year-to-Date</u> <u>Dec 2016</u> <u>Earnings - \$</u>	<u>Fiscal 17</u> <u>Year-to-Date</u> <u>Jan 17 Realized</u> <u>Earnings - \$</u>	<u>Change for the Month</u> <u>Realized</u> <u>Earnings - \$</u>
VTA FUNDS					
1 - Fixed Income - Long-Term Investment Pool	209,033,865	209,108,624	2,258,671	2,525,400	266,729
2 - Fixed Income - Mid-Term Investment Pool	560,837,557	561,427,860	3,546,344	4,089,482	543,138
3 - Fixed Income - Short-Term Investment Pool	213,358,661	213,559,913	852,514	1,067,203	214,689
4 - VTA Bond Funds with Fiscal Agent (2)	85,386,084	88,329,982	29,667	35,505	5,838
5 - Funds with LAIF Investment Pool	65,000,000	65,000,000	122,010	208,665	86,655
6 - Funds with Union Bank-Congestion Management	13,189,471	12,501,115	7,423	8,660	1,237
7 - Funds with Union Bank-Measure B	3,036,319	3,027,445	1,540	1,835	295
8 - Funds with Union Bank Pooled DDA account	68,375,086	67,137,022	32,156	45,850	13,694
Total VTA Funds	1,218,217,043	1,220,091,961	6,850,325	7,982,600	1,132,275
RETIREES' OPEB FUNDS					
1 - Retirees' OPEB -Fixed Income	60,017,101	60,215,001	1,179,116	1,433,418	254,302
2 - Retirees' OPEB -State Street - Index	57,802,619	57,802,619	0	0	0
3 - Retirees' OPEB -State Street - EM	16,000,000	16,000,000	0	0	0
4 - Retirees' OPEB -US Core Real Estate - UBS	30,000,000	30,000,000	0	0	0
5 - Retirees' OPEB -Sky Bridge Capital	11,000,000	11,000,000	0	0	0
6 - Retirees' OPEB -Lighthouse Partners	11,000,000	11,000,000	0	0	0
	185,819,720	186,017,620	1,179,116	1,433,418	254,302
ATU PENSION FUNDS					
1 - VTA/ATU Pension Fund -Fixed Income	128,750,992	129,265,435	2,357,335	2,796,278	438,943
2 - VTA/ATU Pension Fund -Stock Large Cap Value - BOSTON	63,773,952	65,206,951	3,042,876	4,475,912	1,433,036
3 - VTA/ATU Pension Fund -State Street - Index	15,782,135	15,782,135	2,900,860	2,900,860	0
4 - VTA/ATU Pension Fund -Stock Small Cap Value - WEDGE	37,718,415	39,336,236	2,652,100	4,269,986	1,617,886
5 - VTA/ATU Pension Fund -Int'l - Equity Growth - MFS	45,074,856	45,074,856	1,372,144	1,372,144	0
6 - VTA/ATU Pension Fund -Emerging Markets - State Street (3)	24,000,000	24,000,000	57,706	57,706	0
7 - VTA/ATU Pension Fund -US Core Real Estate - UBS	35,000,000	35,000,000	0	0	0
8 - VTA/ATU Pension Fund -Sky Bridge Capital	22,000,000	22,000,000	0	0	0
9 -VTA/ATU Pension Fund -Lighthouse Partners	22,000,000	22,000,000	0	0	0
Total ATU Pension Funds	394,100,350	397,665,613	12,383,021	15,872,886	3,489,865
ATU SPOUSAL MEDICAL PLAN FUNDS					
1 - ATU Spousal Med Fund -Dodge & Cox - Index	5,927,234	5,927,234	0	0	0
2 - ATU Spousal Med Fund -State Street - Index	7,607,187	7,607,187	0	0	0
Total ATU Spousal Plan Funds	13,534,421	13,534,421	0	0	0
Total Investments	1,811,671,534	1,817,309,615	20,412,462	25,288,904	4,876,442

Legend:

- (1) Total includes contributions / withdrawals made during current month.
- (2) Bonds Reserves and/or Debt Service Funds
- (3) Robeco EM Refund August 2016 \$43,298, November 2016 \$14,408

VTA INVESTMENT COMPOSITE PORTFOLIO PERFORMANCE

MONEY MANAGERS' TOTAL MARKET RETURN - TRADE DATE

FOR THE MONTH OF JANUARY 2017

SUMMARY: January 31, 2017

<u>Description</u>	<u>Total Market Value</u>		<u>Jan Total Market Return</u>		<u>Total Market Return</u>	
	<u>(1)</u> <u>Prior</u> <u>Month</u>	<u>Current</u> <u>Month</u>	<u>\$Unrealized</u> <u>Gain/Loss</u>	<u>%Unrealized</u> <u>Gain/Loss</u>	<u>VTA</u> <u>Calendar</u> <u>YTD</u>	<u>Benchmark</u> <u>Calendar</u> <u>YTD</u>
1 - Fixed Income Long-Term Investment Pool	207,871,964	208,412,608	540,644	0.26%	0.26%	0.20%
1 - Fixed Income Mid-Term Investment Pool	560,630,812	561,580,024	949,212	0.17%	0.17%	0.13%
2 - Fixed Income Short-Term Investment Pool	213,770,505	214,028,193	257,688	0.12%	0.12%	0.04%
3 - VTA Bond Funds with Fiscal Agents	85,386,084	88,329,982				
4 - Funds with LAIF Investment Pool	65,000,000	65,000,000				
5 - Funds with Union Bank-Congestion Management	13,189,471	12,501,115				
6 - Funds with Union Bank-Measure B	3,036,319	3,027,445				
7 - Funds with Union Bank DDA account	68,375,086	67,137,022				
Total VTA Funds	1,217,260,241	1,220,016,389				
1 - Retirees' OPEB - Fixed Income	61,328,779	61,613,977	285,198	0.46%	0.46%	0.20%
2 - Retirees' OPEB - State Street - Index	149,201,637	152,027,221	2,825,584	1.89%	1.89%	1.90%
3 - Retirees' OPEB - State Street EM	16,584,192	17,519,160				
3 - Retirees' OPEB - US Core Real Estate (2)	31,908,124	31,908,124				
5 - Retirees' OPEB - Sky Bridge (2)	10,983,910	11,072,807				
6 - Retirees' OPEB - Lighthouse (2)	11,343,790	11,412,841				
Total Retirees' OPEB Funds	281,350,432	285,554,130				
1 - VTA/ATU Pension Fund-Fixed Income	130,903,143	131,528,088	624,945	0.48%	0.48%	0.20%
2 - VTA/ATU Pension Fund-Stock Large Cap Value	77,898,645	78,377,646	479,001	0.61%	0.61%	0.71%
3 - VTA/ATU Pension Fund-State Street - Index	52,016,307	53,001,392	985,085	1.89%	1.89%	1.90%
4 - VTA/ATU Pension Fund-Stock Small Cap Value	52,836,377	53,109,217	272,840	0.31%	0.31%	-0.71%
5 - VTA/ATU Pension Fund- Int'l - Equity Growth	63,570,657	65,786,269	2,215,612	3.49%	3.49%	4.03%
6 - VTA/ATU Pension Fund- Emerging Markets S. Street	24,876,288	26,278,470				
7 - VTA/ATU Pension Fund- US Core Real Estate (2)	60,184,643	60,184,643				
8 - VTA/ATU Pension Fund- Sky Bridge (2)	21,967,820	22,145,613				
9 - VTA/ATU Pension Fund- Lighthouse (2)	22,687,580	22,825,682				
Total Pension Fund	506,941,460	513,237,020				
1 - ATU Spousal Med Fund - Dodge & Cox - Index	8,717,841	8,749,916	32,075	0.37%	0.37%	0.20%
2 - ATU Spousal Med Fund-State Street - Index	15,492,198	15,785,590	293,392	1.89%	1.89%	1.90%
Total ATU Spousal Funds	24,210,039	24,535,506				
 Total Investments	 2,029,762,172	 2,043,343,045				

Legend:

- (1) Total includes contributions / withdrawals made during current month.
(2) Performance reported quarterly.