1. CALL TO ORDER AND ROLL CALL

The Regular Meeting of the Santa Clara Valley Transportation Authority’s (VTA) Board of Directors (Board) was called to order by Chairperson Chavez at 9:05 a.m. in the Board of Supervisors’ Chambers, County Government Center, 70 West Hedding Street, San José, California.

1.1. ROLL CALL

<table>
<thead>
<tr>
<th>Attendee Name</th>
<th>Title</th>
<th>Status</th>
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<tbody>
<tr>
<td>Jason Baker</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Jeannie Bruins</td>
<td>Vice Chairperson</td>
<td>Present</td>
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<tr>
<td>Larry Carr</td>
<td>Alternate Board Member</td>
<td>Present</td>
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<tr>
<td>Magdalena Carrasco</td>
<td>Board Member</td>
<td>Absent</td>
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<tr>
<td>Cindy Chavez</td>
<td>Chairperson</td>
<td>Present</td>
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<tr>
<td>David Cortese</td>
<td>Alternate Board Member</td>
<td>Absent</td>
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<tr>
<td>Jose E. Esteves</td>
<td>Alternate Board Member</td>
<td>Present</td>
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<tr>
<td>Glenn Hendricks</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Rose Herrera</td>
<td>Board Member</td>
<td>Absent</td>
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<tr>
<td>Johnny Khamis</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Sam Liccardo</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>John McAlister</td>
<td>Alternate Board Member</td>
<td>Present</td>
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<td>Howard Miller</td>
<td>Alternate Board Member</td>
<td>Absent</td>
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<tr>
<td>Manh Nguyen</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Teresa O’Neill</td>
<td>Board Member</td>
<td>Present</td>
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<tr>
<td>Raul Peraldez</td>
<td>Alternate Board Member</td>
<td>Present</td>
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<tr>
<td>Perry Woodward</td>
<td>Board Member</td>
<td>Absent</td>
</tr>
<tr>
<td>Ken Yeager</td>
<td>Board Member</td>
<td>Present</td>
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</tbody>
</table>

* Alternates do not serve unless participating as a Member.

A quorum was present.

The Agenda was taken out of order.

2. PUBLIC COMMENT

Andrew Boone, Interested Citizen, expressed concern with the sales tax proposal and the amount of funding for highway expansion and the lack of funding to increase transit services.

Board Member O’Neill arrived at the meeting and took her seat at 9:08 a.m.
Nevin Sarina, Interested Citizen, provided comment on the sales tax proposal and expressed concern with environmental implications and the underserved and underrepresented populations not getting access to services to help them get around.

Scott Lane, Interested Citizen, suggested the following: 1) Board take a look at issues that were raised by the the Grand Jury in 2009 to better understand what has been accomplished and what has not; 2) seek public input to find out what the issues are with transit; and 3) requested the Board discuss the issues at a future meeting.

Brandi Madison, Interested Citizen, expressed concern about business owners on Santa Clara street whose businesses are suffering due to the construction of the Bus Rapid Transit and suggested VTA do more for the community.

1.2. Orders of the Day


M/S/C (Liccardo/Carr) to approve the Orders of the Day.

RESULT: APPROVED [UNANIMOUS] Agenda Item #1.2
MOVER: Liccardo, Board Member
SECONDER: Carr, Board Member
AYES: Baker, Bruins, Carr, Chavez, Hendricks, Khamis, Liccardo, Nguyen, O’Neill, Yeager
ABSENT: Carrasco, Herrera

6. REGULAR AGENDA

6.1 SR 85 Policy Advisory Board Concerning Language in Resolution No. 2016.06.12

Chairperson Chavez provided a brief overview of the recommended changes in the ballot language from the State Route (SR) Corridor 85 Policy Advisory Board (PAB).

Public Comment

Carl Guardino, Silicon Valley Leadership Group, expressed support for the SR 85 Corridor PAB recommended changes to the language.

Mr. Boone expressed concern with the language being vague and having two express lanes on Highway 85.

Alternate Board Member Peralez arrived at the meeting and took his seat at 9:22 a.m.
Mr. Lane expressed concern with projects that have not been accomplished from Measure A and Measure B. He expressed concern with having more Express Lanes, noting it will invite more solo drivers and more traffic. He suggested better land management, light rail and Bus Rapid Transit projects are needed.

Ms. Madison expressed concern with creating toll lanes and indicated people will not support having to pay to use them.

Upon inquiry from Director Khamis, Rob Fabela, General Counsel, indicated the new language allows for flexibility for VTA to provide a combination of transit and congestion relief projects as long as there is at least one transit lane in each direction.

**M/S/C (Liccardo/Hendricks)** to approve staff’s recommendation to rescind Resolution No. 2016.06.12 based upon the actions of the SR 85 Policy Advisory Board concerning language in Resolution No 2016.06.12.

| RESULT: | APPROVED [UNANIMOUS] |
| MOVER:  | Liccardo, Board Member |
| SECONDER: | Hendricks, Board Member |
| AYES: | Baker, Bruins, Carr, Chavez, Hendricks, Khamis, Liccardo, Nguyen, O’Neill, Peralez, Yeager |
| ABSENT: | Carrasco |

**M/S/C (Bruins/Liccardo)** to adopt Resolution No. 2016.06.17, based upon the actions of the SR 85 Policy Advisory Board concerning language in Resolution No. 2016.06.12, and amend language describing State Route 85 Corridor to read, “to fund new transit and congestion relief projects on SR 85, including a new transit lane from SR 87 in San Jose to U.S. 101 in Mountain View. Additionally this category will fund noise abatement along SR 85 and will provide funding to study transportation alternatives that include, but are not limited to, Bus Rapid Transit with infrastructure such as stations and access ramps, Light Rail Transit, and future transportation technologies that may be applicable.”

| RESULT: | APPROVED [UNANIMOUS] |
| MOVER:  | Bruins, Vice Chairperson |
| SECONDER: | Liccardo, Board Member |
| AYES: | Baker, Bruins, Carr, Chavez, Hendricks, Khamis, Liccardo, Nguyen, O’Neill, Peralez, Yeager |
| ABSENT: | Carrasco |
5. CONSENT AGENDA

5.1. Appointment to the Bicycle & Pedestrian Advisory Committee

M/S/C (Liccardo/Baker) to ratify appointment to the Bicycle & Pedestrian Advisory Committee for the two-year term ending June 30, 2018 of: (1) Gary Jones, representing the City of Cupertino, and (2) Mary Seehafer, representing the City of Morgan Hill.

RESULT: APPROVED – [Unanimous] Consent Agenda Item # 5.1
MOVER: Liccardo, Board Member
SECONDER: Baker, Board Member
AYES: Baker, Bruins, Carr, Chavez, Hendricks, Khamis, Liccardo, Nguyen, O’Neill, Peralez, Yeager
ABSENT: Carrasco

3. PUBLIC HEARINGS

There were no Public Hearings.

6. REGULAR AGENDA (continued)

Agenda Items 6.2 and 6.3 were heard together.

Agenda Items #6.2 - #6.3

6.2 Auditor General’s Report on Paratransit Operations Assessment Testing

6.3 Paratransit Operations Service Plan

Pat Hagan, Office of the Auditor General, provided a brief overview and a presentation, highlighting: 1) Executive summary; 2) Observations summary – Phase II; 3) Detailed observations – Phase II; 4) Appendix A – Rating definitions; and 5) Appendix B – Detail background information.

Inez Evans, Chief Operating Officer, provided a brief overview of the observations from Phase II of the audit and noted management’s agreement and recommended actions in response, including terminating the contract with Outreach & Escort, Inc. (Outreach) and putting protocols and procedures in place to address issues and monitor data efficiently.

Upon inquiry regarding eligibility, Ms. Evans indicated there are no proposed changes to how it will be determined.
Public Comment

Tim Towers, Interested Citizen, provided comment on the complexity of the Trapeze database and noted he is proud to be an Outreach driver.

Terry Applegate, Interested Citizen, expressed concern with the merits of the audit and noted fear that VTA is pushing Outreach out.

Elizabeth Lozano, Outreach driver, expressed the need for improvements in scheduling and a better solution for routing.

Art Takahara, President and CEO, DeAnza Manufacturing Services, expressed concern with the oversight during the past 23 years and suggested working with Outreach to resolve issues before terminating the contract.

Marilee Zerrougui, Teamsters Local 287, expressed concern with routing and daily schedules, noting the stress and frustration of drivers who are seemingly set-up for failure.

Matthew Reed, United Seniors Action Committee at Sacred Heart, expressed concern with the information in the materials provided not being consistent with the current level of service which can create barriers and decrease program participation. He requested VTA reconsider, noting Outreach is an integrated fabric in the community and is at the center of senior transportation and mobility management in the County.

Priscilla Gonzales, former Outreach employee, stated she had been asked to modify records while working for Outreach. She expressed concern for the clients with disabilities and expressed hope that VTA can intervene and step-up for seniors in the community.

Bikram Jeet Singh, Interested Citizen, expressed support for Outreach.

Diana Salazar, Sacred Heart, expressed concern with the eligibility process changing for new applicants and requested clarification.

Paul Tatsuda, Outreach, clarified that rides provided under the Senior Nutrition Safety-Net Mobility Management Program are subsidize paratransit rides.

Kathryn Heatley, CEO Outreach, provided a written response from Outreach and a report from the Federal Transit Administration (FTA) which was distributed to the Board and placed on the public table. She indicated she saw the audit report for the first time on Monday. Ms. Heatley noted there was a $2.5 million upgrade in software which she asked staff to manually modify as a test. She indicated she can provide clarity if given the opportunity to sit down with VTA staff.

Aaron Vogel, Regional Transportation Services Manager, provided a presentation highlighting: 1) Background; 2) During 12 month transition; and 3) Next steps and milestones.
Public Comment

Ms. Applegate expressed concern with the lives that will be affected and the importance of the process, noting the need for public comment.

Chairperson Chavez indicated discussions had with paratransit users were per her request so that there was no confusion as to what was happening.

The Board discussed the following: 1) communication to Outreach regarding discrepancies; 2) conclusions; 3) data reporting and possible overbilling; 4) data reporting patterns; 5) magnitude of costs; 6) dates of request for data; 7) what data is required by the contract; 8) what the audit looked at; and 9) terminating the contract for convenience versus cause.

Upon request from Board Member Liccardo, Ms. Gonzales provided additional information on the following: 1) her position at Outreach; 2) modifying records; 3) the timeframe the modifications took place; and 4) the amount of people who were asked to modify data.

Upon inquiry from Vice Chairperson Bruins, Mr. Hagan indicated the request for data was made January 2016 and February 2016. He noted only after VTA issued Outreach a breach of contract did the information come in.

Upon inquiry from Board Member Hendricks, Bernice Alaniz, Director of Communications, provided an overview of the information provided in phone calls to customers regarding the Outreach contract and paratransit service.

Board Member Khamis thanked Chairperson Chavez for highlighting the issue and staff for working diligently to rectify the situation. He expressed concern with continuing the contract for a whole year, noting the significant amount of funds that have not been accounted for, but noted the need to provide uninterrupted service. Board Member Khamis suggested the following: 1) future contracts include metrics in language so rides can be tracked without interference to maintain integrity in data; and 2) having a customer rating system in place as a part of the measurement tools in the contract.

Board Member O’Neill agreed the contract should be rebid, but expressed concern with the following: 1) the contract went 20 years without being rebid; 2) not providing time for Outreach senior staff to go through the audit findings; and 3) change in technology and data migration issues. She questioned if something last year triggered a review of this depth.

Chairperson Chavez provided background information on the paratransit contract, noting the apprehension of the Board to rebid the contract due to users of the service not wanting to change contractors. Chairperson Chavez indicated the Audit Committee agreed with the VTA Auditor General that the Outreach contract needed to be reviewed. She noted the Phase I Audit did not answer all questions so the Phase II Audit was conducted and has resulted in staff’s recommendation to terminate the contract.
Upon inquiry of Chairperson Chavez, Mr. Vogel noted the report was provided to Outreach on Monday and has not yet been reviewed with them.

Alternate Board Member Peralez expressed concern on VTA’s lack of contract oversight. He noted evergreen contracts allow for complacency and indicated he is not in favor of having one with any future contracts. He expressed concern with some of the information being presented and noted Outreach should be required to respond and settle concerns that have been raised before being able to bid for the next contract. He also suggested staff review policies and procedures to prevent double billing in the future and to research whether or not it has already occurred.

Chairperson Chavez indicated staff will continue to ask for information.

Ms. Evans indicated staff will be reaching out to other parties in an effort to investigate double billing.

Board Member Baker noted the importance of placing emphasis on this action being about the contract and not the service. He did note, however, several of his constituents indicated they would like better service, because it is frequently late. He expressed concern with comments from the public regarding scheduling and favoritism with clients and suggested Outreach respond to that as well.

Board Member Hendricks expressed support of the recommendation, noting there is enough information to terminate for convenience. He urged staff to take a look at service provided to customers, quality of service and processes around how it is done.

Upon inquiry from Board Member Nguyen, Rob Fabela, General Counsel, provided information on procedures involved in terminating a contract for convenience and terminating a contract for cause.

Board Member Nguyen suggested having assurance that the next contract will provide better service and lower costs.

Upon inquiry from Vice Chairperson Bruins regarding the availability of data, Ms. Heatley stated she was prohibited by Trapeze to turn data over to VTA. She addressed Ms. Gonzales’ statements regarding the upgrade and indicated there was a testing period, but the data was restored. She encouraged the Board to take the action to rebid the contract. Ms. Heatley noted many of the things can be explained and indicated she would be glad to meet with VTA staff to work to move things forward.

Vice Chairperson Bruins stressed the audit was of VTA and not Outreach and indicated the same action would have to be taken to rebid the contract. She emphasized the need to have a contract that addresses all of the issues that have been uncovered and ensures internal procedures allow VTA to do due diligence and ensure all the users needs are being met, which VTA is ultimately responsible for.
Board Member Khamis expressed concern that cooperation from Outreach was not received until very recently. He noted he is not in favor of evergreen contracts, because they invite insufficiency and do not promote innovation. He suggested staff see if there are any more Evergreen contracts at VTA. He noted given the information and funds unaccounted for, he is uncomfortable having Outreach be able to bid for the contract and suggested that there may be enough information to terminate the contract for cause.

Nuria I. Fernandez, General Manager, emphasized as fixed route provider, VTA has an obligation to provide paratransit service. She noted it must be transparent and well structured so that if ever audited at federal level, VTA can substantiate and be clear that it has been well managed and oversight was adequate. She indicated when the audit report was received and vulnerabilities identified, VTA immediately hired additional staff with expertise and formed the Regional Transportation Services department. She noted they are reviewing and developing a new contract, because VTA cannot continue to operate under the existing contract.

Chairperson Chavez noted the importance of the contract and thanked the public and Ms. Heatley for their input.

M/S/C (Liccardo/Bruins) to review and receive the Auditor General's status report on Paratransit Operations Assessment testing, including the recommendation for VTA to exercise the one-year notice of contract cancellation provision in the contract with Outreach & Escort, Inc. (Outreach), while concurrently initiating the competitive procurement process for replacement paratransit services to ensure uninterrupted service to paratransit customers.

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<td>ABSENT:</td>
<td>Carrasco</td>
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Board Member Liccardo requested the Board consider an additional motion to request Outreach provide a formal written response to the audit to allow the Board and staff to make the best decisions in the months ahead.

Board Member Hendricks questioned the need for the motion and what is trying to be accomplished.

Chairperson Chavez provided clarification, noting the Audit is complete because there is no more work that can be done without additional information. She indicated a formal request from Outreach to respond to the audit and provide any additional information staff is requesting will benefit the Board.
M/S/C (Liccardo/Chavez) to request Outreach & Escort, Inc. (Outreach) provide a formal written response to the audit and provide any additional information requested from staff.

RESULT: APPROVED [UNANIMOUS]
MOVER: Liccardo, Board Member
SECONDER: Chavez, Board Chairperson
AYES: Baker, Bruins, Carr, Chavez, Hendricks, Khamis, Liccardo, Nguyen, O’Neill, Peralez, Yeager
ABSENT: Carrasco

On order of Chairperson Chavez and there being no objection, the Board received a report on the Paratransit Operations Service Plan.

Board Member Yeager left his seat at 11:30 a.m.

7. OTHER ITEMS

7.1. General Manager Report

Nuria I. Fernandez, General Manager, provided a brief report on the following:

- Rotary Club providing free fireworks on July 4, 2016, in downtown San Jose, and VTA is enhancing its schedule to provide service on bus and light rail.

- Announced information on July service changes is now available on the VTA website.

7.1.A. Government Affairs Update

Chairperson Chavez noted the Government Affairs Update was included in the Board Members’ reading folders and placed on the Public Table.

4. COMMITTEE REPORTS

4.1. Policy Advisory Board Chairperson’s Report

Chairperson Chavez noted a copy of the report was provided in the Board Members’ reading folders and on the Public Table.

7. OTHER ITEMS (continued)

7.2. Chairperson's Report

Chairperson Chavez announced the August Board meeting will be held at the VTA River Oaks Campus.
7.3. **Items of Concern and Referral to Administration**

There were no Items of Concern and Referral to Administration.

7.4. **ANNOUNCEMENTS**

There were no Announcements.

8. **CLOSED SESSION**

8.1. **Recessed to Closed Session at 11:41 a.m.**

A. Conference with Legal Counsel - Anticipated Litigation

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9

Number of Cases: 1

B. Conference with Labor Negotiators
(Government Code Section 54957.6)

VTA Designated Representatives
Raj Srinath, Chief Financial Officer

Employee Organization
Transportation Authority Engineers and Architects Association (TAEA), IFPTE, Local 21

8.2. **Reconvened to Open Session at 11:58 a.m.**

8.3. **Closed Session Report**

A. Conference with Legal Counsel - Anticipated Litigation

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9

Number of Cases: 1

Rob Fabela, General Counsel, reported that no reportable action was taken during Closed Session.

B. Conference with Labor Negotiators
(Government Code Section 54957.6)

VTA Designated Representatives
Raj Srinath, Chief Financial Officer
Employee Organization
Transportation Authority Engineers and Architects Association (TAEA), IFPTE, Local 21

Mr. Fabela reported that no reportable action was taken during Closed Session.

8.4. **M/S/C (Liccardo/Khamis)** to authorize the General Manager to approve and formally adopt the amended successor labor agreement negotiated between Santa Clara Valley Transportation Authority (VTA) and Transportation Authority Engineers and Architects Association (TAEA), IFPTE, Local 21. The approval of the labor agreement is subject to and contingent upon the ratification of the labor agreement by the TAEA membership.

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</tr>
<tr>
<td>ABSENT:</td>
<td>Carrasco, Yeager</td>
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9. **ADJOURNMENT**

On order of Chairperson Chavez and there being no objection, the meeting was adjourned at 12:00 p.m.

Respectfully submitted,

Menominee McCarter, Board Assistant
VTA Office of the Board Secretary