BOARD OF DIRECTORS MEETING

Friday, June 24, 2016

9:00 AM

NOTE CHANGE IN MEETING TIME

Board of Supervisors’ Chambers
County Government Center
70 West Hedding Street
San Jose, CA 95110

AGENDA

To help you better understand, follow, and participate in the meeting, the following information is provided:

- Persons wishing to address the Board of Directors on any item on the agenda or not on the agenda are requested to complete a blue card located at the public information table and hand it to the Board Secretary staff prior to the meeting or **before the item is heard**.

- Speakers will be called to address the Board when their agenda item(s) arise during the meeting and are asked to limit their comments to 2 minutes. The amount of time allocated to speakers may vary at the Chairperson's discretion depending on the number of speakers and length of the agenda. **If presenting handout materials, please provide 25 copies to the Board Secretary for distribution to the Board of Directors**.

- The Consent Agenda items may be voted on in one motion at the beginning of the meeting. The Board may also move regular agenda items on the consent agenda during Orders of the Day. If you wish to discuss any of these items, please request the item be removed from the Consent Agenda by notifying the Board Secretary staff or completing a blue card at the public information table prior to the meeting or prior to the Consent Agenda being heard.
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 our website, www.vta.org, and also at the meeting. Any document distributed less than 72-hours prior to the meeting will also be made available to the public at the time of distribution. Copies of items provided by members of the public at the meeting will be made available following the meeting upon request.

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 *e-mail: board.secretary@vta.org or ( (408) 321-2330 (TTY only). VTA’s home page is on the web at: www.vta.org or visit us on Facebook at: www.facebook.com/scvta. ((408) 321-2300: 中文/ Español/ 日本語/ 한국어/ tiếng Việt/ Tagalog.

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

70 West Hedding St., San Jose, California is served by bus lines *61, 62, 66, 181, and Light Rail. (*61 Southbound last trip is at 8:55 pm for this location.)

For trip planning information, contact our Customer Service Department at (408) 321-2300 between the hours of 6:00 a.m. to 7:00 p.m. Monday through Friday and 7:30 a.m. to 4:00 p.m. on Saturday. Schedule information is also available on our website, www.vta.org.
1. CALL TO ORDER AND ROLL CALL

1.1. ROLL CALL
1.2. Orders of the Day

2. PUBLIC COMMENT

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any item within the Board's jurisdiction. Speakers are limited to 2 minutes. The law does not permit Board action or extended discussion of any item not on the agenda except under special circumstances. If Board 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. PUBLIC HEARINGS

There are no public hearings.

4. COMMITTEE REPORTS

4.1. Policy Advisory Board Reports

5. CONSENT AGENDA

5.1. ACTION ITEM - 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.

6. REGULAR AGENDA

6.1. ACTION ITEM - Based upon the actions of the SR 85 Policy Advisory Board concerning language in Resolution No 2016.06.12 staff recommends:

Rescind Resolution No. 2016.06.12 and adopt Resolution No. 2016.06.17 amending language describing State Route 85 Corridor.

6.2. ACTION ITEM - 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.

6.3. INFORMATION ITEM - Receive a report on the Paratransit Operations Service Plan.
7. OTHER ITEMS


7.2. Chairperson's Report. (Verbal Report)

7.3. ITEMS OF CONCERN AND REFERRAL TO ADMINISTRATION

7.4. Announcements

8. CLOSED SESSION

8.1. Recess to Closed Session

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. Reconvene to Open Session

8.3. Closed Session Report

8.4. ACTION ITEM - 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.

9. ADJOURN
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
    Board of Directors

THROUGH: General Manager, Nuria I. Fernandez

FROM: Board Secretary, Elaine Baltao

SUBJECT: Ratification of Appointments to the Bicycle & Pedestrian Advisory Committee

Policy-Related Action: No
Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

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.

BACKGROUND:

The Bicycle & Pedestrian Advisory Committee (BPAC) advises the VTA Board of Directors on planning and funding for bicycle and pedestrian projects and issues. The BPAC consists of 16 voting members, one appointed by each of VTA’s Member Agencies (the 15 cities in the county and the County of Santa Clara), and one non-voting member and alternate appointed by the Silicon Valley Bicycle Coalition (SVBC). The BPAC also serves as the countywide bicycle and pedestrian advisory committee for the County of Santa Clara.

The BPAC bylaws specify that the appointment term is two years and that members may be appointed to successive terms. Committee members must live, work or both in Santa Clara County during their term. Voting members of the Committee must also be a representative of the Member Agency’s local bicycle advisory committee or, for Member Agencies without a local bicycle advisory committee, their representative must be an individual who lives or works in the local jurisdiction and is interested in bicycle or pedestrian issues. BPAC members are precluded from representing a Member Agency that is their employer.
The process to fill BPAC vacancies is that staff notifies the appointing authority of the vacancy or approaching term expiration and provides the current membership requirements. The appointing authority then appoints one member for the designated membership position. For vacancies occurring mid-term, the bylaws specify that they be filled for the remainder of the term by the appointing authority. In both cases, the VTA Board must ratify the appointment.

DISCUSSION:

VTA staff recently notified appointing authorities on the June 30th BPAC expiration of the current term, advised them on their current representative’s standing, provided information on the appointment process, and requested that they appoint their BPAC representative for the new term.

In response, the following individuals were appointed by their respective appointing authority to serve as their BPAC representative for the new two-year term that commences July 1, 2016:

Reappointment
- The City of Morgan Hill has re-appointed Mary Seehafer. Ms. Seehafer, who was appointed to the committee in August 2014, is a member in good standing and has served the committee well. She is a long-term member of Morgan Hill’s Parks & Recreation Commission.

New Appointment
- The City of Cupertino has appointed Gary Jones to serve as its BPAC representative. He replaces James Wiant, a long-term member of the committee, who recently resigned due to personal reasons.

  Mr. Jones, who has lived in Cupertino for over 40 years, is retired entrepreneur and executive. During his career, he served as a partner with a CPA firm, founded a successful consulting firm which was acquired by a top 100 ranked national accounting firm, and is a published author with McGraw-Hill. His experience spans over 40 years with both low and hi-tech industries in Silicon Valley.

  His civic and community service includes serving as a Cupertino Bike and Pedestrian Commissioner for several years, a Block Leader, an active community volunteer, and founder of We Support Cupertino, a Facebook page dedicated to serving as a positive voice for the direction of Cupertino’s future.

  Mr. Jones’ interest in bicycle and pedestrian planning comes from having ridden for over 50 years, including several trips abroad.

Based on their qualifications, experience, community involvement, and knowledge of bicycle, pedestrian, trails and safety issues, staff recommends that the Board ratify the appointment of these individuals.

ALTERNATIVES:
The Board could choose to not ratify any or all of these appointments.

**FISCAL IMPACT:**

There is no fiscal impact as a result of this action.

**STANDING COMMITTEE DISCUSSION/RECOMMENDATION:**

Because its next meeting is not until September 1, 2016, the Governance & Audit Committee was not able to review and provide a recommendation to the Board on this item.

Prepared by: Stephen Flynn, Advisory Committee Coordinator
Memo No. 5635
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
   Board of Directors

THROUGH: General Manager, Nuria I. Fernandez

FROM: Director of Planning and Program Development, John Ristow

SUBJECT: Recommend Language Regarding SR 85 for Proposed Ballot Measure

Policy-Related Action: Yes  Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Based upon the actions of the SR 85 Policy Advisory Board concerning language in Resolution No 2016.06.12 staff recommends:

Rescind Resolution No. 2016.06.12 and adopt Resolution No. 2016.06.17 amending language describing State Route 85 Corridor.

BACKGROUND:

The State Route 85 Corridor Policy Advisory Board (PAB) on May 23, 2016, recommended to the VTA Board of Directors improvements on the SR 85 corridor for potential inclusion in a sales tax measure on the November 2016 ballot. At its meeting of June 2, 2016, the Board concurred with the Policy Advisory Board’s recommendation. In approving the ballot measure, the staff’s recommended language for SR 85 was included. Based in part on comments made at the June 2 Board meeting, staff believes that language may be too prescriptive and does not represent the long term intent of the Policy Advisory Board to create traffic relief while considering the range of possible options. Therefore staff recommends that the previously approved language regarding State Route 85 be amended to provide guidance for the voting public while more accurately conveying the intent of the Committee.

DISCUSSION:

At its meeting of June 20, 2016, the PAB recommended to the Santa Clara Valley Transportation Authority (VTA) Board of Directors that the following language be used in the Ballot Resolution
describing the intent of the State Route 85 Corridor Policy Advisory Board:

“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.”

In proposing a ballot initiative that will guide transportation funding for the next thirty years, it is critical to convey the intent to the public in a clear and concise way. Should the proposed ballot initiative pass, the PAB’s role in reviewing the studies and evaluating the proposed projects will be invaluable.

It is staff’s opinion that the language recommended above represents a more concise statement of the Policy Advisory Board’s intention. The attachment shows the proposed deletion (red/strike through) and the addition (red/italic) on pp. 3 and 4.

ALTERNATIVES:

The Board may accept or modify the recommendation. The Board may also decline to accept the PAB’s recommendation and in that event Resolution No. 2016.06.12 remains in effect.

FISCAL IMPACT:

There is no fiscal impact to this decision.

Prepared by: John Ristow
Memo No. 5638

ATTACHMENTS:
- Attachment - Red line Reso 2016.06.17 (PDF)
- Clean Reso 2016.06.17 (PDF)
RESOLUTION NO. 2016.06.127

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY (VTA) CALLING AND PROVIDING FOR A SPECIAL ELECTION ON NOVEMBER 8, 2016 AND REQUESTING THE CONSOLIDATION OF SUCH SPECIAL VTA ELECTION WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 8, 2016 FOR THE PURPOSE OF SUBMITTING TO THE VOTERS OF SANTA CLARA COUNTY A MEASURE SEEKING AUTHORIZATION FOR ADOPTION OF A RETAIL TRANSACTIONS AND USE TAX ORDINANCE BY THE BOARD OF DIRECTORS.

WHEREAS, the Board of Directors of the Santa Clara Valley Transportation Authority (VTA) deems it advisable to submit a measure to the voters within the territory of VTA at a special election to be held on November 8, 2016, to authorize the VTA Board of Directors to adopt a one-half of one percent retail transactions and use tax ordinance pursuant to Public Utilities Code section 100250 et seq., which tax shall be in effect for 30 years,

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY that the measure hereinafter set forth in full be submitted to the voters within the territory of VTA, which is the incorporated and unincorporated territory lying within the County of Santa Clara, at a special election to be held and conducted on November 8, 2016, and that the Registrar of Voters be, and thereby is, directed to publish such notice as may be required by law for the time and in the manner so required, and to place the same on the ballot at an election to be held throughout the territory of VTA on November 8, 2016. The full text of the proposed measure, which shall be printed in the voter information that accompanies the official vote by mail ballot and in the appropriate sample ballot pamphlet, is set forth as follows:

To repair potholes and fix local streets; finish the BART extension through downtown San Jose and to Santa Clara; improve bicycle and pedestrian safety; increase Caltrain capacity, in order to ease highway congestion, and improve safety at crossings; and relieve traffic on the expressways and key highway interchanges; and enhance transit for seniors, students, low-income, and disabled, shall the Board of Directors of the Santa Clara Valley Transportation Authority (VTA) enact a retail transactions and use tax ordinance, Ordinance No. 2016.01, imposing (a) a tax for the privilege of selling tangible personal property at retail upon every retailer in Santa Clara County, the territory of VTA, such tax to be at the rate of one-half of one percent of the gross receipts of the retailer from the sale of tangible personal property sold by him/her at retail in the territory of VTA; and (b) a complementary tax upon the storage, use, or other consumption in Santa Clara County, the territory of VTA, such tax to be at the rate of one-half of one percent of the sales price of the property whose storage, use, or other consumption is subject to the tax; collection of such tax to be limited to thirty years?

VTA shall be the administrator of the tax, shall establish a program and develop program guidelines to administer the tax revenues received from the enactment of
this measure (the “Program”). Tax revenues received for the 30-year life of the tax, including any interest or other earnings thereon, less any funds necessary for satisfaction of debt service and/or cost of borrowing and costs of program administration and oversight, such as costs of grant administration and financial management, shall be referred to herein as “Program Tax Revenues.”

VTA shall allocate the Program Tax Revenues to the following categories of transportation projects: Local Streets and Roads; BART Phase II; Bicycle and Pedestrian; Caltrain Grade Separation; Caltrain Capacity Improvements; Highway Interchanges; County Expressways; SR 85 Corridor; and Transit Operations.

The present value (i.e., present day purchasing power) of the Program Tax Revenues, as of April 2017, is forecasted to be approximately $6.3 Billion. The actual revenues to be received over the 30-year life of the tax will be affected by various economic factors, such as inflation and economic growth or decline. The estimated amounts for each category reflect the allocation of approximately $6.3 Billion. The estimated amounts for each category, divided by $6.3 Billion, establishes ratios for the allocation among the categories. The VTA Board of Directors may modify those allocation amounts following the program amendment process outlined in this resolution.

- **Local Streets and Roads – Estimated at $1.2 Billion of the Program Tax Revenues in 2017 dollars.**
  To be returned to cities and the County on a formula basis to be used to repair and maintain the street system. The allocation would be based on the population of the cities and the County of Santa Clara’s road and expressway lane mileage. Cities and the County will be required to demonstrate that these funds would be used to enhance and not replace their current investments for road system maintenance and repair. The program would also require that cities and the County apply Complete Streets best practices in order to improve bicycle and pedestrian elements of the street system. If a city or the County has a Pavement Condition Index score of at least 70, it may use the funds for other congestion relief projects.

- **BART Phase II—Estimated at $1.5 Billion of Program Tax Revenues in 2017 dollars (capped at a maximum of 25% of Program Tax Revenues).**
  To fund the planning, engineering, construction, and delivery costs of BART Phase II, which will create a new regional rail connection by extending BART from the Berryessa Station in San Jose to Santa Clara with stations at Alum Rock/28th Street, downtown San Jose, San Jose Diridon Station, and Santa Clara.

- **Bicycle/Pedestrian – Estimated at $250 Million of Program Tax Revenues in 2017 dollars.**
  To fund bicycle and pedestrian projects of countywide significance identified by the cities, County, and VTA. The program will give priority to those projects that connect to schools, transit, and employment centers; fill gaps in the existing bike and pedestrian network; safely cross barriers to mobility; and
make walking or biking a safer and more convenient means of transportation for all county residents and visitors. Bicycle and pedestrian educational programs, such as Safe Routes to Schools, will be eligible for funding. Candidate Projects are set forth in Attachment A.

- **Caltrain Grade Separation – Estimated at $700 Million of Program Tax Revenues in 2017 dollars.**
  To fund grade separation projects along the Caltrain corridor in the cities of Sunnyvale, Mountain View, and Palo Alto, separating the Caltrain tracks from roadways to provide increased safety benefits for drivers, bicyclists, and pedestrians and also reduce congestion at the intersections.

- **Caltrain Corridor Capacity Improvements – Estimated at $314 Million of Program Tax Revenues in 2017 dollars.**
  To fund Caltrain corridor capacity improvements and increased service in Santa Clara County in order to ease highway congestion, including: increased service to Morgan Hill and Gilroy, station improvements, level boarding, extended platforms, and service enhancements.

- **Highway Interchanges – Estimated at $750 Million of Program Tax Revenues in 2017 dollars.**
  To fund highway projects throughout the valley that will provide congestion relief, improved highway operations and freeway access, noise abatement, roadway connection overcrossings, and deploy advanced technology through Intelligent Transportation Systems (ITS). Candidate Projects are set forth in Attachment B.

- **County Expressways – Estimated at $750 Million of Program Tax Revenues in 2017 dollars.**
  To fund Tier I improvement projects in the County’s Expressway Plan in order to relieve congestion, improve safety and increase the effectiveness of the expressway system in the county. Candidate Projects are set forth in Attachment C.

- **State Route 85 Corridor – Estimated at $350 Million of Program Tax Revenues in 2017 dollars.**
  To fund a managed lanes project that includes an express lane on SR 85, in each direction, and a new transit lane in each direction on SR 85, 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 other transportation technologies that may be applicable. 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.

- **Transit Operations — Estimated at $500 Million of Program Tax Revenues in 2017 dollars.**
  The revenue from this program category will provide additional funds specifically for bus operations to serve vulnerable, underserved, and transit dependent populations throughout the county. The goals of the program category are to increase ridership, improve efficiency, enhance mobility services for seniors and disabled, and improve affordability for the underserved and vulnerable constituencies in the county. As VTA considers modifications to bus operations and routes to improve ridership and efficiencies, these funds may also be utilized to maintain and expand service to the most underserved and vulnerable populations. The funds may be used to increase core bus route service frequencies, extending hours of operations to early morning, evenings and weekends to improve mobility, safe access and affordability to residents that rely on bus service for critical transportation mobility needs. Attachment D describes the list of Candidate Projects and Programs.

The Program Categories will be administered in accordance with program guidelines and policies to be developed and approved by the VTA Board of Directors.

An independent citizen’s oversight committee shall be appointed to ensure that the funds are being expended consistent with the approved Program. Annually, the committee shall have an audit conducted by an independent auditor. The audit shall review the receipt of revenue and expenditure of funds. The committee shall hold public hearings, and issue a report annually to inform the Santa Clara County residents how the funds are being spent. The hearings will be public meetings subject to the Brown Act.

To support and advance the delivery of projects in the Program, VTA may issue or enter into financial obligations secured by the tax revenues received from the State Board of Equalization (SBOE), including but not limited to, bonds, notes, commercial paper, leases, loans and other financial obligations and agreements (collectively, “Financing Obligations”), and may engage in any other transactions allowed by law. Notwithstanding anything to the contrary, to obtain the strongest credit ratings and lowest financing costs, VTA may pledge up to the full amount of tax revenues received from the SBOE as security for any Financing Obligations of the Program and may contract with the SBOE to have pledged amounts transferred directly to a fiduciary, such as a bond trustee, to secure Financing Obligations to fund any project in the Program. Any Financing Obligation shall be fully paid prior to the expiration of this tax measure.

If approved by a 3/4 majority of the VTA Board of Directors, and only after a noticed public meeting in which the County of Santa Clara Board of Supervisors, and the city council of each city in Santa Clara County have been notified at least
30 days prior to the meeting, VTA may modify the Program for any prudent purpose, including to account for the results of any environmental review required under the California Environmental Quality Act of the individual specific projects in the Program; to account for increases or decreases in federal, state, and local funds, including revenues received from this tax measure; to account for unexpected increase or decrease in revenues; to add or delete a project from the Program in order to carry out the overall purpose of the Program; to maintain consistency with the Santa Clara Valley Transportation Plan; to shift funding between project categories; or to take into consideration new innovations or unforeseen circumstances.

BE IT FURTHER RESOLVED that such measure will appear in summarized form upon the ballot as follows:

Measure_____

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<th>To relieve traffic, repair potholes; shall VTA enact a 30-year half-cent sales tax to:</th>
<th>YES  ____</th>
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<tr>
<td>• Repair streets, fix potholes in all 15 cities;</td>
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<tr>
<td>• Finish BART extension to downtown San Jose, Santa Clara;</td>
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<tr>
<td>• Improve bicycle/pedestrian safety, especially near schools;</td>
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<tr>
<td>• Increase Caltrain capacity, easing highway congestion, improving safety at crossings;</td>
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<td>• Relieve traffic on all 9 expressways, key highway interchanges;</td>
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<td>• Enhance transit for seniors, students, disabled; Mandating annual audits by independent citizens watchdog committee to ensure accountability.</td>
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BE IT FURTHER RESOLVED that the Board of Supervisors is hereby requested to consolidate this election with the statewide general election and any other elections to be held within the County of Santa Clara on November 8, 2016, and that it include in its proclamation or notice of the special election that Article 3 of Chapter 2 of Division 9 of the Elections Code relating to arguments concerning county measure applies, and that the Office of the County Counsel is directed to prepare an impartial analysis.

BE IT FURTHER RESOLVED that pursuant to Elections Code section 10403, VTA acknowledges that the consolidated election will be held and conducted in the manner prescribed in Elections Code section 10418.
BE IT FURTHER RESOLVED that the Santa Clara County Board of Supervisors is requested to permit the Registrar of Voters to render all services specified by Elections Code section 10418 relating to the election, for which services VTA agrees to reimburse the County.

BE IT FURTHER RESOLVED that pursuant to Elections Code section 10418, all proceedings related to, connected with, and incidental to the election shall be regulated and performed in accordance with the provisions of law regulating the statewide election.

BE IT FURTHER RESOLVED that the returns of such VTA election shall be canvassed by the Registrar of Voters of the County of Santa Clara and the returns, when canvassed, shall be reported to the Board of Directors of the Santa Clara Valley Transportation Authority.

BE IT FURTHER RESOLVED that the Board Secretary is hereby directed to file a certified copy of this Resolution with the Santa Clara County Board of Supervisors and to submit certified copies of this Resolution to the County Clerk and to the Registrar of Voters of the County of Santa Clara no later than 88 days prior to the date of the election.

PASSED AND ADOPTED by the Santa Clara Valley Transportation Authority Board of Directors on June __, 2016 by the following vote:

AYES: DIRECTORS

NOES: DIRECTORS

ABSENT: DIRECTORS

____________________________________
Cindy Chavez, Chairperson
Board of Directors

ATTEST:

______________________________
Elaine Baltao, Board Secretary

APPROVED AS TO FORM:

____________________________________
ROBERT FABELA
General Counsel
RESOLUTION NO. 2016.06.17

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY (VTA) CALLING AND PROVIDING FOR A SPECIAL ELECTION ON NOVEMBER 8, 2016 AND REQUESTING THE CONSOLIDATION OF SUCH SPECIAL VTA ELECTION WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 8, 2016 FOR THE PURPOSE OF SUBMITTING TO THE VOTERS OF SANTA CLARA COUNTY A MEASURE SEEKING AUTHORIZATION FOR ADOPTION OF A RETAIL TRANSACTIONS AND USE TAX ORDINANCE BY THE BOARD OF DIRECTORS.

WHEREAS, the Board of Directors of the Santa Clara Valley Transportation Authority (VTA) deems it advisable to submit a measure to the voters within the territory of VTA at a special election to be held on November 8, 2016, to authorize the VTA Board of Directors to adopt a one-half of one percent retail transactions and use tax ordinance pursuant to Public Utilities Code section 100250 et seq., which tax shall be in effect for 30 years,

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY that the measure hereinafter set forth in full be submitted to the voters within the territory of VTA, which is the incorporated and unincorporated territory lying within the County of Santa Clara, at a special election to be held and conducted on November 8, 2016, and that the Registrar of Voters be, and thereby is, directed to publish such notice as may be required by law for the time and in the manner so required, and to place the same on the ballot at an election to be held throughout the territory of VTA on November 8, 2016. The full text of the proposed measure, which shall be printed in the voter information that accompanies the official vote by mail ballot and in the appropriate sample ballot pamphlet, is set forth as follows:

To repair potholes and fix local streets; finish the BART extension through downtown San Jose and to Santa Clara; improve bicycle and pedestrian safety; increase Caltrain capacity, in order to ease highway congestion, and improve safety at crossings; relieve traffic on the expressways and key highway interchanges; and enhance transit for seniors, students, low-income, and disabled, shall the Board of Directors of the Santa Clara Valley Transportation Authority (VTA) enact a retail transactions and use tax ordinance, Ordinance No. 2016.01, imposing (a) a tax for the privilege of selling tangible personal property at retail upon every retailer in Santa Clara County, the territory of VTA, such tax to be at the rate of one-half of one percent of the gross receipts of the retailer from the sale of tangible personal property sold by him/her at retail in the territory of VTA; and (b) a complementary tax upon the storage, use, or other consumption in Santa Clara County, the territory of VTA, such tax to be at the rate of one-half of one percent of the sales price of the property whose storage, use, or other consumption is subject to the tax; collection of such tax to be limited to thirty years?

VTA shall be the administrator of the tax, shall establish a program and develop program guidelines to administer the tax revenues received from the enactment of
this measure (the “Program”). Tax revenues received for the 30-year life of the tax, including any interest or other earnings thereon, less any funds necessary for satisfaction of debt service and/or cost of borrowing and costs of program administration and oversight, such as costs of grant administration and financial management, shall be referred to herein as “Program Tax Revenues.”

VTA shall allocate the Program Tax Revenues to the following categories of transportation projects: Local Streets and Roads; BART Phase II; Bicycle and Pedestrian; Caltrain Grade Separation; Caltrain Capacity Improvements; Highway Interchanges; County Expressways; SR 85 Corridor; and Transit Operations.

The present value (i.e., present day purchasing power) of the Program Tax Revenues, as of April 2017, is forecasted to be approximately $6.3 Billion. The actual revenues to be received over the 30-year life of the tax will be affected by various economic factors, such as inflation and economic growth or decline. The estimated amounts for each category reflect the allocation of approximately $6.3 Billion. The estimated amounts for each category, divided by $6.3 Billion, establishes ratios for the allocation among the categories. The VTA Board of Directors may modify those allocation amounts following the program amendment process outlined in this resolution.

- **Local Streets and Roads – Estimated at $1.2 Billion of the Program Tax Revenues in 2017 dollars.**
  To be returned to cities and the County on a formula basis to be used to repair and maintain the street system. The allocation would be based on the population of the cities and the County of Santa Clara’s road and expressway lane mileage. Cities and the County will be required to demonstrate that these funds would be used to enhance and not replace their current investments for road system maintenance and repair. The program would also require that cities and the County apply Complete Streets best practices in order to improve bicycle and pedestrian elements of the street system. If a city or the County has a Pavement Condition Index score of at least 70, it may use the funds for other congestion relief projects.

- **BART Phase II—Estimated at $1.5 Billion of Program Tax Revenues in 2017 dollars (capped at a maximum of 25% of Program Tax Revenues).**
  To fund the planning, engineering, construction, and delivery costs of BART Phase II, which will create a new regional rail connection by extending BART from the Berryessa Station in San Jose to Santa Clara with stations at Alum Rock/28th Street, downtown San Jose, San Jose Diridon Station, and Santa Clara.

- **Bicycle/Pedestrian – Estimated at $250 Million of Program Tax Revenues in 2017 dollars.**
  To fund bicycle and pedestrian projects of countywide significance identified by the cities, County, and VTA. The program will give priority to those projects that connect to schools, transit, and employment centers; fill gaps in the existing bike and pedestrian network; safely cross barriers to mobility; and
make walking or biking a safer and more convenient means of transportation for all county residents and visitors. Bicycle and pedestrian educational programs, such as Safe Routes to Schools, will be eligible for funding. Candidate Projects are set forth in Attachment A.

- **Caltrain Grade Separation – Estimated at $700 Million of Program Tax Revenues in 2017 dollars.**
  To fund grade separation projects along the Caltrain corridor in the cities of Sunnyvale, Mountain View, and Palo Alto, separating the Caltrain tracks from roadways to provide increased safety benefits for drivers, bicyclists, and pedestrians and also reduce congestion at the intersections.

- **Caltrain Corridor Capacity Improvements – Estimated at $314 Million of Program Tax Revenues in 2017 dollars.**
  To fund Caltrain corridor capacity improvements and increased service in Santa Clara County in order to ease highway congestion, including: increased service to Morgan Hill and Gilroy, station improvements, level boarding, extended platforms, and service enhancements.

- **Highway Interchanges – Estimated at $750 Million of Program Tax Revenues in 2017 dollars.**
  To fund highway projects throughout the valley that will provide congestion relief, improved highway operations and freeway access, noise abatement, roadway connection overcrossings, and deploy advanced technology through Intelligent Transportation Systems (ITS). Candidate Projects are set forth in Attachment B.

- **County Expressways – Estimated at $750 Million of Program Tax Revenues in 2017 dollars.**
  To fund Tier I improvement projects in the County’s Expressway Plan in order to relieve congestion, improve safety and increase the effectiveness of the expressway system in the county. Candidate Projects are set forth in Attachment C.

- **State Route 85 Corridor – Estimated at $350 Million of Program Tax Revenues in 2017 dollars.**
  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.
• **Transit Operations – Estimated at $500 Million of Program Tax Revenues in 2017 dollars.**

The revenue from this program category will provide additional funds specifically for bus operations to serve vulnerable, underserved, and transit dependent populations throughout the county. The goals of the program category are to increase ridership, improve efficiency, enhance mobility services for seniors and disabled, and improve affordability for the underserved and vulnerable constituencies in the county. As VTA considers modifications to bus operations and routes to improve ridership and efficiencies, these funds may also be utilized to maintain and expand service to the most underserved and vulnerable populations. The funds may be used to increase core bus route service frequencies, extending hours of operations to early morning, evenings and weekends to improve mobility, safe access and affordability to residents that rely on bus service for critical transportation mobility needs. Attachment D describes the list of Candidate Projects and Programs.

The Program Categories will be administered in accordance with program guidelines and policies to be developed and approved by the VTA Board of Directors.

An independent citizen’s oversight committee shall be appointed to ensure that the funds are being expended consistent with the approved Program. Annually, the committee shall have an audit conducted by an independent auditor. The audit shall review the receipt of revenue and expenditure of funds. The committee shall hold public hearings, and issue a report annually to inform the Santa Clara County residents how the funds are being spent. The hearings will be public meetings subject to the Brown Act.

To support and advance the delivery of projects in the Program, VTA may issue or enter into financial obligations secured by the tax revenues received from the State Board of Equalization (SBOE), including but not limited to, bonds, notes, commercial paper, leases, loans and other financial obligations and agreements (collectively, “Financing Obligations”), and may engage in any other transactions allowed by law. Notwithstanding anything to the contrary, to obtain the strongest credit ratings and lowest financing costs, VTA may pledge up to the full amount of tax revenues received from the SBOE as security for any Financing Obligations of the Program and may contract with the SBOE to have pledged amounts transferred directly to a fiduciary, such as a bond trustee, to secure Financing Obligations to fund any project in the Program. Any Financing Obligation shall be fully paid prior to the expiration of this tax measure.

If approved by a 3/4 majority of the VTA Board of Directors, and only after a noticed public meeting in which the County of Santa Clara Board of Supervisors, and the city council of each city in Santa Clara County have been notified at least 30 days prior to the meeting, VTA may modify the Program for any prudent
purpose, including to account for the results of any environmental review required under the California Environmental Quality Act of the individual specific projects in the Program; to account for increases or decreases in federal, state, and local funds, including revenues received from this tax measure; to account for unexpected increase or decrease in revenues; to add or delete a project from the Program in order to carry out the overall purpose of the Program; to maintain consistency with the Santa Clara Valley Transportation Plan; to shift funding between project categories; or to take into consideration new innovations or unforeseen circumstances.

BE IT FURTHER RESOLVED that such measure will appear in summarized form upon the ballot as follows:

Measure_____

To relieve traffic, repair potholes; shall VTA enact a 30-year half-cent sales tax to:
- Repair streets, fix potholes in all 15 cities;
- Finish BART extension to downtown San Jose, Santa Clara;
- Improve bicycle/pedestrian safety, especially near schools;
- Increase Caltrain capacity, easing highway congestion, improving safety at crossings;
- Relieve traffic on all 9 expressways, key highway interchanges;
- Enhance transit for seniors, students, disabled;
Mandating annual audits by independent citizens watchdog committee to ensure accountability.

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
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BE IT FURTHER RESOLVED that the Board of Supervisors is hereby requested to consolidate this election with the statewide general election and any other elections to be held within the County of Santa Clara on November 8, 2016, and that it include in its proclamation or notice of the special election that Article 3 of Chapter 2 of Division 9 of the Elections Code relating to arguments concerning county measure applies, and that the Office of the County Counsel is directed to prepare an impartial analysis.

BE IT FURTHER RESOLVED that pursuant to Elections Code section 10403, VTA acknowledges that the consolidated election will be held and conducted in the manner prescribed in Elections Code section 10418.

BE IT FURTHER RESOLVED that the Santa Clara County Board of Supervisors is requested to permit the Registrar of Voters to render all services specified by Elections Code section 10418 relating to the election, for which services VTA agrees to reimburse the County.
BE IT FURTHER RESOLVED that pursuant to Elections Code section 10418, all proceedings related to, connected with, and incidental to the election shall be regulated and performed in accordance with the provisions of law regulating the statewide election.

BE IT FURTHER RESOLVED that the returns of such VTA election shall be canvassed by the Registrar of Voters of the County of Santa Clara and the returns, when canvassed, shall be reported to the Board of Directors of the Santa Clara Valley Transportation Authority.

BE IT FURTHER RESOLVED that the Board Secretary is hereby directed to file a certified copy of this Resolution with the Santa Clara County Board of Supervisors and to submit certified copies of this Resolution to the County Clerk and to the Registrar of Voters of the County of Santa Clara no later than 88 days prior to the date of the election.

PASSED AND ADOPTED by the Santa Clara Valley Transportation Authority Board of Directors on June __, 2016 by the following vote:

AYES: DIRECTORS
NOES: DIRECTORS
ABSENT: DIRECTORS

____________________________________
Cindy Chavez, Chairperson
Board of Directors

ATTEST:

____________________________________
Elaine Baltao, Board Secretary

APPROVED AS TO FORM:

____________________________________
ROBERT FABELA
General Counsel
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
    Board of Directors

FROM: Auditor General, Bill Eggert

SUBJECT: Paratransit Operations Assessment Testing Status Report and Resulting Recommendation

Policy-Related Action: No  Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

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.

BACKGROUND:

Americans with Disabilities Act (ADA) paratransit services are federally-mandated special transportation services for people with disabilities who cannot utilize VTA’s fixed-route bus and rail service.

VTA has contracted with Outreach since 1993 to provide ADA paratransit brokerage services. It is one of VTA’s largest services contracts, having been budgeted for FY 2016 at approximately $20 million.

A project contained in the Board-approved FY 2016 Internal Audit Work Plan was the Paratransit Operations Assessment. Its objective was for the Auditor General’s Office to review and evaluate the overall design and operating effectiveness of VTA’s ADA paratransit operations. This included evaluation of the effectiveness of the design and operation of internal controls related to paratransit operations, financial billing, and operational and performance reporting.
The Auditor General’s Office presented its findings and recommendations based on the work performed through October 2015 at the December 2015 Governance & Audit Committee meeting. Based on the scope of the review and the work performed, the Auditor General’s Office assigned an overall report rating of High Risk, based on six observations rated as High and one as Medium Risk. Overall, the Auditor General’s Office noted consistent, pervasive concerns pertaining to the ADA paratransit services contract and supporting processes and controls resulting from: (1) an overly complex paratransit brokerage service model between VTA and Outreach that results in an unacceptably high prevalence of unsatisfactory quality of data and reporting, and (2) a complex and murky invoicing process that cannot be easily or reasonably validated. Based on these factors, the Auditor General’s Office could not provide reasonable assurance that VTA was being invoiced for services correctly or that performance or regulatory reports were accurate.

Due to the pervasiveness of unsatisfactory data and reporting and the inability to validate financial transactions, at its December 2015 meeting the Governance & Audit Committee approved augmenting the existing project budget to provide for supplemental testing (Phase II) to further attempt to independently substantiate historical paratransit services invoiced amounts and operational data reported to VTA. The results of this effort are described in the following.

**DISCUSSION:**

The issues identified in Phase I continue to exist. Phase II testing was conducted from January 2016 through the present. The purpose of this additional phase was to attempt to validate the sources and reliability of the submitted ADA/Paratransit data and invoices. It took from January until March 23rd to reach an agreement with Outreach over their expressed concerns about data confidentiality and licensing agreements.

A major challenge continues to be the comingling by Outreach of paratransit trip data with other programs and grants. Because VTA is responsible for paratransit, their contract specifies that this data must be segregated.

From April to the present we have been performing technical analysis of the submitted data. Our analysis to date has been unable to determine validation of historical billing for ADA trips under the paratransit program. For example, source data indicates the comingling of paratransit trip data with data from other trips under County or other programs. Unresolved discrepancies between trips reported by Outreach to VTA and trip records culled from source data have also been identified. Many source data trip records lack pick up and drop off times and other information necessary to validate both the on-time representations made by Outreach as well as the authenticity of the trips themselves. There are also indications that trip records were modified soon after VTA requested source data. For these reasons and others, it is not possible to confirm at this time that trips billed to VTA have been accurately reported. Our final report on this project, which summarizes the Phase I portion and details our specific findings and recommended corrective actions for Phase II, is shown on Attachment A.

In order to avoid the continuation of the identified high risks associated with the current paratransit broker, we recommend the Board of Directors issue a twelve-month notice of cancellation for convenience to Outreach and issue a Request for Proposal for the services
provided by Outreach. These actions should be undertaken to assure the continued provision of service to the paratransit community.

FISCAL IMPACT:

There is no financial impact associated with acceptance of this report.

Prepared by: Bill Eggert, Auditor General
Memo No. 5621
Paratransit Operations Assessment
Phase II Final Report on Additional Testing
Supplement to Auditor General Report No. 2015-7

June 24, 2016
## EXECUTIVE SUMMARY

### Background

Americans with Disabilities Act (ADA) paratransit services are federally-mandated special transportation services for people with disabilities who cannot utilize fixed-route bus and rail service. VTA has contracted with Outreach & Escort, Inc. (Outreach) since 1993 to provide ADA paratransit brokerage services.

VTA's ADA paratransit services are budgeted to cost approximately $20 million dollars in Fiscal Year (FY) 2016, and the contract with Outreach for brokerage services is one of VTA's largest contracts. Last year, Outreach reported providing 720,000 ADA passenger trips.

A component project in the Board-approved FY 2016 Internal Audit Work Plan is this Paratransit Operations Assessment. The objective was to evaluate the overall design and operating effectiveness of VTA's ADA paratransit operations. This included evaluating the effectiveness of the design and operation of internal controls related to paratransit operations, including financial billing and operational and performance reporting.

Based on the work performed through October 2015 (Phase I), it was determined that the ADA processes were more numerous, less straightforward, and more intertwined with other programs than anticipated. More importantly, there was also a high prevalence of unsatisfactory data and reporting.

Given these concerns, the Governance & Audit Committee, at its November 5, 2015 meeting, approved the Auditor General’s request for additional funding to perform supplemental testing to independently substantiate historical invoiced amounts and operational data reported to VTA (the Phase II portion of this report).

Please see our initial Phase I report dated December 3, 2015 for all detailed comments and background information.

This assessment, as are all Auditor General (AG) audits, reviews and assessments, was performed in accordance with the Standards for Consulting Services issued by the American Institute of Certified Public Accountants.

### Objective and Scope

Due to the contract size and complexity of Outreach’s brokerage services business model, the Auditor General sought to achieve the following objectives in the course of the review:

**Phase I (previously reported to G&A Committee in November 2015)**
- Obtain an understanding of VTA’s paratransit services processes and controls
- Assess the effectiveness of the design and operation of internal controls related to paratransit operations, including financial billing and reporting
- Assess whether reasonable safeguards are in place to minimize VTA exposure to paratransit service related liabilities
- Identify potential opportunities for process and control improvements

**Phase II (this report)**
- Assess the accuracy of Outreach invoices to VTA for vendor operations, brokerage services and eligibility services
- Assess the underlying invoice support to verify that it complied with the contract
- Perform analytical testing of client trip data from Trapeze PASS transportation software, and eligibility data from OTR, which is Outreach's platform for all ADA eligibility records
Executive Summary (continued)

Overall Summary and Review Highlights

ADA Paratransit Service and Operations (Initial Audit; called Phase I)
We assigned an overall rating for the phase I report of High to help management understand our assessment of the overall design and operating effectiveness of VTA’s ADA paratransit operations. This rating was based on six observations rated High and one Medium. Overall, we noted consistent, pervasive concerns pertaining to the paratransit services agreement and supporting processes and controls, including VTA’s management of the agreement as well as supporting processes and controls.

Specifically, we observed that the contracted ADA paratransit brokerage service model between VTA and Outreach is unnecessarily complex, which often results in unclear data and inconsistent documentation. Further, VTA does not currently have access to its ADA data for independent verification which by contract they own. We encountered issues with the transparency, clarity and consistency of data throughout the Phase I review. As a result, the information and reports provided were not readily verifiable or reconcilable.

The observations pertaining to the complex reporting of the ADA paratransit services program and unsatisfactory quality of data are a result of (1) the structure of VTA’s contract with Outreach and (2) VTA’s suboptimal contract administration and oversight of Outreach’s performance. The Auditor General’s initial Phase I report was issued on December 3, 2015. VTA management agreed with our recommendations and has implemented many corrective actions and initiated others.

ADA Paratransit Testing (Phase II)
There were lengthy delays in receiving ADA source data and supporting information from Outreach. Upon analysis of source data eventually provided by Outreach, we noted significant inconsistencies and potential errors. Therefore, we assigned an overall report rating of High to help management understand our assessment of the overall design and operating effectiveness of Outreach’s practices. We have two summary observations, both of which are rated High, as shown in the Detailed Observations section on Page 3. Overall, we continued to notice consistent, pervasive, significant concerns pertaining to Outreach’s overall billing process.

Specifically, we observed that the Outreach invoicing process is unnecessarily complex and lacks support necessary to validate expenses through third party or system generated schedules and reports. This approach often results in too little, too much, or inconsistent documentation to adequately validate the authenticity of ridership and underlying costs. Any invoicing should be based on underlying support that can be independently verified. Additionally, we encountered issues with the transparency, clarity and consistency of data throughout the review. As a result, the information and reports provided were not initially verifiable or reconcilable. The nature of our audit inquiries and the documentation requested is consistent with other audits we have performed for VTA, as well as other governmental entities.

The Auditor General has coordinated with VTA’s Legal Department regarding these issues, and Outreach’s compliance with the contract.

VTA management agreed with the Auditor General Office’s recommendations and has agreed to take corrective actions by Board direction. Several corrective actions have already been accomplished, others have been initiated, while some are pending Board decision.

Closing
This report was prepared for use by VTA’s Board of Directors, Governance & Audit Committee, and management. Recommendations for improvement are presented for management’s consideration, and management is responsible for the effective implementation of corrective action plans.

Questions should be addressed to Bill Eggert in the VTA Auditor General’s Office at Auditor.General@VTA.org.
## Observations Summary—Phase II

Following is a summary of observations noted in the areas reviewed. Definitions of the observation rating scale are included in Appendix A.

### Ratings by Observation

<table>
<thead>
<tr>
<th>Observation Title</th>
<th>Rating</th>
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<tbody>
<tr>
<td>1. <strong>Lack of ADA System Source Data</strong></td>
<td>High</td>
</tr>
<tr>
<td>2. <strong>Source Data Inconsistencies and Potential Errors</strong></td>
<td>High</td>
</tr>
<tr>
<td>2.1 Inconsistent Trapeze Trip and Total Record Count</td>
<td></td>
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<td>2.2 Trapeze Trip/Record Modifications</td>
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<tr>
<td>2.3 Incomplete Trapeze Trip/Record Data</td>
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<tr>
<td>2.4 Abnormal Username Distribution for Trapeze Trip Creation and Modification</td>
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<tr>
<td>2.5 Missing Trapeze Records</td>
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<td>2.6 Trips with Abnormal Trapeze Applications Actions</td>
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<tr>
<td>2.7 Misreported Trip/Record Count</td>
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<tr>
<td>2.8 Impact of County Contracts with Outreach</td>
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</tbody>
</table>
### Detailed Observations—Phase II

#### Lack of ADA System Source Data

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>Observation:</th>
<th>Recommendation:</th>
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<tbody>
<tr>
<td>#1</td>
<td>Auditor General’s Office repeatedly requested source data or native files (i.e. unmodified trip data directly from the system) from the paratransit provider’s Trapeze PASS and OTR (Eligibility) databases. However, we did not receive the data timely and/or in a consistent and unmodified format. Once received, the AG’s Office was unable to independently determine the completeness or accuracy of a majority of the trip data.</td>
<td>We recommend that VTA terminate the paratransit provider’s contract for convenience, and begin the process of an RFP to evaluate qualified providers. These actions will protect VTA’s assets and reputation, and allow the most efficient and effective operation and oversight of the important paratransit program. We recommend that VTA develop a corresponding plan to continue to provide ADA-eligible rides to prevent any community or service impacts.</td>
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**Observation Rating: High**

1.1 VTA’s contract with Outreach states that VTA owns all ADA data. As previously noted in our Phase I report, VTA does not have access to or a copy provided of any ADA source data (from Outreach’s Trapeze PASS and OTR systems). For Phase II, we made multiple requests for the native or source data files from Outreach to independently confirm the authenticity of client trips.

Outreach initially provided Excel spreadsheets, then subsequently cited the need to protect their business model and non-ADA clients. After VTA signed a Non-Disclosure Agreement (NDA), we ultimately were provided copies of the Trapeze PASS databases for fiscal years 2014 and 2015.

We have also been given inconsistent data. For example, one data set received during the Phase I audit reported 46,410 Personal Care Attendant (PCA) and 10,193 companion trips. A second data set received in January 2016 reported 112,441 PCA and 94,384 companion trips. Upon inquiry, the Outreach CEO indicated that the initial PCA and companion dataset was a “working copy.” This raises more questions about why there are two sets of reports and concerns about the reporting processes.

1.1 The risk associated with VTA not receiving access to or a copy of all ADA data has increased substantially.

We recommend VTA take appropriate legal action(s) to obtain a copy of all ADA data, both current and archived, both for their records and to protect their assets.

Without adequate independent review controls and access to Trapeze client trip data and eligibility data, VTA risks potentially paying inaccurate invoice amounts to the vendor as well as submitting inaccurate federal transportation data.

We also recommend VTA consider housing the ADA software/data on VTA servers and allow the third party vendor to have access to all relevant systems and applications to deliver ADA paratransit services.

1.1 VTA management concurs with the recommendation to terminate the paratransit provider contract for convenience as well as the other recommendations.

Should the Board decide to terminate the contract, staff has developed an Operations and Communications plan for transition of paratransit service to ensure uninterrupted service to the paratransit community. It has also begun initial development of the scope for an RFP.

**Responsible Party:** Chief Operating Officer

**Target Date:** 7/31/17
**Observation:**
The Auditor General’s Office performed statistical sampling, analytical review, reasonableness testing and other procedures on the source data received from Outreach.

We detected a number of inconsistencies and potential errors. Given the magnitude of these issues, the AG’s Office was unable to independently determine the completeness or accuracy of the majority of the trip data.

**Recommendation:**
We recommend evaluating the risk of overbilling by the paratransit provider, and seek recovery of funds where appropriate.

VTA should continue to meet with the paratransit provider to resolve these matters.

**Observation Rating:** High

### 2.1 Inconsistent Trapeze Trip and Total Record Count

The paratransit provider (Outreach) provided Trapeze files which included 513,810 total trips invoiced to VTA between July 2014 and June 2015. The Trapeze backup production database included 502,662 total ADA labeled trips between July 2014 and June 2015.

The difference is 11,148 trips. The difference in trip totals approximates the number of the County’s Senior Nutrition Program trip totals (11,200) noted in the Trapeze backup production database.

We recommend that VTA develop a process to better analyze and reconcile total trips reported and billed by Outreach.

VTA’s ADA department should communicate with VTA’s Grants department regarding invoices and supporting documentation from Outreach to ensure accurate reporting of trips.

2.1 VTA management agrees with the recommendations. Staff will implement procedural processes that clearly address measures of how data reconciliation and total trip statistics are to be monitored, reported and billed. The success of the process is predicated on full TRAPEZE data access and contractor cooperation.

**Responsible Party:** Chief Operating Officer

**Target Date:** 9/30/16
### 2.2 Trapeze Trip / Record Modification

Approximately 60,000 trips (for the period of December 1, 2014 through June 30, 2015) were modified between the dates of January 26, 2016 through February 7, 2016.

These modifications by Outreach occurred within one day of when the AG requested a better understanding of trip data discrepancy from the paratransit provider.

<table>
<thead>
<tr>
<th>Source Data Inconsistencies and Potential Errors (continued)</th>
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<tbody>
<tr>
<td><strong>2.2</strong> Trapeze Trip / Record Modification</td>
</tr>
<tr>
<td>Approximately 60,000 trips (for the period of December 1, 2014 through June 30, 2015) were modified between the dates of January 26, 2016 through February 7, 2016. These modifications by Outreach occurred within one day of when the AG requested a better understanding of trip data discrepancy from the paratransit provider.</td>
</tr>
<tr>
<td><strong>2.2</strong> Modified records that resulted in trips billed to VTA should be assessed to determine if they are valid, or if they should be charged back to the paratransit provider.</td>
</tr>
<tr>
<td><strong>2.2</strong> VTA management agrees with the recommendation. Staff will implement procedural processes that clearly address measures of how data reconciliation and total trip statistics are to be monitored, reported and billed. Trip modification will only be permitted with requirements of proper coding and modification action tracker notes supported within the TRAPEZE scheduling software. Implementation of these changes is predicated on full TRAPEZE data access, contractor cooperation and amendment of the current contract.</td>
</tr>
<tr>
<td>Responsible Party: Chief Operating Officer</td>
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<tr>
<td>Target Date: 9/30/16</td>
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### 2.3 Incomplete Trapeze Trip/Record Data

Trapeze data includes 119,000 trips where the actual pickup and drop-off time is noted as “-1”. This could be a code or it could indicate that there was no actual pickup time. Per discussion with VTA, “-1” is typically used to identify an incomplete booking.

Standard procedure is to remove incomplete booking records when creating an invoice. Approximately 38% of the trip records include a “-1” value in the actual pickup time field.

<table>
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<tr>
<th>Source Data Inconsistencies and Potential Errors (continued)</th>
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<td>Trapeze data includes 119,000 trips where the actual pickup and drop-off time is noted as “-1”. This could be a code or it could indicate that there was no actual pickup time. Per discussion with VTA, “-1” is typically used to identify an incomplete booking. Standard procedure is to remove incomplete booking records when creating an invoice. Approximately 38% of the trip records include a “-1” value in the actual pickup time field.</td>
</tr>
<tr>
<td><strong>2.3</strong> We recommend VTA clarify how actual pickup and drop-off times are recorded in the Trapeze PASS system by the paratransit provider. We also recommend following up with Outreach to confirm how “-1” is used by the paratransit provider and make any corrective action if needed.</td>
</tr>
<tr>
<td><strong>2.3</strong> VTA management agrees with the recommendations. Staff will implement procedural processes that clearly address measures of how data reconciliation and total trip statistics are to be monitored, reported and billed. The success of the process is predicated on full TRAPEZE data access, contractor cooperation and amendment of the current contract.</td>
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<td>Responsible Party: Chief Operating Officer</td>
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<td>Target Date: 9/30/16</td>
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### Detailed Observations—Phase II (Continued)

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<tr>
<th>Source Data Inconsistencies and Potential Errors (continued)</th>
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<tbody>
<tr>
<td><strong>2.4 Abnormal Username Distribution for Trapeze Trip Creation and Modification</strong></td>
</tr>
<tr>
<td>Approximately 560,000 client trip/records were created in Trapeze by a total of 69 Outreach usernames. Outreach employee(s) with the Username of “Active” inputted approximately 90,000 records (client trips). The records/trips input by “Active” may be a system generated procedure that loads subscription based customer trips on a periodic basis. A separate Username created approximately 32,000 records. That is 128 records per day. That is one record every 3.75 minutes (8 hour day). Further, Username JESSEV modified approximately 208,000 records and Username TRANH modified approximately 176,000 records. They each modified more than one trip every minute.</td>
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<tr>
<td><strong>2.4</strong></td>
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<tr>
<td>We recommend clarifying with the paratransit provider how and why this very high volume of modifications occur, as well as who performs modifications. We recommend determining if it is possible to modify this many trips via manual keys, why there would need to be that many modifications, and what would drive a system upload.</td>
</tr>
<tr>
<td><strong>2.4 VTA management agrees with the recommendations. Staff will implement procedural processes that clearly address measures of how data reconciliation and total trip statistics are to be monitored, reported and billed. Trip modification will only be permitted with requirements of proper coding and modification action tracker notes supported within the TRAPEZE scheduling software. Successful implementation of these changes is predicated on full TRAPEZE data access, contractor cooperation and amendment of the current contract.</strong></td>
</tr>
</tbody>
</table>
| **Responsible Party:** Chief Operating Officer  
**Target Date:** 9/30/16 |
| **2.5 Missing Trapeze Records** |
| Trapeze PASS creates a unique, sequentially numbered booking ID when trip information is entered into the application. Similar to a check register, there should not be gaps in the booking ID sequence. After reviewing the database extract, we identified a significant number of missing booking ID’s. There are 117,462 gaps with a total of 294,706 records that are missing/deleted. In a typical transit agency and industry best practice, standard operating procedure would prohibit deleting trip/records from the application. |
| **2.5** |
| We recommend clarifying with the paratransit provider how and why trips are deleted from the system, as well as who has access to delete records. We recommend determining if it is possible to delete this many trips via manual intervention, and why there would be a need to delete records. |
| **2.5 VTA management agrees with the recommendations. Staff will implement procedural processes that clearly address measures of how data reconciliation and total trip statistics are to be monitored, reported and billed. Best practices will be properly identified and explained that prohibit deletion of any records.** |
| **Responsible Party:** Chief Operating Officer  
**Target Date:** 9/30/16 |
## Detailed Observations—Phase II (continued)

<table>
<thead>
<tr>
<th>Source Data Inconsistencies and Potential Errors (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2.6 Trips with Abnormal Trapeze Application Actions</strong></td>
</tr>
<tr>
<td>Trapeze PASS application records actions taken to schedule and administer trips. Actions would include scheduling, recording pick-ups and drop-offs, ride adjustments for unscheduled PCA or companion pick-ups, etc. Trip records should typically have 7 to 12 actions noted in the “NumLogActions” field. We noted that approximately 16,000 trips (dated in December 2014) had zero actions and approximately 35,000 trips (from dates year round) had one action. Trips records with zero actions could indicate that the trip was uploaded directly into the database and was not recorded through the normal Trapeze interface. Trip records with one action could indicate that the trip was added to Trapeze but never physically taken because there are no actions to record pick-up or drop-off.</td>
</tr>
<tr>
<td><strong>2.6</strong> We recommend investigating why Outreach is not using a consistent methodology to record trips. We recommend assessing the risk of overbilling as a result of this incomplete data, and seeking recovery of funds where appropriate.</td>
</tr>
<tr>
<td><strong>2.6</strong> VTA management agrees with the recommendations. Staff will implement process and procedures that address procedures on how data reconciliation and total trip statistics are to be reported and billed. Implementation of this change will require amendment of the current contract. It will then be the responsibility of the contractor to make certain all sub-contracted providers are aware of these policies and procedures and adhere to them accordingly. Responsible Party: Chief Operating Officer Target Date: 9/30/16</td>
</tr>
</tbody>
</table>

| **2.7 Misreported Trip / Record Count**                     |
| The trip count reported to the National Transit Database (NTD) is inconsistent with the trip count in the Trapeze production database extract. Trip totals reported to NTD are greater than trip totals in the Trapeze production database extract. Client trip totals are over-reported by approximately 11,148 trips. Outreach, and by extension VTA, is over-reporting client trips, and therefore passenger trips, to the Federal government. |
| **2.7** There is a risk of incorrect reporting to the NTD. We recommend VTA evaluate the effect of over-reporting the number of trips and inform the Federal Transit Administration (FTA) of its findings. |
| **2.7** VTA management agrees with the recommendation. Staff will implement process and procedures that address procedures on how data reconciliation and total trip statistics are to be reported and billed. Additional requirements will address how mandatory source data is to be reported to conform to NTD and FTA requirements. Implementation of these changes will require amendment of the current contract. Responsible Party: Chief Operating Officer Target Date: 9/30/16 |
**Source Data Inconsistencies and Potential Errors (continued)**

<table>
<thead>
<tr>
<th>Source Data Inconsistencies and Potential Errors (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2.8 Impact of County Contracts with Outreach</strong></td>
</tr>
</tbody>
</table>
| Outreach is a state-designated consolidated transportation services agency (CTSA), and also manages multiple Santa Clara County programs focused on providing health and human services transportation.  
Santa Clara County has a “STARS” contract with Outreach that provides payment for transportation services for ADA eligible participants in the Senior Nutrition Program (SNP). Outreach certifies that the SNP participants require an ADA paratransit ride and bills the County.  
The County reimburses Outreach with a “subsidy” of $6.25 for each one-way ADA ride. It appears that some of these trips were also billed to VTA. |
| **2.8** |
| VTA should consider the impact of comingled data which is prohibited in the contract with Outreach.  
VTA should investigate the potential double billing of VTA’s ADA trips and the County’s social service programs for the same riders. |
| **2.8** |
| VTA management agrees with the recommendations. Staff will request and review Outreach’s policies and procedures that identify how data for separate billing sources are controlled to prevent double billing. Should procedures lack sufficient protocols to prevent potential billing mistakes, staff will request specific changes with the expectation of immediate implementation.  
**Responsible Party:** Chief Operating Officer  
**Target Date:** 9/30/16 |
### APPENDIX A—RATING DEFINITIONS

<table>
<thead>
<tr>
<th>Observation Risk Rating Definitions</th>
<th>Report Rating Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rating</strong></td>
<td><strong>Explanation</strong></td>
</tr>
<tr>
<td><strong>Definition</strong></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>Adequate internal controls are in place and operating effectively. Few, if any, improvements in the internal control structure are required. Observation should be limited to only low risk observations identified or moderate observations which are not pervasive in nature.</td>
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<tr>
<td>Process improvements exist but are not an immediate priority for VTA. Taking advantage of these opportunities would be considered best practice for VTA.</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>Certain internal controls are either:</td>
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<tr>
<td>Process improvement opportunities exist to help VTA meet or improve its goals, meet or improve its internal control structure, and further protect its brand or public perception. This opportunity should be considered in the near term.</td>
<td>• Not in place or are not operating effectively, which in the aggregate represent a significant lack of control in one or more of the areas within the scope of the review.</td>
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<tr>
<td></td>
<td>• Several moderate control weaknesses in one process, or a combination of high and moderate weaknesses which collectively are not pervasive.</td>
</tr>
<tr>
<td>High</td>
<td>Fundamental internal controls are not in place or operating effectively for substantial areas within the scope of the review. Systemic business risks exist which have the potential to create situations that could significantly impact the control environment.</td>
</tr>
<tr>
<td>Significant process improvement opportunities exist to help VTA meet or improve its goals, meet or improve its internal control structure, and further protect its brand or public perception presents. This opportunity should be addressed immediately.</td>
<td>• Significant/several control weaknesses (breakdown) in the overall control environment in part of the business or the process being reviewed.</td>
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<tr>
<td></td>
<td>• Significant non-compliance with laws and regulations.</td>
</tr>
<tr>
<td></td>
<td>• High risk observations which are pervasive in nature.</td>
</tr>
<tr>
<td>Not Rated</td>
<td>Opportunity to improve efficiency or profitability of operations, but does not indicate an internal control weakness or a material inefficiency.</td>
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</table>
Para-transit service is required by the Federal Americans with Disabilities Act (ADA) to complement fixed route transit by offering an equivalent level of transportation service for persons who are unable to use fixed route transit due to their disabilities. Federal regulations require ADA paratransit to meet the following criteria:

- Service must be available in an area within ¾ of a mile of VTA’s fixed route system;
- Eligible customers are able to schedule trips for service next week;
- The paratransit trip fare cannot be greater than twice the fare for a trip of similar length, at a similar time of day, on VTA’s fixed route system;
- There are no restrictions on trip purpose or priorities;
- Service is available during the same hours and days as fixed route service; and
- The availability of paratransit service to eligible customers is not limited.

VTA has contracted with Outreach since 1993 to provide ADA paratransit brokerage services. Although the contract has been amended since its inception, the brokerage services contract has not been competitively bid by VTA since 1993, a period exceeding 20 years. Most recently, on December 12, 2013, VTA’s previous general manager and chief operating officer both recommended that the Outreach Paratransit contract be extended without VTA completing a competitive bid process or comprehensive cost analysis. Based on this recommendation, VTA’s Board of Directors approved the contract extension on December 23, 2013, whereby the period of performance was to continue in effect through June 30, 2021. Then, beginning July 1, 2021 and every other July 1 thereafter, the agreement will automatically renew for another two-year term, effectively affording the ADA paratransit brokerage services agreement evergreen status.

The primary functions of Outreach as the paratransit broker include: (A) determining eligibility of customers to use the ADA paratransit service; (B) managing customer fare payment accounts; (C) scheduling customer reservations for service; (D) dispatching paratransit trips; (E) monitoring and resolving customer issues; (F) managing the vehicle fleet; and (G) procuring and establishing contracts with transportation service providers and other ADA paratransit service sub-contractors.

Transportation service providers are responsible for providing actual ADA paratransit service trips that are scheduled by Outreach. As of FY 2016, Outreach contracts with MV Transit as the primary, dedicated transportation provider. Additionally, Outreach utilizes non-dedicated transportation providers (typically local taxi companies) to provide additional ADA transportation services.

For FY 2016, Outreach expects to deliver 754,000 trips and incur gross capital and operating expenses of approximately $23 million, with an approved net cost (less fares and other revenue) to VTA of $19.8 million. As a designated consolidated transportation services agency (CTSA), Outreach also manages multiple programs that are focused on providing health and human services transportation within Santa Clara County for populations such as low income persons, older adults, Cal WORKS participants, homeless persons, veterans and persons with disabilities.

In 2011, VTA’s Auditor General’s Office conducted a contract compliance audit, the objective of which was to assess Outreach’s contract compliance, processes and controls regarding invoicing and compensation, reporting to VTA, ADA eligibility, third-party subcontracting and vendor management. Audit results were submitted to VTA’s then Audit Committee. The report identified three findings that, as discussed in the December 2013 Board recommendation presented by VTA management, were said to have been fully addressed. However, as described in the detailed observations and recommendations section of this report, it is clear that any remediation was not sustained over time. The prior audit findings are still present and potentially more pervasive than previously identified.
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
   Board of Directors

THROUGH: General Manager, Nuria I. Fernandez

FROM: Chief Operating Officer, Inez Evans

SUBJECT: Paratransit Operations Service Plan

FOR INFORMATION ONLY

BACKGROUND:

The Americans with Disabilities Act of 1990 (ADA) requires public agencies that operate fixed route transit service provide parallel Paratransit service for individuals who are unable to independently ride or travel to or from VTA’s fixed route bus and light rail systems due to a disability. The Valley Transportation Authority (VTA) responded to this civil rights legislation with the implementation of Paratransit Service in 1993. These services have been provided through a contractual relationship between VTA and Outreach & Escort, Inc. (OUTREACH) for the past 23 years as a Transportation Broker. Brokering responsibilities include managing the call center, reservations and scheduling functions of the Paratransit service and contracting services with sub-contractor transportation services that include MV Transit and taxi providers, managing the eligibility certification process and reporting all financial National Transit Database (NTD) and invoicing data to VTA.

DISCUSSION:

Provision of safe and reliable service to the disabled community is a top priority of VTA. The recent recommendations from the Auditor General’s Paratransit Operations Assessment Testing Status Report and Resulting Recommendation direct staff to create alternative Paratransit delivery plans should the Board of Directors decide to implement the report recommendations.

Because of the Board and staff commitment to provide uninterrupted service to the paratransit community, staff has developed the following Operations and Communications plans to address the transition of paratransit service per the findings and recommendations of the Paratransit Operations and Assessment. Under the contract with Outreach, VTA will continue with the current broker for twelve months should the Board take action to terminate the exiting contract for convenience. This will provide the time required to make a smooth transition to a different delivery model.
Were the Board to decide to terminate the current Outreach contract, staff would recommend procuring a paratransit contractor who will be ready to provide services by the end of the one-year transition period. The selection of the contractor would be made through a competitively bid request for proposal (RFP) process for Paratransit operation services. The RFP will be structured in terms that clearly identify VTA as 100% ownership of service infrastructure to include administration facilities, scheduling software, vehicle procurement and clear expectations and deliverables required of any future providers.

Staff also recommends releasing a sole source procurement for complete ownership of the TRAPEZE scheduling software and a competitively bid procurement of approximately 30 wheelchair accessible mid-sized cut-away buses.

**OPERATIONS**

All vehicle operations shall be provided at the VTA Cerone, Younger, and San Martin facilities and/or any other VTA owned property deemed appropriate for Paratransit operations.

The VTA owned properties will house all of the necessary functions required to appropriately provide paratransit services. These functions include window dispatch, reservations, scheduling, training, human resources, safety and customer service.

VTA will provide and maintain all telephone and Integrated Voice Response (IVR) answering equipment needed for both the operations and eligibility services. Call center and eligibility telephone calls shall be routed to the operation and eligibility facilities via the VTA Phone/IVR answering services located at the VTA River Oaks facility. Customer concerns, comments, and compliments will all be processed through the VTA call center, routed to the provider for response, and closed-out in the VTA call center.

Supplemental overflow services will be contracted and administered through the primary Paratransit service provider with the expectation that all trip, fare, operations and NTD data will be processed within the VTA owned TRAPEZE scheduling software.

VTA will administer the current maintenance and fuel agreements with the County, unless the contract provider chooses to bid on the responsibility to establish and maintain a comprehensive vehicle maintenance program that is efficient and cost effective.

The projected RFP timeline is scheduled for a minimum of 12 months from the date of decision. The required steps of the RFP would be as follows:

June/July/August 2016 - RFP development. Staff recommendations to Administration and Finance (A&F) and the Committee for Transit Accessibility (CTA) committees.

September 2016 - RFP Release and pre-proposal conference

October 2016 - Questions and Answers

November 2016 - Bids due

December 2016 - Bid review and evaluations
January 2017 - Bid interviews
February/March 2017 - Staff recommendations of selected provider and protest period.
April 2017 - Board selects contract and contract is executed. Contractor gets Notice to Proceed (NTP) and starts transition plan
July 2017 - Start of paratransit revenue service

**ELIGIBILITY**

Staff also recommends VTA release a competitive procurement for Eligibility services to be operated within a VTA owned facility. The facility will be equipped with a bus and light rail representation and will include an outdoor functional transit skills course and/or in-door testing area for Stage III functional testing. Functional testing will include cognitive, physical and visual tests to determine the applicants transit skills.

In an effort to deliver the highest professional services to people with disabilities or senior adults, the service provider will be required to employ Transit Evaluator staff that are educated and have experience in social services, rehabilitation, special education, ancillary healthcare or related fields.

Staff will deploy immediate emergency communication and outreach plans to include a new Paratransit telephone number. These tasks will require the necessary VTA staff to be consistently available for procurement, operations and IT support.

**Long Term Communications Plan: Contract terminated for Convenience**

Proactive, clear communication of any changes to VTA services is of utmost importance. It ensures a smoother transition in service delivery and maintains the trust and confidence of key stakeholders including service recipients. VTA staff will implement an encompassing communication strategy that educates and updates all stakeholders, articulates the findings of the Paratransit Audit, summarizes the existing Outreach contract status, provides next steps including the rebranding program and future Access paratransit service contracts, outlines VTA’s ADA compliance responsibilities, demonstrates VTA’s commitment to minimal service disruption for recipients, and articulates VTA’s commitment to strong management practices to ensure good stewardship of public dollars.

Communication strategies will be outlined for the Board of Directors, VTA leadership, CTA and other advisory committee members, community/government leaders, paratransit riders, service agencies, and VTA employees. Communications strategies and efforts will coincide with all major phases of the transition process as well as be responsive to all stakeholder, public and media inquiries and concerns.

Strategies for communicating out to each stakeholder group are defined by each individual group and are as follows:

**Board of Directors** - Communications to the Board have been ongoing both directly and via committees. Communications will be implemented for each phase of the transition identified in
the Operations Paratransit Service plan through official memorandums, Board briefings, Question and Answer Fact Sheet, talking points and email updates. The VTA Board of Directors will be the conduit for information received/shared with local government peers.

CTA Committee - Following the Board decision on June 24, all CTA Committee members will receive notification of Board action. Should the Board decide to terminate the Outreach contract, all members will receive a copy of the Operations Paratransit Service Plan, and a Questions and Answers Fact Sheet document that they can use to address most likely anticipated questions. The CTA Committee would be provided updates during the transition that addresses pertinent service delivery, contract implementation schedule, and customer service indicators. The Access Program would be a standing item on the CTA agenda.

Paratransit customers - Paratransit customers will be notified regarding Access rebranding and any transition process with an emphasis on the commitment to a smooth program transition. A new phone number will be provided for customer service questions. Paratransit customers will receive regular updates on service delivery. VTA will survey paratransit customers as changes are implemented to identify strengths and weaknesses. VTA will communicate its commitment to high quality, reliable service through the new Access brand.

Service Agencies - A letter/email would be disseminated to service agencies, along with a specifically tailored Q&A document regarding the program rebranding and transition. The list would include organizations that serve the disabled, the elderly, veterans, the dialysis community and other key subgroups. A key contact would be provided so that any additional questions can be addressed directly by VTA representatives. VTA will host an event at some point to introduce the selected vendor, to announce new/future services to the agencies that serve the disabled community, and to build a sense of community.

VTA employees - The VTA intranet site “The Hub” will be utilized to share information on any transition and the implementation of the Access program. Employees will be reassured of the agency’s proactive steps to ensure that all customers can trust in its quality and reliable services.

Media - VTA media relations will have all key messages and statements prepared prior to the Board meeting on June 24. VTA media relations and Board members will be prepared to respond to inquiries, but will not solicit media interest. Should there be media interest, VTA media relations will respond to each specific inquiry, issue key statements, and provide supporting documents. In subsequent months, VTA will proactively promote enhancements to the paratransit program, as positive steps forward to serve the paratransit customers.

VTA staff will work with the many community agencies, workshops, medical and dialysis centers, and senior care/Alzheimer centers to communicate any and all implemented changes and how VTA and ACCESS Paratransit providers will work to make those changes as seamless as possible.

Prepared By: Robert Gebo
Memo No. 5640
BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
   Board of Directors

THROUGH: Nuria I. Fernandez, General Manager/CEO

FROM: Alberto Lara, Director of Business Services

SUBJECT: Approval of the Labor Agreement between Santa Clara Valley Transportation Authority and Transportation Authority Engineers and Architects Association, Local 21 (TAEA)

Policy-Related Action: Yes  Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:
Approve and formally adopt a successor labor agreement negotiated between the Santa Clara Valley Transportation Authority (VTA) and Transportation Authority Engineers and Architects Association, Local 21 (TAEA).

BACKGROUND:
Beginning May 4, 2016, VTA and TAEA entered into labor negotiations for a successor Collective Bargaining Agreement (Agreement) to the November 11, 2013 through June 30, 2016 contract. On June 17, 2016, VTA and TAEA reached a tentative agreement for a new contract. TAEA membership ratification of the new agreement is expected to take place on June 29, 2016.

DISCUSSION:
The following is a summary of significant negotiated changes:

- The term of the Agreement is July 1, 2016 through June 30, 2019;
- Upon Board approval and TAEA membership ratification, TAEA represented employees shall receive a 3.5% increase in wages on July 1, 2016, a 4% increase in July 2017 and a 3% increase in July 2018;
- The frame/contact allowance in the Vision Plan increased from $120 to $150;
- Safety shoe allowance increased from $185 to $200; and
- Current PERS employee contributions will remain unchanged for the time being.
**ALTERNATIVES:**
The Board may instruct staff to return to the negotiation table and continue negotiations. Failure to approve the contract would require TAEA represented employees to work in accordance with the terms and conditions of the expired agreement.

**FISCAL IMPACT:**
For the contract period from July 1, 2016 to June 30, 2019, this agreement is projected to increase the labor cost for TAEA represented employees by approximately $1.27 million.

Staff is not recommending budget augmentation at this time. The increase in labor costs will be funded from reserves to the extent that they cannot be offset by additional revenues or lower than anticipated expenditures in other areas. In the event that additional appropriation is necessary, staff will request appropriate augmentation at that time.

Prepared by: Suzy Choi-Lee, Employee Relations Department