

2000 Measure A Transit Improvement Program

Citizens Watchdog Committee Annual Report On Fiscal Year 2009



OVERVIEW:

In November 2000, Santa Clara County voters approved Measure A, a 30-year half cent sales tax that generates revenue to enhance the county's public transit system. Several of the projects included in the Measure A Program, including the highly anticipated extension of BART to Silicon Valley, and electrification of the Caltrain system, will require years of planning, engineering, and environmental work, before they are operational. This annual report from the 2000 Measure A Citizen Watchdog Committee (CWC) provides the public with an update on project progress over the life of the tax, and presents findings from the CWC's independent review of expenditures incurred during Fiscal Year 2009.

Although Measure A was passed in 2000, revenues have only been collected for four years, starting in April 2006, when the prior sales tax expired. Over the past four years, there have been a number of significant accomplishments and milestones in the Measure A Program, including:

- Acquisition of property required for the BART to Silicon Valley project;
- Commencement of the process of relocating the existing freight railroad line and utilities in support of the extension of BART to Silicon Valley;
- Implementation of VTA's 522 Rapid Bus express service;
- Solicitation of bids for the first phase of South County Caltrain double-tracking project;
- Completion of the Zero-Emissions Bus Program Phase I, including acquisition and operation of three hydrogen fuel-cell buses on VTA bus lines.

Additional information on the status of individual Measure A projects is provided later in this report.

The worldwide financial crisis that began in late 2008 crippled the national economy in 2009, and resulted in a precipitous decline in local sales tax revenue, impacting the 2000 Measure A Program. Although recent reports indicate the worst may be over, experts predict that recovery will be slow. The U.S. Labor Department estimates that the country has lost 8 million jobs since early 2008. The unemployment rate in Santa Clara County at the close of Fiscal Year 2009 was 11.6% and still climbing. It reached a peak in January 2010 at 12.1%. As consumer confidence fell and people stopped making major taxable purchases, Measure A sales tax receipts plummeted 14.5% in FY09. Leading economists and fiscal experts predict that sales tax revenues will continue to decline during FY2010, which will further impact the Measure A Program.

A major event that happened during Fiscal Year 2009 positively impacting the Measure A Program was the November 2008 passage of Measure B, a 1/8th cent sales tax to cover operating expenses for the BART extension to Silicon Valley. Passage of this tax signaled the public's strong support for BART, despite the economic downturn, and the need to prioritize this project high in VTA's capital program. This dedicated source of funding should enhance the project's competitiveness for federal funding in the New Starts Program.

Collection of the tax is contingent on VTA receiving a commitment of \$750 million from the federal government to support construction of the extension.

The recent volatility of Measure A sales tax revenue, as well as all sources of transportation funding, necessitated a change in VTA's budgeting approach to meet near-term operational expenses, while also advancing the capital program. For the Fiscal Years 2010 and 2011 budgets, the VTA Board elected to adopt a two-year Capital Budget, which includes appropriations for Measure A projects, rather than updating the previous Revenue & Expenditure plan, to account for this volatility and provide flexibility and responsiveness. The Citizens Watchdog Committee has been involved in these budget discussions and will continue to monitor expenditures to ensure alignment with Measure A provisions.

The Citizens Watchdog Committee commends VTA staff for their efforts to identify additional funding to augment that of Measure A, and to advance projects notwithstanding the decline in local sales tax revenues. VTA successfully completed all projects in the 1996 Measure B Program, and is committed to finding additional resources to advance the Measure A projects as well. Over the next two years, VTA will complete environmental work on several projects, including the Vasona and Capital Light Rail projects, to position them to compete for future funding availability and will explore financing options, including potential public-private partnerships (P3's), as appropriate.

BACKGROUND:

The Measure A ballot specified that the Citizens Watchdog Committee (CWC), comprised of VTA's Citizens Advisory Committee members, must:

- Review all 2000 Measure A expenditures;
- Conduct an independent audit of Measure A financial statements and records on an annual basis;
- Hold public hearings and issue reports to inform residents how funds are being spent;
- Publish the results of the independent audit and the annual report in local newspapers and make them available to the public.



Rapid bus service along VTA's busiest corridor, providing service to the HP Pavilion

The VTA Board of Directors is responsible for implementation of the 2000 Measure A Program and for all policy-related decisions including the composition, implementation schedule and funding level of projects. The Citizens Watchdog Committee is responsible for reviewing 2000 Measure A expenditures to ensure funds are being spent in accordance with the intent of the ballot and for informing Santa Clara County residents on how the funds are being spent.

Among the projects specified in the ballot are:

- Extending BART to Silicon Valley.
- Providing connections from Mineta San Jose International Airport to BART, Caltrain and VTA light rail.
- Extending light rail from downtown San Jose to the East Valley.
- Constructing a new Palo Alto Intermodal Transit Center.



Highway 17 Express



Conceptual of Blossom Hill, overcrossing

- Increasing Caltrain service and electrifying the system from Palo Alto to Gilroy.
- Improving bus service in major bus corridors.
- Purchasing zero-emission buses and constructing service facilities.
- Purchasing low-floor light rail vehicles.
- Upgrading Altamont Commuter Express (ACE) service.
- Improving Highway 17 Express bus service.
- Developing new light rail corridors.

STATUS:

This report summarizes the status of the 2000 Measure A Program for FY 2009 (July 1, 2008 – June 30, 2009). During this period, approximately \$134 million of Measure A funds were expended, with significant progress being made on the following projects:



Proposed conceptual BART station design in Santa Clara County

• **BART Extension to Silicon Valley**

- 65% Engineering Phase was completed in December 2009.
- Work progressed on the Environmental Impact Statement. Draft submittal was issued for comment in August 2009.
- Final design related to freight railroad relocation continues. Third party utility providers are currently engaged in relocating their facilities. The first civil construction contract to relocate Union Pacific Railroad (UPRR) tracks from VTA right-of-way was awarded in late 2009 and construction is progress.
- The Berryessa Creek crossing improvements and utility relocations were largely completed.
- Seismic upgrading of the Abel Street Bridge was initiated.
- For the Freight Railroad Relocation, completed the Abel Street retrofit, Berryessa Creek culvert construction and construction of other creek culverts. Also began Wrigley Creek improvement activities including realigning the existing channel to improve the creek's hydrology, plant and wildlife biology, water quality and flood control capability.



Low-floor light rail vehicle

• **Capitol Expressway Light Rail Project**

- Design was completed to the 95% level.
- Updates of appraisals for property acquisition nearing final stages.

• **Light Rail Program**

- Continued development of the Light Rail Systems Analysis, the comprehensive evaluation of the existing light rail lines as a system, and of operational impacts created by population and employment growth along with planned light rail and BART extensions. This analysis focuses on making the light rail system as productive and efficient as possible given existing and potential travel markets, while positioning the system to capture future ridership potential.



Enhanced bus and light rail station



Proposed conceptual design of Eastridge Transit Center and Light Rail Station



Caltrain Baby Bullet



San Jose Diridon Light Rail Station



Altamont Commuter Express (ACE) train

- Continued development of Phase 2 of the New Rail Corridors Study that identifies potential new transit corridors that meet VTA's Board-adopted Transit Sustainability Policy (TSP) criteria and mode-specific service design guidelines.
- Continued efforts on the Environmental Impact Studies/Preliminary Project Work project that prepares environmental impact statements and other analyses for the extension to Vasona Junction, Capitol Expressway Light Rail to Eastridge, and other Measure A projects so VTA can qualify these projects for new federal or state funding should it become available.
- **Caltrain Double-Track Improvements in South County**
 - Completed 65% design on Phase I (Coyote to San Martin) and Phase II (San Martin to Gilroy).
 - Began final design phase.
 - Advertised for bids for first phase of work.
- **Caltrain Service Improvements**
 - Design for the Blossom Hill Pedestrian Grade Separation project continues and nears completion, with contract advertisement expected in late 2009 and completion of construction scheduled for early 2011.
 - Development continues on the Safety Enhancements project. The current phase includes engineering and construction for at-grade crossings, with improvements such as pedestrian gates, sidewalks, signing and striping, warning bands, advanced signal preemption and channelization for pedestrians. Construction is expected to begin in late 2009 and conclude in 2011.
 - Preliminary engineering effort continue on the Santa Clara Station Pedestrian Underpass Extension, which provides an extended pedestrian tunnel under the existing railroad tracks as part of the Santa Clara Station Upgrade.
 - In January 2009, the VTA Board approved an \$11.6 million Measure A contribution to the Santa Clara and Diridon Station Upgrades project, which have been combined into one project being implemented by Caltrain. The \$26 million Santa Clara Station project includes design and construction of a new center boarding platform and pedestrian underpass to improve operational efficiency and pedestrian access. In addition, ACE and Capitol Corridor riders will be able to use the Santa Clara Station, which currently does not accommodate those trains. VTA contributed \$10.0 million of Measure A funds to this effort. The \$52 million Diridon Station platform expansion will increase station capacity from three to five platforms to give trains more operational flexibility and also facilitate future plans for expansion of Caltrain, ACE, and Capitol Corridor services. VTA contributed \$1.6 million of Measure A funds to this effort. Construction completion for both component projects is scheduled for late 2011.



Photo simulation of Capitol Expressway Light Rail at Story Road



Palo Alto Intermodal Transit Center (PATC)



BRT at El Camino Real corridor



Zero-Emission Bus (ZEB) at hydrogen fueling station

- Preliminary engineering continues on the Mountain View Parking project, but at a reduced level pending completion of the joint Caltrain/High Speed Rail Project's engineering to determine right-of-way availability at this location for a parking structure and identify cost sharing opportunities.
- **Caltrain Double-Track Improvements in South County**
 - Completed Preliminary Engineering on Phase II (San Martin to Gilroy).
 - In December 2008, opened bids for the grading contract for Phase 1 (8.3 miles from Coyote to San Martin). Contract award was placed on hold awaiting a finalized fiber optic cable relocation schedule.
- **Palo Alto Intermodal Transit Center**
 - Continued preliminary engineering at a reduced level pending analysis of potential High Speed Rail impacts and cost-sharing opportunities.
- **Improved Bus Service**
 - Continued providing the very successful 522 Rapid Bus service.
 - The Bus Rapid Transit (BRT) Strategic Plan was adopted by the VTA Board in May 2009. Based on the criteria established in the Transit Sustainability Policy, the BRT Strategic Plan recommends moving forward with BRT deployment in the Santa Clara/Alum Rock corridor, and continuing conceptual engineering, environmental and other work for the El Camino Real and Stevens Creek/West San Carlos corridors. The BRT network will eventually include up to 60 miles on roadways throughout the county.
 - Initiated the federal environmental review of the Santa Clara/Alum Rock corridor to make this project eligible for federal funds. Preliminary engineering will commence in 2010, with construction scheduled to take place starting in 2012 and service in 2013.
- **Zero-Emission Buses (ZEBs)**
 - Following completion of the FTA demonstration requirements, VTA continued operating the three ZEBs on VTA bus lines.
 - In August 2008, the VTA Board adopted a strategy of partnering with other Bay Area transit properties and designating AC Transit as the lead agency for procuring and deploying the Advanced ZEB Demonstration vehicles.

Since the close of FY 2009, significant additional progress has been made on:

- In December 2009, the Federal Transit Administration (FTA) informed VTA that it had approved VTA's request to advance the Silicon Valley Berryessa Extension Project (SVBX) into the preliminary engineering phase of the New Starts program.



*View of Dumbarton Bridge
from the west*



*Architectural model of one
proposed scheme for a public
park and El Camino Real
Undercrossing at PATC*



*BRT concept drawing at Alum
Rock and McCreery*

- The BART Silicon Valley Project was allocated \$40 million of Traffic Congestion Relief Program (TCRP) funds by the California Transportation Commission (CTC) at its July 9, 2009 meeting. The \$40 million allocation is the first installment of an anticipated six, totaling almost \$240 million under the State of California TCRP Allocation Plan.
- For the BART Project, utility relocation and construction continue in the freight rail corridor in Fremont and Milpitas. The Freight Rail road Relocation (FRR) activities fulfill VTA's obligations under the Purchase and Sale Agreement with Union Pacific Railroad (UPRR) and eliminate ongoing freight operations on VTA property. The FRR activities are compatible with the eventual use of the property as a transportation corridor but do not include BART Silicon Valley project-level elements.
- In December 2008, awarded contract for the grading contract for Phase 1 (8.3 miles from Coyote to San Martin) of the Caltrain South County Improvements project. Contract award had been placed on hold awaiting a finalized fiber optic cable relocation schedule.
- The first contract under the second phase of the Caltrain Safety Improvements – Crossings project was awarded. It will construct safety improvements at eight crossings from Sunnyvale to Palo Alto. Construction completion is scheduled for December 2010.
- The Blossom Hill Pedestrian Crossing contract is anticipated to be advertised for bids in May 2010.
- A Federal Environmental Impact Statement is being prepared for the Capitol Expressway Light Rail Extension to Eastridge. A draft for circulation is anticipated in mid 2010, with final approval in early 2011. Pedestrian Improvements (sidewalk and landscaping) and the Eastridge Transit Center are being advanced as the initial stage of the light rail project.
- The BRT Strategic Plan recommended moving forward with BRT deployment in the Santa Clara/Alum Rock corridor. VTA has initiated a federal environmental review to make this project eligible for federal funds. Preliminary engineering will commence in 2010 with construction scheduled to take place starting in 2012. Service is scheduled to begin in late 2013.

INDEPENDENT AUDIT:

The Citizens Watchdog Committee retained the firm of Macias, Gini & O'Connell, LLP (MGO) to perform the compliance audit for Fiscal Year 2009 2000 Measure A revenues and expenditures. MGO conducted their compliance audit in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Accordingly, their audit included examining, on a test basis, evidence of VTA's compliance with those requirements and performing such other procedures as they deemed appropriate. After planning and conducting their audit, MGO issued an unqualified report, indicating that, in their expert opinion, during the subject period VTA complied in all material respects with the requirements that are applicable to the 2000 Measure A Program. This means that in their professional opinion, Measure A funds during the period were expended in accordance with the intent of the ballot. Included in MGO's report was a review of current Measure A fund swaps, which the CWC continues to monitor to ensure full and timely repayment and no negative impact to Measure A project schedules. This report was presented to the CWC in May 2010, and is available to the public on the VTA website, at: http://www.vta.org/2000_measure_a/pdf/mgo_compliance_audit_report_fy09.pdf.

CONCLUSION:

The CWC reviewed expenditures for the reporting period, evaluated the results of an independent audit that it commissioned to review VTA records, and conducted a public hearing on May 12, 2010 to obtain input from the community on the Measure A Program. After thorough review and careful consideration of all information and input received:

It is the conclusion of the Citizens Watchdog Committee that, for the period of FY 2009, 2000 Measure A tax dollars were spent in accordance with the intent of the measure.

We, the members of the Citizens Watchdog Committee, appreciate the importance of the role entrusted to us by voters in Santa Clara County of providing oversight for the tax collected under Measure A. We do not take this responsibility lightly, and we are committed to ensuring that revenues are expended to improve transit in the county. We hope the information in this report has been useful and welcome your suggestions for how we can improve our reporting on this important program.

Sincerely,



Charlotte B. Powers
Chairperson, Citizens Watchdog Committee

Citizens Watchdog Committee members:

MEMBER	REPRESENTS
Noel Tebo	City of San Jose
Charlotte B. Powers	City of San Jose
Connie Rogers	South County Cities
Bruce Liedstrand	North County Cities
Clinton W. Brownley	West Valley Cities
Roberta H. Hughan	County of Santa Clara
Sally Probst	Senior Citizens
Martin B. Schulter	Disabled Persons
Stephen C. Blaylock	Mass Transit Users
Chris C. Elias	Environmentalists
Herman H. Wadler	Bicyclists and Pedestrians
Aaron S. Morrow	Disabled Community
Bena Chang (temporarily vacant)	Silicon Valley Leadership Group
Ray Hashimoto	South Bay AFL-CIO Labor Council
	Home Builders Association of Northern California
Gaye Morando	Santa Clara County Chamber of Commerce Coalition
Robert Jacobvitz	Building Owners and Managers Association – Silicon Valley

Availability of CWC Annual Report and Related Information:

This report and related information is available to the public at VTA's website, www.vta.org. In addition, printed copies of this report are available at local libraries and other public buildings, and at the Valley Transportation Authority offices at 3331 North First Street, San Jose, CA, in the Building B Lobby.

CWC members and VTA staff are available to meet with community and civic groups to provide information on Measure A, the CWC's responsibilities, findings and Annual Report, and to receive input on Measure A. Contact VTA's Speakers Bureau at (408) 321-5965.