



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Authorize Mayor’s Response Letter to the 2018-2019 Santa Clara County Civil Grand Jury Final Report “Inquiry into the Governance of the Valley Transportation Authority”
Category:	Consent Calendar-Community Services and Sustainable Infrastructure
Meeting Date:	9/3/2019
Staff Contact:	Ashwini Kantak, 408-586-3053
Recommendation:	Authorize Mayor’s Response Letter to the 2108-2019 Santa Clara County Civil Grand Jury Final Report “Inquiry into the Governance of the Valley Transportation Authority”

Background:

On June 18, 2019, the City of Milpitas received the 2018-2019 Santa Clara County Civil Grand Jury final report on “Inquiry into the Governance of the Governance of the Valley Transportation Authority”. The Grand Jury listed a finding and recommendations in regards to the Valley Transportation Authorities (VTA) continued decline in operating performance, and the recurring budget gaps between projected revenues and expenses, referred to as structural financial deficits.

Pursuant to California Penal Code 933(c), the City is required to provide a response to the Presiding Judge of the Superior Court no later than September 16th, 2019.

Analysis:

The Santa Clara Valley Transportation Authority (VTA) is an independent special district created by the California legislature in 1972 and operates under a Board of Directors composed of elected officials from throughout the County appointed to serve by the County Board of Supervisors.

The 2003-2004 Santa Clara County Civil Grand Jury conducted an Inquiry into the Board Structure and Financial Management of the Valley Transportation Authority”. This inquiry found:

- The operating performance of VTA compared unfavorably to its peer organizations;
- The VTA Board had not effectively managed the finances of VTA, resulting in a substantial root cause of VTA’s poor performance was the go structural financial deficit that was projected to increase in the following year; and
- The root cause of VTA’s poor performance was the governance structure of the VTA Board, which was “too large, too political, too dependent on staff, too inexperienced in some cases, and too removed from the financial and operational performance of VTA”.

The 2003-2004 Grand Jury proposed various changes to the Board’s structure as a means to address the issues and to make the VTA Board more responsive. Seven VTA constituent municipalities filed responses to the Grand Jury and were supportive of some or all of the recommended changes. However, VTA defended the status quo, and most of the other municipalities adopted VTA’s position, therefore, the recommended changes were not made.

The 2008-2009 Civil Grand Jury again examined the governance of VTA and reiterated some of the same concerns noted in the 2003-2004 inquiry, however the focus of the 2008-2009 report was on the role and functioning of the VTA Board's appointed advisory committees.

The 2018-2019 Civil Grand Jury revisited the subject of VTA's governance and the work of the earlier grand juries and found that:

- VTA's operating performance has continued to deteriorate over the last 10 years, relative to both its own historical performance and the performance of its peers, across a wide variety of metrics;
- The VTA Board has consistently failed to adequately monitor VTA's financial performance and has taken action; albeit less than fully effective action, only in the face of imminent financial crises; and
- Despite the serious ongoing structural financial deficit, the VTA Board has been unwilling to review and reconsider decisions made years or even decades ago regarding large capital projects (and their attendant operating costs) that are no longer technologically sound or financially viable, based on their costs and projected ridership.

The 2018-2019 Civil Grand concluded that today the VTA Board is in need of structural change to enable it to better protect the interests of the County's taxpayers, and address the many complex challenges presented by emerging trends in transportation, rapidly evolving technology, and the changing needs of Silicon Valley residents.

The Grand Jury recommended several changes to the governance structure and operations of the VTA Board which will improve the Board's ability to effectively perform its important oversight and strategic decision-making functions. The Grand Jury further recommended that the VTA Board consider deferral of the Phase 2 East ridge light rail extension project pending a full review of the future role of light rail in the VTA's transit system. The review should study alternative ways to meet the needs of the residents of East San Jose for modern, efficient public transportation without extending a costly and outdated light rail system and worsening VTA's already precarious financial condition.

Staff recommends authorizing the Mayor to send the letter of response, a draft of which is included in the agenda packet in reply to the Civil Grand Jury final report. The letter is due to the Grand Jury on September 17, 2019.

Policy Alternatives:

Alternative 1:

Not responding to the 2018-2019 Santa Clara County Civil Grand Jury final report on "Inquiry into the Governance of the Governance of the Valley Transportation Authority" as required by the September 17, 2019 deadline.

Pros: None

Cons: Pursuant to Penal Code Section 933(c), the City is required to provide a response to the Presiding Judge of the Superior Court. Not responding as directed could result in legal consequences imposed upon the City.

Reason not recommended:

City staff, with assistance of the City Attorney's office have drafted the letter included in the Council agenda packet in response to the Civil Grand Jury final report, and it is recommended the City Council authorize the Mayor to respond to the 2018-2019 Grand Jury by the September 17, 2019 deadline

Fiscal Impact:

None

California Environmental Quality Act: Not Applicable

Recommendation:

Authorize Mayor's Response Letter to the 2108-2019 Santa Clara County Civil Grand Jury Final Report "Inquiry into the Governance of the Valley Transportation Authority"

Attachments:

1. Draft Response to 2018-2019 Civil Grand Jury
2. 2018-2019 Santa Clara County Civil Grand Jury Final Report "Inquiry into the Governance of the Valley Transportation Authority."