TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER      DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: AUGUST 4, 2008   CMR: 341:08

SUBJECT: UPDATE ON POLICY AND SERVICES COMMITTEE RECOMMENDATION TO COUNCIL ON VTA GOVERNANCE

This is an information report and no Council action is requested at this time.

BACKGROUND
On June 3, 2008, staff presented a review of eleven regional transportation issues to the Policy and Services Committee (P&S) including the issue of potential changes to VTA Governance. At that meeting, the Policy and Services Committee directed staff to prepare a recommendation to the City Council on the anticipated VTA Governance structure prior to scheduled action by the VTA Board of Directors at its meeting in late summer.

The VTA had previously contracted with the Hay Group in 2007 to conduct a financial and organizational assessment of VTA operations to strengthen the Board’s effectiveness, governance and financial management. The Hay Group report identified Board turnover and the length of Board member terms in office as a critical challenge to effective governance. In particular, the report identified high turnover among the small city groups.

At the time of the P&S meeting, there was one proposal for changing the VTA structure and representation for the small city groupings. That proposal included expanding the small city groupings from 3 to 4 groups, based on geographic proximity and population; dropping the practice of rotating seats within each grouping; encouraging the reappointment of Board members to a term totaling 4 years instead of 2 years, and developing a process of selecting VTA Directors with the required experience and qualifications. The proposed configuration would better align the groupings along geographic proximity; however, the number of cities within each of the four groupings varies substantially ranging from three to five cities. Palo Alto would benefit from the proposed configuration by being in a grouping of only three cities with contiguous geographic proximity instead of five cities. (See Attachment A, fact sheet provided in CMR:267:08).

The VTA Board had discussed the governance issue at its May meeting, but deferred action until other options could be explored by individual members. Subsequently, a sub-group of the VTA Board was formed to identify possible alternative options to this governance proposal. The concept proposed by the sub-committee is for the VTA Policy Advisory Committee (PAC) to elect the small city representatives to the Board from among its members. This matter was
discussed at a recent VTA Board committee of the whole, but no official proposal has yet been
drafted for review. Therefore, the details of the proposal are not available to forward to the City
Council at this time. This proposal has the potential to change the current practice of rotation of
board seats among member cities.

Other options, such as direct election of Board members by district, are not within the purview of
the Board to implement without action by the State legislature to change the enabling legislation
which created the VTA.

**DISCUSSION**
This information report is to provide the Council with the current status of the VTA Governance
structure process. Although the VTA Board is scheduled to discuss the governance matter as an
action item on August 7, to date there has been no official written proposal submitted from the
subcommittee on their alternative proposal nor is the VTA staff report to the Board yet available.
Therefore, staff is unable to forward to Council a recommendation on the proposed structure.

City staff has been in continual contact with VTA staff and has been awaiting further written
information about the various proposals moving forward to the Board for consideration. Earlier
this week, staff contacted Jim Lawson, Community Relations Manager for the VTA, to ascertain
the current status of this issue. Mr. Lawson indicated that three possible courses of action will be
presented to the Board at its August meeting: (1) the original proposal for restructuring the small
city groupings, (2) the sub-committee proposal, or (3) do nothing and retain the current
governance structure. The VTA Board report will not be available until end of the day, August
1st.

If the VTA Board selects either option 1 or 2, the VTA staff indicated that the proposed change
in VTA governance would require an amendment to the VTA Joint Powers Authority, which
created the agency. The amendment would need to be referred to each member agency for
ratification enabling the City Council to make a policy decision on the VTA Board structure at
that time. Staff will coordinate with Councilmember Kishimoto, a VTA Board member, and
Councilmember Espinosa, Palo Alto’s VTA PAC representative, will continue to monitor this
issue, and will bring forward a recommendation to the City Council as further information
becomes available.

**POLICY IMPLICATIONS**
This report does not request Council action. However, the City’s role and interest in VTA Board
structure and governance issues is consistent with Comprehensive Plan Policy T-49, Lead and
participate in initiatives to manage regional traffic.

**ATTACHMENTS**
A: CMR 267:08, with VTA Governance exhibits only