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(ENDORSED)
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Clerk of the Court
Superior Court of CA County of Santa Clara
BY Antney Huelbig DEPUTY

MEMORANDUM

DATE: September 16, 2019

TO: The Honorable Deborah A. Ryan, Presiding Judge, Santa Clara County Superior Court

FROM: Chris Jordan, City Manager

SUBJECT: **2019 RESPONSE TO THE 2018-2019 SANTA CLARA COUNTY CIVIL GRAND JURY REPORT “INQUIRY INTO THE GOVERNANCE OF THE VALLEY TRANSPORTATION AUTHORITY”**

On behalf of the City of Los Altos, I would like to express our appreciation for the work of the 2018-2019 Santa Clara County Civil Grand Jury reflected in the report, “Inquiry into the Governance of the Valley Transportation Authority,” dated June 18, 2019. Their efforts served an important purpose, and we commend the jurors for tackling such complex subject matter.

Findings and Recommendations

Finding 1:

The VTA Board, currently made up exclusively of elected officials from the Santa Clara County, Board of Supervisors, the City of San José and the other smaller cities in the County, suffers from:

- A lack of experience, continuity and leadership;
- Inadequate time for the directors to devote to their duties to the VTA Board due to their primary focus on the demands of their elected positions;
- A lack of engagement on the part of some directors, fostered in part by the committee system, resulting in VTA functioning largely as a staff-driven organization;
- Domination, in terms of numbers, seniority and influence, by representatives of the Santa Clara County Board of Supervisors and the City of San José; and
- Frequent tension between the director’s fiduciary duties to VTA and its regional role, on the one hand, and the political demands of their local elected positions, on the other.

Response 1:

Respondent, City of Los Altos, agrees with the finding. We are, however, concerned that the nuances and more detailed work of the Grand Jury, and the best solutions, may be lost if the entities responsible for addressing this finding focus only on the above summations.

Recommendation 1c:

As constituent agencies of VTA, each of the Cities in the County should prepare and deliver to VTA and the County Board of Supervisors a written report setting forth its views regarding VTA governance, with specific reference to the elements listed in Recommendation 1a [board size; term of service; method of selection (directly elected, appointed or a combination); director qualifications; inclusion of directors who are not elected officials; and methods of ensuring proportional demographic representation]. These reports should be completed and delivered prior to December 31, 2019.

Response 1c:

Respondent, City of Los Altos, has not yet implemented the recommendation, but will do so by the stated deadline.

We appreciate the Grand Jury's recognition that all cities should be involved in considering alternative governance structures for VTA. We have two concerns regarding this recommendation:

(1) We note that VTA (Recommendation 1a) and the County Board of Supervisors (Recommendation 1b) are charged with studying the governance structures of other transportation entities. We strongly encourage both VTA and the County to include information about transit agencies whose service areas span multiple municipalities and to provide that information to all constituent cities.

(2) It seems inefficient and insufficient for each constituent city to prepare a report as described in recommendation 1c separately and prior to learning the results of the VTA and County studies. Cities that do not currently have seats on the VTA Board should be given the time and resources necessary to evaluate the results of the VTA and County studies and to participate in efforts to reach a consensus on resolving the matters described in Finding 1. A meaningful process is needed for all constituent entities to participate in this important matter of governance changes.

Recommendation 1d:

Within six months following the completion of the studies and reports specified in Recommendations 1a, 1b and 1c, the County of Santa Clara and/or one or more of VTA's other constituent agencies, should propose enabling legislation, including appropriate amendments to Section 100060 through 100063 of the California Public Utilities Code, to improve the governance structure of VTA (which potentially could include an increase in the directors' term of service, the addition of term limitations and the inclusion of appointed directors who are not currently serving elected officials).

Response 1d:

Respondent, City of Los Altos, agrees that the recommendation should be implemented, but it will not be implemented by the City. Changes to the VTA governance structure are necessary, but it is premature to determine the specific changes prior to the studies and reports to be completed in response to Recommendations 1a, 1b, and 1c. The City of Los Altos is open to participating in the development of such legislation provided it focuses on identifying a governance model that will represent smaller jurisdictions, will provide taxpayer accountability, and will lead to a fiscally sound and operationally successful transit agency.

Recommendation 1e:

In order to provide more continuity in the leadership of the VTA Board, within six months following the completion of the studies and reports specified in Recommendations 1a, 1b and 1c, the County of Santa Clara and/or one or more of VTA's other constituent agencies, should propose enabling legislation amending Section 100061 of the California Public Utilities Code to provide that the Chairperson of the VTA Board shall be elected for a term of two years rather than one.

Response 1e:

Respondent, City of Los Altos, believes this recommendation requires further analysis. Any change to the nature (elected/appointed), term, or other responsibilities of the Chair should be determined through the studies and reports recommended in 1a, 1b, 1c, and 1d. It is critically important that VTA, the County, and all cities within the service area consider and analyze a full range of options and then contribute to developing any legislation affecting the governance and leadership of the VTA Board.