

City of Palo Alto

Office of the Mayor and City Council

August 29, 2019

Honorable Patricia Lucas
Presiding Judge
Santa Clara County Superior Court
191 North First Street
San Jose, CA 95113

(ENDORSED)
FILED
SEP - 4 2019

Clerk of the Court
Superior Court of CA County of Santa Clara
BY: Britney Huelbig DEPUTY

Re: Civil Grand Jury Report - Inquiry into Governance of the Valley Transportation Authority
(June 18, 2019)

Honorable Patricia Lucas,

On behalf of the City of Palo Alto, I would like to express our appreciation for the effort and
commitment demonstrated by the Santa Clara County Civil Grand Jury's report, entitled Inquiry
into Governance of the Valley Transportation Authority (June 18, 2019). As required by California
Penal Code §§ 933(c) & 933.05 (a) & (b), this letter represents the City's response on
recommendations that involve the City of Palo Alto.

The following are the recommendations most relevant to Palo Alto, along with our responses:

Table with 2 columns: Recommendation and City of Palo Alto Response. Row 1: Recommendation 1a (VTA should commission a study of the governance structures of successful large city transportation agencies...) and City of Palo Alto Response (Agree. The City of Palo Alto requests that the charge to VTA be clarified to include not only "large city" transportation agencies...).

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<b>Recommendation 1b</b>	As the appointing entity with an interest in the transit needs of all County residents, the County of Santa Clara should commission its own study of transportation agency governance structures, focusing on the elements listed in Recommendation 1a. This study should be commissioned prior to December 31, 2019.
City of Palo Alto Response	Agree. The City of Palo Alto requests that the charge to the County of Santa Clara be clarified to specifically include metropolitan areas (such as Portland, Oregon) where transit agency service areas span multiple municipalities.
<b>Recommendation 1c</b>	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. These reports should be completed and delivered prior to December 31, 2019.
City of Palo Alto Response	<p>Partially Agree. The City of Palo Alto appreciates the Civil Grand Jury's recommendation that cities be directly and actively engaged in the discussion of alternative governance structures for VTA. Consistent with the circumstances described in the Civil Grand Jury's report, however, smaller cities are not immediately positioned to engage and advance a consensus position on this issue. Meaningfully providing input to this process will require that cities without designated seats on the VTA Board be given the time and resources necessary to consider a consensus position.</p> <p>Specifically, it may be necessary to evaluate the governance of VTA not only in terms of population distribution, but also factors such as employment and sales tax generation given that a majority of VTA's revenues are generated from sales tax measures. As a major employment center and sales tax generator at the edge of VTA's service territory, Palo Alto has historically been underrepresented in VTA policy decision in ways that do not serve the travelling public. How representation relates to communities of interest with shared permanent transportation issues, such as Caltrain and High Speed Rail interests may also be a consideration. Pending decisions on railroad grade separation funding under Measure B pose further risks to VTA's ability to follow through on commitments made to Santa Clara voters, such that a thoughtful consideration of governance is particularly timely.</p> <p>The City of Palo Alto therefore requests that VTA provide funding to an appropriate fiscal agent, such as the Cities Association of Santa Clara County, to provide the resources needed for a thoughtful discussion of alternatives and positions by cities without designated seats on the VTA Board. This discussion should include the potential support for organizations similar to Councils of Governments that can sustainably represent the interests of multiple municipalities. Once this funding is committed, at least 120 days will be needed to complete the discussion and documentation of perspectives and recommendations to the VTA Board and County Board of Supervisors.</p>

<b>Recommendation 1d</b>	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 Sections 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).
City of Palo Alto Response	Agree. Per the response comments provided for Recommendation 1C, the City of Palo Alto is open to participating in the development of such legislation, assuming it addresses the root concerns that lead to underrepresentation of the smaller jurisdictions, particularly communities bordering other counties.
<b>Recommendation 1e</b>	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.
City of Palo Alto Response	Partially agree. While continuity is very important for the functionality of the board, the continuity is only effective if it is fairly distributed among the constituent agencies. In other words, extending the term for chairpersons representing San Jose or Santa Clara County could actually exacerbate other issues discussed in the report. Given this, we believe it may be premature to commit to a specific action such as increasing the Chairperson's term to two years. Palo Alto would prefer to hold this recommendation in abeyance in order to allow time for overall recommendations to be developed.

Should you have any questions or concerns regarding this response, please feel free to contact City Manager Ed Shikada at [ed.shikada@cityofpaloalto.org](mailto:ed.shikada@cityofpaloalto.org).

Sincerely,

Eric Filseth  
Mayor

cc: VTA Board  
Palo Alto City Council