



BOARD OF DIRECTORS

Chairman Ed Gallo
Vice-Chair Dave Roberts
Bob Campbell
Rocky Chavez
David Druker
Bill Horn
Julianne Nygaard
Chris Orlando
Jerome Stocks

Raymond Patchett, Interim Executive Director
C. Michael Cowett, General Counsel

AGENDA

GOVERNANCE COMMITTEE

Chairman Ed Gallo, Vice-Chair Dave Roberts,
Chair of the Monitoring Committee, Chris Orlando
Chair of the Planning Committee, Jerome Stocks
Staff Committee Liaison: Ellen Roundtree

Wednesday, July 2, 2008 – 8:30 a.m.
311 South Tremont St., Oceanside, California

1. Open Meeting
2. Changes to the Agenda
3. Review SANDAG Fare Study (SANDAG presentation)
4. Legal Services Contract Extension
5. Cancellation of August Committee and Board Meetings (No Written Staff Report)
6. Legislative Status Update (Attachment 6A)
7. Develop Formal Strategic Alliances (Discussion)
8. Draft Board Agenda for July 17, 2008 Board Meeting
9. Future Board Agendas (Master Board Agenda)
10. Other Matters
11. Public Comment
12. Next Meeting: Wednesday, **September 3, 2008**, 8:30 a.m., 311 South Tremont, Oceanside, CA
13. Adjournment

For individuals with disabilities, we will provide assistive services. To obtain such services or copies of documents in an alternate format, please call or write, a minimum of 72 hours prior to the event, to request these needed reasonable modifications. We will make every attempt to accommodate requests that do not give 72-hour notice. Please contact our Customer Service Supervisor at (760) 966-6503.

Persons with hearing impairment please use the California Relay Service (CRS): 800-735-2929 using TTY; 800-735-2922 using voice; 800-735-0373 for CRS Customer Service; 800-855-3000 for Spanish.

Any writings or documents provided to a majority of the members of the NCTD Board of Directors regarding any item on this agenda will be made available for public inspection in the department of the Clerk of the Board located at 810 Mission Avenue, Oceanside, CA 92054, during normal business hours.



STAFF REPORT TO THE GOVERNANCE COMMITTEE

Agenda Item # 4

TITLE: LEGAL SERVICES CONTRACT EXTENSION

Time Sensitive Consent

STAFF RECOMMENDATION:

That the NCTD Board of Directors authorize the Interim Executive Director to execute a contract extension to RFP 9809, the Best Best & Krieger (BB&K) legal services contract, for an additional two-year period from August 5, 2008 to August 4, 2010 at the not-to-exceed value of \$1,500,000.

BACKGROUND INFORMATION:

In 1998, NCTD issued an RFP for general counsel and other legal services. The NCTD Board authorized a contract with BB&K for four one-year contracts and one one-year extension. The contract for these services expired in August 2003. On July 24, 2003 the Board authorized an extension of the contract for two additional years, expiring August 5, 2005, with a one-year option period to August 5, 2006. In July of 2005, the Board again authorized a contract extension to August 2008. All contract extensions to BB&K were on a sole source basis due to BB&K's involvement with significant on-going legal issues.

Because of BB&K's continuing involvement with known legal issues related to the SPRINTER project, and the potential for future SPRINTER legal issues unknown at this time, we believe it would be in the District's best interests to provide for continuity of legal services through 2010. Accordingly, we suggest that the contract with BB&K be extended for an additional two years, through August 2010. At that time, the Board can evaluate whether to conduct a competitive procurement based upon changes in legal service needs. Per the contract, the current paralegal fee of \$97.00 per hour and attorney fee of \$181.00 per hour will be increased on August 1, 2008, based on the use of the most current CPI information, which would also be used to adjust the rates for the last year of the contract. CPI has not exceeded 4% over the past ten years, and was 3.4% last year.

ATTACHMENT: None

FISCAL IMPACT: The fiscal impact of this item will not exceed \$1,500,000 for the two-year contract extension period. Actual costs are dependent upon the amount of time spent and direct costs incurred by BB&K working on NCTD matters. NCTD's operating budget for FY 2009 includes \$595,000 for these fees.

COMMITTEE REVIEW:
7/3/08

STAFF CONTACT: **Richard Hannasch**
Director of Fiscal and Support Services
E-mail: rhannasch@nctd.org Phone: 760/967-2809



STAFF REPORT TO THE GOVERNANCE COMMITTEE

Agenda Item # 6

TITLE: LEGISLATIVE STATUS UPDATE

Time Sensitive [] Consent [X]

STAFF RECOMMENDATION:

That the Governance Committee receive the legislative status report.

BACKGROUND INFORMATION:

Periodic status reports on federal and state legislative activities are provided to the Governance Committee and NCTD Board of Directors during the year. This status report provides an update on state and federal activities.

STATE

2008-2009 State Budget

The Governor's proposal for the Fiscal 2008-09 State Budget was released on May 14, 2008 and contained devastating news for the future of public transit in California. The proposal recommends that another \$1.4 billion be diverted from the Public Transportation Account (PTA) to cover non-transit shortfalls in the General Fund. This proposal would bring the total diversion from transit to more than \$4 billion over the last decade. The proposal included \$306 million for the State Transit Assistance Program (STA), which was significantly lower than the Governor's proposal in January 2008 of \$743 million. This proposal not only recommends diverting the entire "spillover" to non-traditional transit purposes, but additionally proposes to divert funding from the base Public Transit Account (\$593 million for home-to-school transportation, \$235 million for the repayment of bond debt service). This precedent setting distinction would further reduce NCTD funding by \$2 million. As a reminder, the diversion of the "spillover", as recommended in January 2008, represents a loss to NCTD of \$4 million. These combined proposals represent a \$6 million loss to NCTD. The Administration's recommendation of the \$306 million is intended to provide the same level of funding as the FY 2007-2008 State Budget for STA. However, last years' level of funding already included a permanent diversion from transit, and with the huge increase in fuel costs, last years' dollars are significantly less in terms of purchasing power.

NCTD's Ad-Hoc Committee, recently formed for the purpose of developing legislative strategies to address the state funding for public transit, met prior to the NCTD Board's May 15, 2008 meeting. Our state legislative representative, Mark Watts, met with Board Members Druker, Nygaard, and Orlando to discuss various strategies. Some of these strategies discussed at the meeting are as follows:

¹ Spillover-Generated when gasoline prices increase at a faster rate than all other taxable items.

- Advocate for the restoration of the full amount of STA included in the January 2008 proposal, which would add back in **\$337 million**, providing for a STA program level of **\$743 million**.
- At a minimum, restore at least the base PTA amount to augment the STA. This would add back in **\$134 million**, for a total STA program level of **\$440 million**, partially averting or delaying pending additional service reductions.
- Oppose any efforts to suspend Proposition 42 under the new loan provisions of Proposition 1A. **\$286 million** (20% of the revenue) would accrue to the PTA, of which 75%, or **\$214.5 million**, would be applied to the State Transit Assistance Program. Should this occur, transit funds would be reduced to \$91 million.
- Seek statutory program changes to improve local transit service delivery and provide tools in the face of on-going reductions in state transit grants.

On June 10, 2008 the Assembly Budget Subcommittee staff approved an STA Program funding level of about \$624 million, the level appropriated in 2006-07. On June 11, 2008 the Senate Budget Subcommittee also approved a funding level of \$624 million to the public transportation account, however, their proposal divides the program between STA and the State Transportation Improvement Program, \$494 million and \$129 million respectively,

Other Pending State Legislation

A matrix on currently pending state bills, their current status, and how transit would be affected, is included with the staff report. The following bills that are moving through the process, and/or newly introduced, with a potential impact to transit in North County, are highlighted below for your convenience.

- SB 53 (Ducheny) Department of Railroads: This bill would create the Department of Railroads in the Business, Transportation and Housing Agency, and create the positions of director and deputy director within the department to be appointed by the Governor. This bill would transfer the department responsibilities currently administered by the intercity rail passenger program, High Speed Rail Authority, and the Public Utilities Commission. The bill was amended on June 19, 2008 after passing Assembly Floor and therefore must return to Assembly Transportation and Assembly Appropriations.
- SB 1685 (Kehoe) Regional Comprehensive Plan: San Diego: This SANDAG sponsored bill that expands and revises the purposes for which revenues from a future county-wide voter-approved sales tax in San Diego County may be used, with eligibility for public transit operations and maintenance specifically defined, has passed Senate Transportation and Housing and Senate Local Government, and Senate Floor. This bill is scheduled for vote Assembly Floor June 25, 2008.
- SB 2705 (Jones) Local Government: Mello-Roos Community Facilities districts: public transit: This bill, which would make public transit including, but not limited to, operational expenses and maintenance of public transit equipment, eligible under the Mello-Roos Community Facilities District Act of 1982, has passed Assembly Local Government and Senate Floor. This bill

failed passage by Senate Local Government on June 18, 2008, however, reconsideration was granted.

- AB 1836 (Feuer) Infrastructure Financing Districts (IFD): This bill removes the voter approval currently needed for cities and counties to create Infrastructure Financing Districts. Current law requires a two-thirds voter approval to legally form an IFD, which differs from the process for establishing redevelopment areas where only the approval of the city council or board of supervisors, respectively, is required. The requirement for voter approval has discouraged locals from pursuing the establishment of IFDs.

This is important to a transit agency because IFDs can issue 30-year bonds that are paid from local property tax increment revenues to finance critical infrastructure projects including transit, highway, water systems, sewer projects, flood control, child care facilities, libraries, parks and solid waste facilities. This bill has passed Assembly Local Government, and Assembly Floor. The bill failed passage by the Senate Local Government Committee on June 18, 2008, however, reconsideration was granted.

- AB 2546 (De La Torre) Air Toxics “Hot Spots”. This bill would require the Air Resources Board to adopt regulations to reduce impacts of railyards in California and require the retrofit of motor vehicles service railyards. Because of the broad definition of railyard, there is concern that it may apply to transit facilities. Legislation includes language that states: “Implementation of measures which the state board determines would be preempted by federal law from requiring, but the operator may voluntarily choose to implement these measures”.

Federal

On May 14, 2008 United States House Representative (H.R.) James Oberstar, Chairman of the House Transportation and Infrastructure Committee (T & I) , introduced H.R. 6052 The Saving Energy Through Public Transportation Act of 2008 (H.R. 6052). House leaders have indicated they intend to address rising energy costs during the week of June 23, 2008 and this bill may be among those considered. The bill, approved by the T&I Committee, would authorize \$1.7 billion over two years in grants for transit agencies to reduce fares and expand services. If the bill were enacted into law, the funds authorized by the legislation would require inclusion in an annual appropriations bill.

ATTACHMENT: 6A - Matrix of State Legislative Activity Related to Public Transit

FISCAL IMPACT: None

**COMMITTEE
REVIEW:**
07/02/08

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July 2, 2008

TO: North County Transit District Board Members
FROM: Clerk of the Board
SUBJECT: POSTING OF BOARD AGENDA

In Compliance with the Ralph M. Brown Act, As Amended, the following information is provided.

The Agenda for this meeting of the Governance Committee was posted as follows:

Meeting Date and Time:	July 2, 2008; 8:30 am
Posted At:	810 Mission Avenue, Oceanside, CA and 311 So. Tremont, Oceanside, CA
Date & Time of Posting:	June 27, 2008; 5:00 p.m.
Posted By:	Clerk of the Board