



Santa Clara Valley Transportation Authority

Improvements Are Necessary to Strengthen Its Project Management and Financial Oversight

Background

The Santa Clara Valley Transportation Authority (VTA) is a special district that provides transit services—including light rail and bus service—and traffic congestion management services throughout Santa Clara County (county). A 12-member board of directors (board) governs VTA and sets VTA policy. Board directors are appointed by local elected officials from the city of San José, from the county, and from groups of smaller cities within the county.

Key Recommendations

- » To help ensure that it develops reliable cost estimates for its capital projects, VTA should document its process for estimating the anticipated operation and maintenance costs for its capital projects.
- » VTA should develop procedures that direct staff to monitor project costs and schedules against preconstruction estimates and present this information to the board.
- » To ensure that VTA's appointing powers appoint directors based on their relevant qualifications, the Legislature should amend state law to require that VTA's appointing powers make public their rationales for the appointments they make to VTA's board.
- » The Legislature should also amend state law to increase the length of VTA directors' terms to four years.
- » To help ensure financial viability, VTA should determine the extent to which it can rely on revenue sources that are less uncertain than sales tax revenue.

Key Findings

- » VTA needs to strengthen its planning and oversight of its capital projects and better inform the board about cost and schedule changes.
 - VTA's cost estimates for its capital projects do not always include the cost to operate and maintain the project.
 - VTA's staff do not provide regular updates to the board about variances from the cost estimates it develops before the construction of a project, leaving the board with diminished insight into capital project performance.
- » The processes for appointing VTA's directors are not always transparent enough to ensure the appointment of directors with experience in transportation.
 - For example, one group of cities in the county does not meet publicly when it decides who to appoint as its directors, making it difficult to determine whether it appointed qualified individuals.
 - Once appointed, VTA's directors have briefer tenures than the directors of peer transit agencies, which is due, in part, to the shorter term length that state law establishes for VTA directors compared to the term lengths of other agencies' directors.
- » VTA is in good financial condition but would benefit from beginning to identify new revenue sources.
 - More than 60 percent of VTA's annual revenue is from sales taxes, a time-limited and uncertain source. However, VTA has not determined how it will replace this revenue source as sales tax measures begin to expire.

VTA Directors' Average Tenure Is Shorter Than Average Tenures of Directors at Peer Agencies

