

Administration & Finance Committee

Thursday, October 16, 2008
12:00 PM

Conference Room 157
County Government Center
70 West Hedding Street
San Jose, CA

AGENDA

CALL TO ORDER

1. ROLL CALL

2. PUBLIC PRESENTATIONS:

This portion of the agenda is reserved for persons desiring to address the Committee on any matter not on the agenda. Speakers are **limited to 2 minutes**. The law does not permit Committee action or extended discussion on any item not on the agenda except under special circumstances. If Committee action is requested, the matter can be placed on a subsequent agenda. All statements that require a response will be referred to staff for reply in writing.

3. ORDERS OF THE DAY

4. ADJOURN TO CLOSED SESSION

Anticipated Litigation--Conference with Legal Counsel

Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: (Two cases)

RECONVENE TO OPEN SESSION

5. CLOSED SESSION REPORT

CONSENT AGENDA

6. Approve the Regular Meeting Minutes of August 21, 2008

7. Approve the Regular Meeting Minutes of September 18, 2008

8. INFORMATION ITEM - Receive the Monthly Investment Report - August 2008.

9. INFORMATION ITEM - Receive the Annual Swap Report for Period Ending June 30, 2008.
10. INFORMATION ITEM - Review the Monthly Legislative History Matrix.

REGULAR AGENDA

11. INFORMATION ITEM - Receive information on the requested presentation outlining the four governance options.
12. ACTION ITEM - Authorize the General Manager to execute contracts and future extensions thereof with the following law firms in ten specialized areas of law and litigation. Each contract will be for an initial three-year period, with up to two additional one-year terms, in a total amount not to exceed amounts budgeted for such legal services in any given year.
13. ACTION ITEM - Revise the VTA Permit Policy to include the Background Security Check Program and adopt a resolution amending the Permit Fee Schedule, increasing the fees to be collected for Restricted Access Permits and Construction Access Permits, adding fees relating to modified Light Rail and Bus services, and adding a fee relating to the Background Security Check Program.
14. ACTION ITEM - Amend the FY 2009 VTA Transit Enterprise Fund Capital Budget to add \$6.248 million for the Advanced Zero Emissions Bus Demonstration (ZEB Demo) project.

OTHER ITEMS

15. INFORMATION ITEM - Receive a report on FY 2010 and FY 2011 Biennial Budget Assumptions.
16. Items of Concern and Referral to Administration
17. Review Committee Work Plan.
18. Committee Staff Report. (J. Smith)
19. Chairperson's Report. (Williams)
20. Determine Consent Agenda for the November 6, 2008 Board Meeting.
21. Announcements
22. **ADJOURN**

NOTE COMMITTEE MEMBERS: In order to establish a quorum for this meeting, members are asked to call the Board Secretary's Office at (408) 321-5680 or E-mail: board.secretary@vta.org before 5:00 p.m. on the day prior to the meeting. Thank you for your cooperation.

In compliance with the Americans with Disabilities Act (ADA), those requiring accommodations or accessible media for this meeting should notify the Board Secretary's Office 48 hours prior to the meeting at (408) 321-5680 or e-mail: board.secretary@vta.org, TDD (408) 321-2330. VTA's Homepage is located on the Web at: <http://www.vta.org/>.

All reports for items on the open meeting agenda are available for review in the Board Secretary's Office, 3331 North First Street, San Jose, California, (408) 321-5680, the Monday, Tuesday, and Wednesday prior to the meeting. This information is available on VTA's website at <http://www.vta.org/> and also at the meeting.

**NOTE: THE BOARD OF DIRECTORS MAY ACCEPT, REJECT OR MODIFY
ANY ACTION RECOMMENDED ON THIS AGENDA.**



Administration and Finance Committee

Thursday, August 21, 2008

MINUTES

Call to Order

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:05 p.m. by Chairperson Williams in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status	Arrived
David Cortese	Alternate Board Member	Absent	
Don Gage	Board Member	Present	
Forrest Williams	Board Member	Present	
Chuck Reed	Board Member	Present	
David Casas	Board Member	Present	
Chris Moylan	Alternate Board Member	Absent	
Pete McHugh	Alternate Board Member	Absent	

* Alternates do not serve unless participating as a Member.

A quorum was present.

2. ADJOURN TO CLOSED SESSION at 12:06 PM

Conference with Labor Negotiators

[Government Code Section 54957.6]

VTA Designated Representatives:

Joseph Smith, Chief Financial Officer

Bill Lopez, Chief Administrative Officer

Robert Escobar, Manager, Office of Employee Relations

Employee Organization:

Amalgamated Transit Union (ATU)

RECONVENED TO OPEN SESSION at 12:20 p.m.

3. CLOSED SESSION REPORT

There was no Closed Session Report.

4. PUBLIC PRESENTATIONS

There were no Public Presentations.

5. ORDERS OF THE DAY

Chairperson Williams stated that there was a recommendation to move **Agenda Item #17.**, VTA Governance, to the next A&F Committee meeting.

M/S/C (Reed/Casas) to keep Agenda Item #17., VTA Governance, on the agenda.

CONSENT AGENDA

6. Regular Meeting Minutes of April 17, 2008

M/S/C (Gage/Reed) to approve the Regular Meeting Minutes of April 17, 2008

7. Regular Meeting Minutes of May 15, 2008

M/S/C (Gage/Reed) to approve the Regular Meeting Minutes of May 15, 2008

8. Board of Directors Committee of the Whole (COW) Meeting Record of July 17, 2008

M/S/C (Gage/Reed) to receive and file the Board of Directors Committee of the Whole (COW) Meeting Record of July 17, 2008.

9. 2008 Quarterly Attendance Report

M/S/C (Gage/Reed) to review the 2008 Quarterly Attendance Report.

10. Monthly Legislative History Matrix

M/S/C (Gage/Reed) to review the Monthly Legislative History Matrix.

NOTE: M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.

11. **Fourth Quarter and FY 2008 Year-End Report of Public Liability/Property Damage Claims Activity**

M/S/C (Gage/Reed) to review the Fourth Quarter and FY 2008 Year-End Report of Public Liability/Property Damage Claims Activity.

12. **Fourth Quarter and FY 2008 Year-End Report of Workers' Compensation Claims and Transitional Work Program**

M/S/C (Gage/Reed) to review the Fourth Quarter and FY 2008 Year-End Report of Workers' Compensation Claims and Transitional Work Program.

13. **Quarterly Purchasing Report - 4th Quarter FY08**

M/S/C (Gage/Reed) to review the Fourth Quarter FY08 Quarterly Purchasing Report.

14. **Monthly Investment Report - June 2008**

M/S/C (Gage/Reed) to review the Monthly Investment Report - June 2008.

REGULAR AGENDA

15. **Banking and Custodial Services Contract**

Kim Koenig, Fiscal Resource Manager, provided an overview of the bank selection process, procurement process, evaluation process and eventual recommendation to extend and renew the contract with Union Bank of California. Ms. Koenig stated that Request for Proposals (RFPs) were issued in April 2008. Seven proposals were received and were narrowed down to two candidates. Interviews were conducted and based on evaluation of the interview process, Union Bank was selected. Ms. Koenig noted that Union Bank has committed to reduce current fees by 25 to 30%. The first year of the contract is estimated to cost \$98,000.

Vice Chairperson Casas queried about what criteria are being implemented in the contract to make sure that if it gets renewed for another 5 years, that a competitive bid can be done again.

Ms. Koenig clarified that the contract is for a period of five years and can be extended on an annual basis for up to five years.

Chairperson Williams inquired what the reduced cost is compared to? Ms. Koenig responded that it is today's current unit cost rate. She also stated that the unit cost is fixed for five years.

Michael T. Burns, General Manager, stated that the staff are always available to provide Vice Chairperson Casas and the members of the committee with a copy of the contract on a regular basis. Vice Chairperson Casas responded that he would like a copy of the contract.

M/S/C (Gage/Reed) to authorize the General Manager to execute a contract with Union Bank of California for commercial banking and custodial safekeeping services in an amount not to exceed \$541,000 for a period of five years; and, further authorize the General Manager to extend such contract on an annual basis for up to an additional five years.

16. Amend CAC Bylaws to Institute a CAC Chairperson Report Requirement at VTA Board Meetings

Jim Lawson, Senior Policy Advisor, stated that at the request of the members of the Citizens Advisory Committee and also at the recommendation of the Bureau of State Audits it is necessary for the Board to approve changes to the Citizen Advisory Committee Bylaws.

M/S/C (Gage/Reed) to adopt a Resolution amending Section 4.1 of the Citizens Advisory Committee bylaws, as indicated, to include as an additional responsibility of the CAC Chairperson to provide to the Board of Directors at each of its meetings a verbal report on the previous CAC meeting and any concerns of the Committee.

17. VTA Governance

Vice Chairperson Casas recommended to focus the discussion on the process. He stated that there should be a clear path to meet with each of the interested parties, get a formal vote by their governing bodies and then providing report and bring summary back to A&F to have a recommendation at the January A&F committee to the board for review in February.

Board Member Reed inquired when the agreement expires. He also asked what mechanisms must be used in terms of the process.

Jim Lawson, Senior Policy Advisor, stated that it would be helpful to the committee, as they move forward, to have a briefing from the General Counsel's office on where they are relative to all of the legal issues. He also stated that staff suggested that at the next meeting, to have a briefing from the General Counsel's office to answer and resolve questions which help them with the timeframe to move forward.

Member Gage inquired on who is going to do the presentation to the cities if they are going to approach the cities and ask them for their opinions.

Vice Chairperson Casas asked Kevin Allmand, Acting General Counsel, if he is prepared to address the briefing (items for discussion). Mr. Allmand responded that he can answer some specific questions in terms of the expiration of the current groupings established in the JPA (Joint Powers Agreement) of 1994 that is a perpetual agreement until it is amended. And the statute provides for that kind of agreement as the means by which to put the groupings together. So it is not fully expired unless it needs to be amended in order to perpetuate change. If it is not amended, it continues as it has since 1994.

Vice Chairperson Casas inquired on what happens with the five city rotating seats if there is an agreement that concludes end of 2009. Mr. Lawson responded that the manner of rotation or selection will have to be reviewed by the city groupings.

Vice Chairperson Casas stated that he will be participating in the presentation to the cities and will be speaking as both former member of the Governance Subcommittee and as a Board Member. He added that he will be inviting Board Member Greg Sellers to present where appropriate. He noted that it is important to have a neutral party do the presentation without bias.

Board Member Gage stated that he wanted the cities to understand what they are voting on. He recommended to set up the meeting with the cities, then staff should bring the information back for review and make the decision to recommend to the Board.

Vice Chairperson Casas asked what they are expecting at the next meeting. Mr. Burns responded that the staff will come back with the briefing on the legal issues.

Chairperson Williams stated that the presentation should be made by Vice Chairperson Casas and Board Member Sellers. He stressed that he wanted to frame the statement of why we are doing it so that the cities can understand and make better decision.

Christopher Moylan, PAC Chairperson and Councilmember of City of Sunnyvale, made a presentation and defined what the problem is. Mr. Moylan noted that the bigger problems are 1) inherent parochialism and 2) lack of regional focus that is inevitably caused by people elected at a small jurisdictional level making decisions on county level. He also noted that alternatives should be presented to the cities. He also suggested that PAC can be used as a way of answering the question of “what do cities want?”

Norman Kline thanked Board Members David Casas and Greg Sellers and the committee members for the recommendation they did. Mr. Kline stated that the PAC and the CAC are much more confident and educated now and have a fine level of understanding of what is necessary to change (if we want to change anything at all). He stated that presenting the recommendation/options to the cities is very difficult. That we need to be a lot more structured in going out to the cities, we need more structure to design some sample resolution, design pros and cons, design in black and white, and to present these to the cities.

On order of Chairperson Williams, there being no objection, the Committee directed staff to come back with a plan that includes the legal steps necessary to implement the proposals and present at the next A&F meeting.

18. Bureau of State Audits Final Report

Michael T. Burns, General Manager, reviewed the Bureau of State Audits (BSA) Final Report which highlighted the following: 1) The report did not recommend significant changes to the VTA governance and endorsed the incremental changes that are already being pursued by the Board; 2) The report indicated that VTA’s financial reporting and planning generally meets best practices in government finance and acknowledged that VTA has made significant strides in terms of implementing the recommendations of the Hay Group; 3) The report included recommendation to continue with the implementation of the Hay Group recommendation; and 4) The report indicated that the project planning practices generally conform to best practices but noted that there is room for improving procedures for estimating project cost and revenues as well as project monitoring.

Mr. Burns stated that VTA has developed a matrix (the "score card") as part of the audit to document actions in response to each of the recommendations. All of the recommendations are summarized in the matrix and will be used in reporting back to BSA. He reviewed the areas that would be addressed which included the following:

- 1) Governance
- 2) Financial Reporting and Planning
- 3) Project Planning

Mr. Burns indicated that the score card will be used with the BSA to show that we followed up on all of the recommendations during the time frame that they have established.

On order of Chairperson Williams, there being no objection, the Committee received the Bureau of State Audits Final Report.

OTHER ITEMS

19. VTA-ATU Pension Plan Actuarial Valuation as of January 1, 2008

Ali Hudda, Deputy Director of Accounting, indicated that this item is to present the results of the VTA-ATU pension plan actuarial valuation which is required under the state law as well as the collective bargaining agreement.

Graham Schmidt, from EFI Actuaries, made a presentation on the VTA-ATU Pension Plan Actuarial Valuation. The presentation/discussion highlighted the following topics:

1. Definition of terms - normal cost, actuarial accrued liability, actuarial value of assets, unfunded accrued liability, and amortization cost.
2. Review of the: a) actuarial valuation as of 1/1/2008; b) assumptions used based on most recent study (covering the period ending 12/31/2006).
3. Plan Costs - past and future
4. Funding Progress - past and future (also discussed funding ratio and current ratio)
5. Peer Group comparison - how VTA Plan compare with other California transit districts in terms of return/inflation assumptions, mortality assumptions, funding ratios and contribution rates

At the end of the presentation, Mr. Schmidt concluded that the VTA assumptions are in line with peer group and that VTA current funding status and contribution rates are comparable to peer group.

On order of Chairperson Williams, there being no objection, the Committee reviewed the VTA-ATU Pension Plan Actuarial Valuation as of January 1, 2008.

20. **Bond Refunding Results**

Kim Koenig, Fiscal Resources Manager, provided a brief overview and summation of the bond refunding results. Ms. Koenig noted the following: 1) the two transactions for refunding the 2005 and 2006 bonds were completed in the end of June; 2) assuming interest rates had stayed constant, savings in the first month after closing were approximately \$685,232; 3) rates for Ambac continued to stay high so the conclusion was that it was a good decision to go uninsured and drop Ambac; and 4) estimated cost of Ambac penalty is at \$3.4 million.

Chairperson Williams recommended that this report be shared with the entire Board.

On order of Chairperson Williams, there being no objection, the Committee reviewed the Bond Refunding Results.

21. **Items of Concern and Referral to Administration**

There were no Items of Concern and Referral to Administration.

22. **Committee Work Plan**

On order of Chairperson Williams, there being no objection, the Committee reviewed the Committee Work Plan.

23. **Committee Staff Report**

Joseph Smith, Chief Financial Officer, updated the Committee that VTA would be redeeming the 1985 Equipment Trust Certificates. He presented an outline of the scope of the transaction as follows:

- § \$26.5 million of Ambac insured variable rate bonds outstanding with a variable to fixed interest rate swap in place;
- § Final maturity was 6/1/2015;
- § Certificates would be redeemed (retired) on September 2, 2008 and associated swap will be terminated;
- § Cost to redeem estimated to be \$25 million (when taking into consideration pledged funds on hand with Trustee and swap termination payment to GenRe);
- § Reasons for redemption:
 1. Exposure to higher interest rates that could result if Ambac is downgraded further
 2. Current investment yields are less than the cost to keep these funds outstanding
 3. Budgetary savings related to interest expense and associated annual fees (\$5.4 million FY09-FY15: not including the principal repayment of \$26.5M).

24. **Chairperson's Report**

There was no Chairperson's Report.

25. Determine Consent Agenda for the September 4, 2008 Board Meeting

Consent: Agenda Item #15., Authorize the General Manager to execute a contract with Union Bank of California for commercial banking and custodial safekeeping services in an amount not to exceed \$541,000 for a period of five years; and, further authorize the General Manager to extend such contract on an annual basis for up to an additional five years; **Agenda Item #16.,** Adopt a Resolution amending Section 4.1 of the Citizens Advisory Committee bylaws, as indicated, to include as an additional responsibility of the CAC Chairperson to provide to the Board of Directors at each of its meetings a verbal report on the previous CAC meeting and any concerns of the Committee

Regular: None

26. Announcements

Michael T. Burns, General Manager, announced that Board Member Nora Campos had a baby.

27. ADJOURNMENT

On order of Chairperson Williams, there being no objection, the meeting was adjourned at 1:35 p.m.

Respectfully submitted,

Yolanda Cruz, Assistant Board Secretary
VTA Board of Directors

ADMINISTRATION & FINANCE COMMITTEE

Thursday, September 18, 2008

MINUTES

CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:06 p.m. by Chairperson Williams in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status	Arrived
David Casas	Board Member	Present	
Don Gage	Board Member	Absent	
Chuck Reed	Board Member	Present	
Forrest Williams	Board Member	Present	
David Cortese	Alternate Board Member	Absent	
Pete McHugh	Alternate Board Member	Present	
Chris Moylan	Alternate Board Member	Absent	

2. ADJOURNED TO CLOSED SESSION at 12:07 p.m.

Conference with Labor Negotiators
[Government Code Section 54957.6]

VTA Designated Representatives:
Joseph Smith, Chief Financial Officer
Bill Lopez, Chief Administrative Officer
Robert Escobar, Manager, Office of Employee Relations

Employee Organization:
Amalgamated Transit Union (ATU)

RECONVENED TO OPEN SESSION at 12:22 p.m.

3. CLOSED SESSION REPORT

There was no reportable action taken during Closed Session.

4. PUBLIC PRESENTATIONS

There were no Public Presentations.

5. ORDERS OF THE DAY

Chairperson Williams deferred the following Item to the October 16, 2008 Administration and Finance (A&F) Committee Meeting: **Agenda Item #7.**, Regular Meeting Minutes of August 21, 2008.

Alternate Board Member McHugh requested that the following Item be removed from the Consent Agenda and placed on the Regular Agenda: **Agenda Item #9.**, Review the final results of the FY 2008 - 2009 Insurance Policy Purchase Transactions.

Alternate Board Member McHugh requested that the following Item be removed from the Regular Agenda and placed on the Consent Agenda: **Agenda Item #11.**, Adopt the amended Appendix of Designated Positions and Disclosure Categories of the Conflict of Interest Code for the Santa Clara Valley Transportation Authority (VTA) and direct the Board Secretary to forward the revised list of designated positions to the Santa Clara county Board of Supervisors for approval.

M/S/C (McHugh/Reed) to accept the Orders of the Day.

CONSENT AGENDA

6. (Deferred to the October 16, 2008 Administration and Finance Committee Meeting.)

Approve the Regular Meeting Minutes of August 21, 2008.

7. Monthly Investment Report - July 2008

M/S/C (McHugh/Reed) to review the Monthly Investment Report - July 2008.

8. Monthly Legislative History Matrix

M/S/C (McHugh/Reed) to review the Monthly Legislative History Matrix.

9. (Removed from the Consent Agenda and placed on the Regular Agenda.)

Review the final results of the FY 2008 - 2009 Insurance Policy Purchase Transactions.

The Agenda was taken out of order.

NOTE: M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.

11. Revised List of Designated Positions in the Conflict of Interest Code

M/S/C (McHugh/Reed) to approve submitting a recommendation to the Board of Directors to adopt the amended Appendix of Designated Positions and Disclosure Categories of the Conflict of Interest Code for the Santa Clara Valley Transportation Authority (VTA) and direct the Board Secretary to forward the revised list of designated positions to the Santa Clara county Board of Supervisors for approval.

REGULAR AGENDA

9. Operations Insurance Renewal

Alternate Board Member McHugh queried about the premium cost increase for the FY 2008 - 2009 Operations Insurance Program. Joseph Smith, Chief Financial Officer (CFO), responded that the increase premiums resulted from a series of recent losses involving serious injury accidents, bus fires, and property damage caused by derailment of a light rail vehicle.

Mr. Smith reported that light rail vehicles and community buses coverage limits and deductibles were adjusted to provide increased coverage, which resulted in higher costs. Mr. Smith stated that VTA does not assume the same increases will occur next year.

M/S/C (McHugh/Reed) to review the final results of the FY 2008 - 2009 Insurance Policy Purchase Transactions.

10. VTA Governance

Michael T. Burns, General Manager, provided a brief report, highlighting the steps to change the appointment and/or selection of members of the Santa Clara Valley Transportation Authority's (VTA) Board of Directors from the current existing city groupings.

Mr. Burns directed attention to the attachment entitled, "Required Approvals for Implementing Various Governance Options", highlighting the following four options:

- Current Groups Remain;
- Reconfigure City Groupings;
- Policy Advisory Committee (PAC) Selects; and
- Elected Board.

Mr. Burns continued that the four options detail the impact on the jurisdictions and the various governing authorities, such as the County Board of Supervisors, City Councils, VTA's Administrative Code, Joint Powers Agreement (JPA), the Public Utilities Commission (PUC), and California Legislature. He stated that there are three main legal documents that need to be reviewed if the Board considers changing the city groupings: VTA's Enabling Act, VTA's Administrative Code, and Joint Powers Agreement (JPA). He stated that among the three documents VTA's Enabling Act has precedence then the JPA since it is consistent with California Legislature.

Norman Kline, Governance Subcommittee and Citizens Advisory Committee (CAC) Member, spoke on behalf of Chris Moylan, PAC Chairperson, noting that the Policy Advisory Committee (PAC) voted 8 to 3 to endorse the Governance Subcommittee recommendation PAC Selects option with the directly elected Board option as the best solution.

Mr. Kline noted that the Hay Group Financial Assessment did not recommend that VTA implement a directly elected Board nor did it recommend the changing of city groupings. Mr. Kline stressed the importance to ensure that VTA's Board of Directors represents everyone.

Alternate Board Member McHugh stated that the long-term goal of the PAC was to endorse a directly elected Board, such as the County Board of Supervisors, which represent the County of Santa Clara in equally proportional areas.

Vice Chairperson Casas stated that the next step should be for he and Board Member Sellers to coordinate presentations to the cities and encourage an official weigh on the available options.

Member Reed stressed the importance to receive clear communication from the cities regarding the option they support in order to move the information forward to the VTA Board of Directors.

Chairperson Williams stated that the current governance system has been successful but noted the issues with Board Member turnover especially with the smaller cities. Chairperson Williams continued that the State Audit did not recommend the governance structure change. Chairperson Williams stated that the Board should request the smaller city groups to determine a methodology to resolve the stability problem.

Alternate Board Member McHugh stated that the stability issue is a concern but noted that many of the smaller cities are concerned about the frequency of having representation on the Board.

Chairperson Williams stated the city groupings select their representative and stressed the importance for the cities to meet regularly to discuss issues and formulate resolutions.

Alternate Board Member McHugh concurred with Vice Chairperson Casas to coordinate presentations to the cities and request formal action on the available options.

Vice Chairperson Casas commented that he would take the lead and coordinate with Board Member Sellers on the cities presentation and added that the presentations will include the following detail information:

- Background,
- Prior Board Action on the Governance Structure,
- Hay Group Recommendations,
- State Audit Report, and
- Recommendations from the Board on the governance standpoint.

Chairperson Williams stressed the importance for VTA staff and legal counsel to be involved with the cities presentation since they both play an essential role and should be available to answer questions. Chairperson Williams noted the importance for the information to be fairly and accurately presented to the cities.

Chairperson Williams noted that staff's role is to provide information to the Board and legal counsel provides information on the rules and procedures to ensure that the Board is on the right course.

Alternate Board Member McHugh agreed that Vice Chairperson Casas would coordinate the cities presentations but stressed the importance for staff and legal counsel to be involved to respond to questions and ensure that rules are adhered to.

Vice Chairperson Casas stressed the importance for the cities presentation to be accurate and neutral.

Board Member Reed requested that staff prepare the draft presentation and provide it to the Administration and Finance (A&F) Committee Members to review before it is presented to the cities to ensure that it has a neutral starting point to move forward.

Vice Chairperson Casas requested that the Governance Subcommittee Members have the opportunity to review the presentation to provide weigh in before the draft is finalized.

Vice Chairperson Casas stressed the importance to delineate and spell out that the direct elected board would be a distant option and not a near term option.

Mr. Burns stated that the draft presentation will be provided at the October 16, 2008 A&F Committee meeting.

On order of Chairperson Williams, there being no objection, the Committee received a report on VTA Governance.

11. (Removed from the Regular Agenda and placed on the Consent Agenda.)

Adopt the amended Appendix of Designated Positions and Disclosure Categories of the Conflict of Interest Code for the Santa Clara Valley Transportation Authority (VTA) and direct the Board Secretary to forward the revised list of designated positions to the Santa Clara county Board of Supervisors for approval.

12. Employee Health and Welfare Benefits

Vice Chairperson Casas expressed concern regarding the three year contract period, noting that VTA is locked in with the same employee health and welfare benefits providers.

Vice Chairperson Casas expressed concern that any changes to the providers would require collective bargaining with VTA employee unions. Vice Chairperson Casas queried how VTA ensures that its receiving the best possible services with the health and welfare benefits providers. Bill Lopez, Chief Administrative Officer (CAO), responded that Arlen Group, VTA's employee benefits broker, is contracted to market, analyze, and

negotiate the best prices and services for VTA. Mr. Lopez stated that VTA contracts with an independent benefits auditor to verify the benefits broker's recommendations.

Mr. Lopez reported that there are not many other health and welfare benefits service providers, noting a lack of competition in the health care field.

M/S/C (Reed/McHugh) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to renew benefit contracts with Kaiser, PacifiCare, Valley Health Plan, Delta Dental, Pacific Union Dental, Vision Service Plan, and Custom Benefits Administrators for VTA employees and retirees for calendar year 2009.

13. Contract Amendment - Mercer Investment Consulting, Inc.

Joseph Smith, Chief Financial Officer (CFO), reported that Mercer Investment Consulting, Inc. has completed seven quarterly performance reports for VTA operations and the Amalgamated Transit Union (ATU) Pension Plan assets and on-call services consisting of an asset liability study, portfolio restructuring, and one Investment Manager search.

Chairperson Williams queried about the investment services. Mr. Smith responded that Mercer provides ongoing investment services and quarterly performance reports as part of their scope of work for VTA.

M/S/C (Casas/Reed) to approve submitting a recommendation to the Board of Directors to authorize the General Manager to amend an existing contract with Mercer Investment Consulting, Inc. to provide investment related advisory services, increasing the approved contract value by \$91,000 for a new contract value of \$386,000.

14. Amendments to Advisory Committee Bylaws

Jim Lawson, Senior Policy Advisor, reported that the recommendation is to approve amendments to the following Advisory Committee bylaws: Bicycle and Pedestrian Advisory Committee (BPAC), Citizens Advisory Committee (CAC), Policy Advisory Committee (PAC), and Technical Advisory Committee (TAC).

Mr. Lawson highlighted the primary reasons for the amendment to the Advisory Committee Bylaws:

- Modifying the schedule for election of the Chairperson and Vice Chairperson from January as currently scheduled to the preceding December for the BPAC, CAC, and TAC; and
- Other minor administrative adjustments to provide consistency between all VTA Advisory Committees or to delete inapplicable provisions.

Mr. Lawson stated that the following Advisory Committees approved the recommendation: BPAC, CAC, and TAC; however, the PAC did not approve since their member representation appointments are not confirmed until January of the year.

Mr. Lawson noted that if the Committee approves the proposed recommendation then the item will be forwarded to the October 2, 2008 Board of Directors Regular meeting for consideration.

M/S/C (Casas/Reed) to approve submitting a recommendation to the Board of Directors to approve amendments to the bylaws of the Bicycle and Pedestrian Advisory Committee (BPAC), Citizens Advisory Committee (CAC), Policy Advisory Committee (PAC), and Technical Advisory Committee (TAC), consisting of: Modifying the schedule for election of the chairperson and vice chairperson from January as currently scheduled to the preceding December for the BPAC, CAC, and TAC; and Other minor administrative adjustments to ensure consistency between advisory committees or to delete inapplicable provisions.

OTHER ITEMS

15. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

16. Committee Work Plan

On order of Chairperson Williams, there being no objection, the Committee reviewed the Committee Work Plan.

17. Committee Staff Report

Joseph Smith, Chief Financial Officer (CFO) and Staff Liaison, reported that Lehman Brothers, an innovator in global finance services, is the marketing agent for the following two VTA Variable Bonds: California Transit Finance Authority Bond and the 1976 VTA Enterprise Fund of 2008 Bonds.

Mr. Smith stated that Lehman Brothers has been acquired by Barclays Capital, noting that in the interim VTA will remain with Barclays. Staff will reassess the situation to determine if VTA will continue with Barclays or consider other investment banking firms.

Mr. Smith reported that American International Group, Inc (AIG) is the provider for VTA's excess liability insurance, noting that staff will reassess the situation to determine if VTA will continue with AIG or consider other providers.

Vice Chairperson Casas queried if the Lehman Brothers contract contained a resignation clause. Mr. Smith responded that VTA has given notice to Lehman Brothers; however, Lehman Brothers has waived the request.

Vice Chairperson Casas queried about the Lehman Brothers acquisition by Barclays Capital. Kim Koenig, Fiscal Resources Manager, responded that Lehman Brothers has been instructed to continue with business as usual during the acquisition process.

Kurt Evans, Government Affairs Manager, noted that VTA will support State Legislation Proposition 1A regarding the High-Speed Rail bond measure scheduled on the November ballot.

Mr. Evans commented on the status of the State Budget, noting that Governor Schwarzenegger intends to veto the proposed budget. He noted that the State Legislative has scheduled to meet on Thursday, September 18, 2008 to discuss the next steps.

18. Chairperson's Report

Chairperson Williams expressed his appreciation and thanked staff for their diligent work within the organization.

Board Member Reed left the meeting at 1:24 p.m.

19. Determine Consent Agenda for the October 2, 2008 Board Meeting

CONSENT: Agenda Item #11. Adopt the amended Appendix of Designated Positions and Disclosure Categories of the Conflict of Interest Code for the Santa Clara Valley Transportation Authority (VTA) and direct the Board Secretary to forward the revised list of designated positions to the Santa Clara county Board of Supervisors for approval; **Agenda Item #12.** Authorize the General Manager to renew benefit contracts with Kaiser, PacifiCare, Valley Health Plan, Delta Dental, Pacific Union Dental, Vision Service Plan, and Custom Benefits Administrators for VTA employees and retirees for calendar year 2009; **Agenda Item #13.** Authorize the General Manager to amend an existing contract with Mercer Investment Consulting, Inc. to provide investment related advisory services, increasing the approved contract value by \$91,000 for a new contract value of \$386,000; and **Agenda Item #14.** Approve amendments to the bylaws of the Bicycle and Pedestrian Advisory Committee (BPAC), Citizens Advisory Committee (CAC), Policy Advisory Committee (PAC), and Technical Advisory Committee (TAC), consisting of: Modifying the schedule for election of the chairperson and vice chairperson from January as currently scheduled to the preceding December; and Other minor administrative adjustments to ensure consistency between advisory committees or to delete inapplicable provisions.

REGULAR: None

20. Announcements

There were no Announcements.

21. ADJOURNMENT

On order of Chairperson Williams, there being no objection, the meeting was adjourned at 1:25 p.m.

Respectfully submitted,

Michelle M. Garza, Board Assistant
VTA Board of Directors



Date: October 7, 2008
 Current Meeting: October 16, 2008
 Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration and Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: Monthly Investment Report - August 2008

FOR INFORMATION ONLY

BACKGROUND:

Santa Clara Valley Transportation Authority funds are invested in accordance with the asset allocation and diversification strategies described in the Investment Policies amended December 13, 2007.

DISCUSSION:

General Market Conditions

The Federal Reserve (Fed) Chairman Ben S. Bernanke and his fellow policy makers agreed at their August meeting that their next move on key interest rates - the interest that banks charge each other on overnight loans would be to raise them. However, the stunning developments two days before the Fed's September meeting have led the Fed to leave the key interest rates, unchanged at 2%. Among the stunning developments: Lehman Brothers filed for bankruptcy and Merrill Lynch, the nation's biggest investment bank, agreed to be acquired by Bank of America to avoid bankruptcy. Strains in the financial markets have increased significantly and labor markets have weakened further. Economic growth appears to have slowed recently, partly reflecting a softening of household spending. Tight credit conditions, the ongoing housing contraction, and some slowing in export growth are likely to weigh on economic growth over the next few quarters.

VTA Enterprise Funds

Pursuant to VTA's adopted Investment Policy, 100% of surplus assets, held in the operating portfolio, are invested in Domestic Fixed Income. Funds are split between two portfolios managed by Payden & Rygel, LAIF (State Pool - Local Agency Investment Fund) and interest bearing checking accounts. Payden & Rygel's performance matched the composite benchmarks for the month of August and on calendar year-to-date basis. Current yield for the Payden mid-

term portfolio is 3.6% and for the Payden short-term portfolio is 2.2%. The current yield for funds invested in LAIF is 2.8%. Performance for each Payden account as well as LAIF is summarized in the following table.

Asset Class	Money Manager	August Return	Calendar YTD	Benchmark	August Benchmark Return	Calendar YTD
Long-Term Fixed Income	Payden & Rygel	0.7%	2.9%	Lehman Brothers US Govt. Intrmed.	0.8%	3.5%
Short-Term Fixed Income	Payden & Rygel	0.2%	2.0%	Institutional Money Market	0.2%	1.9%
California State Pool	LAIF	0.2%	2.1%	N/A	-	-
Total (Weighted)		0.4%	2.4%		0.4%	2.4%

VTA Retirees' Other Post Employment Benefits (OPEB) Trust

VTA's adopted Investment Policy requires the following asset allocation for Retirees' OPEB funds:

<u>Asset Allocation</u>	<u>Range</u>	<u>Actual</u>	<u>Ongoing Target</u>
Domestic Fixed Income	25-60%	41%	38%
Domestic Large Cap Index	35-70%	58%	60%
Cash	0-5%	1%	2%

The Retirees' OPEB portfolio under performed the composite benchmark by 0.2% in August and matched the total market return on year-to-date basis. The current yield for Fixed Income portfolio is 5.7%. Performance by money manager is summarized in the following table.

Asset Class	Money Manager	August Retiree Return	Calendar YTD	Benchmark	August Benchmark Return	Calendar YTD
Fixed Income	Dodge & Cox	0.6%	1.7%	Lehman Brothers US Aggregate	1.0%	2.0%
Large Cap Index	State Street	1.5%	-11.3%	S&P 500	1.5%	-11.4%
Total (Weighted)		1.1%	-5.8%		1.3%	-5.8%

Historic Portfolio Performance (calendar year) for the last five calendar years:

Year	Performance	Year	Performance
2003	17.2%	2006	11.7%
2004	7.6%	2007	6.1%
2005	3.9%		

A 7% annual return assumption is used in the annual actuarial analysis for the Retiree's OPEB. The results of the actuarial analysis determine VTA's annual contribution rates. Any difference between actual investment returns and the 7% assumed annual return is recognized in the same year.

Inception-to-date (April 2000 to August 2008) performance is a gain of 43.0% versus the composite benchmark of 41.9%. Average composite annual return is 5.2% for Retirees' OPEB versus 5.1% for benchmarks.

VTA/ATU Pension Plan Assets

It is the policy of the VTA/ATU Board of Pension to have a well-managed investment program that provides for the financial needs of the pension plan and allows the investments to be appropriately diversified and prudently invested to protect the safety of the principal while maintaining a reasonable return. Assets are invested within the following investment guidelines:

<u>Asset Allocation</u>	<u>Range</u>	<u>Actual</u>	<u>Ongoing Target</u>
Domestic Fixed Income	35-45%	41%	39%
Domestic Large-Cap Value	15-25%	20%	20%
Domestic Large-Cap Index	10-20%	14%	15%
Domestic Small-Cap Value	5-15%	9%	10%
International Equity	10-20%	15%	15%
Cash	0-5%	1%	1%

The VTA/ATU Pension Plan composite portfolio outperformed the composite benchmarks by 0.1% in August and matched the year-to-date total market return performance. The Fixed Income portfolio receives interest payments twice a year based on the stated interest rate (coupon rate) of the securities held by the portfolio. The current yield of Dodge & Cox/Fixed Income portfolio for August is 5.7%.

On a total-market-return basis (marked-to-market), Dodge & Cox Fixed Income underperformed their benchmark by 0.3% in August due to an overweight of holdings in corporate securities as the corporate sector has underperformed comparable-duration Treasuries. The portfolio's mortgage-backed securities (MBS) sector's overweight added to relative returns in August given the MBS sector's outperformance in August, although the MBS overweight has detracted from relative returns on year-to-date.

In August, Brandywine Global Investment Management (Brandywine) - Small Cap Value Equity manager underperformed their benchmark by 1.5% and 1.4% on year-to-date. Low valuation

technology and insurance holdings detracted the current month's relative performance and energy, financial, and industrial holdings detracted the year-to-date relative performance. On September 9, 2008, the VTA/ATU Board of Pension approved the termination of Brandywine and the search for its replacement. Mercer Investment Consulting (Mercer) was authorized to perform the search for the new Money Manager and will present the candidates in the October 2008 VTA/ATU Board of Pension meeting.

The following table provides a summary of performance by money manager for the month of August and calendar year-to-date.

Asset Class	Money Manager	August VTA/ATU Return	Calendar YTD	Benchmark	August Benchmark Return	Calendar YTD
Fixed Income	Dodge & Cox	0.7%	1.5%	Lehman Brothers US Aggregate	1.0%	2.0%
Large Cap Index	State Street	1.5%	-11.3%	S&P 500	1.5%	-11.4%
International Equity Index (Growth)	MFS	-3.8%	-14.8%	MSCI AC World	-5.4%	-16.5%
Large Cap Value Stocks	Robeco/Boston Partners	2.4%	-11.6%	Russell 1000 Value	1.7%	-12.4%
Small Cap Value Stocks	Brandy-Wine	3.3%	-2.1%	Russell 2000 Value	4.8%	-0.7%
Total (Weighted)		0.7%	-5.6%		0.6%	-5.6%

Historic Portfolio Performance for the last five calendar years:

Year	Performance	Year	Performance
2003	21.5%	2006	14.6%
2004	12.2%	2007	5.8%
2005	7.2%		

An 8% annual return assumption is used in the annual actuarial analysis for the VTA/ATU Pension Plan. The results of the actuarial analysis determine VTA's annual contribution rates. Any difference between actual investment returns and the 8% annual return assumption is amortized over a period of five years.

Inception-to-date (October 1998 to August 2008) performance is a gain of 112.1% versus the composite benchmark of 82.9%. Average composite annual return is 11.3% for ATU Pension Plan versus 8.4% for benchmarks.

ATU Spousal Medical Trust Fund, Dental, and Vision Plan

Asset allocation for the ATU Spousal Medical Trust Fund (including funds for dental and vision plans) is provided for in the VTA/ATU Pension Plan Investment Policy and is as follows:

<u>Asset Allocation</u>	<u>Range</u>	<u>Actual</u>	<u>Ongoing Target</u>
Domestic Fixed Income	25-60%	45%	38%
Domestic Large Cap Index	35-70%	53%	60%
Cash	0-5%	2%	2%

During the month of August and on year-to-date basis, the ATU Spousal Medical Trust Fund composite portfolio under performed the composite benchmark by 0.2% and 0.8%, respectively. Performance by money manager is summarized in the following table.

Asset Class	Money Manager	August Spousal Return	Calendar YTD	Benchmark	August Benchmark Return	Calendar YTD
Fixed Income Fund (Index Fund)	Dodge & Cox	0.5%	0.2%	Lehman Brothers US Aggregate	1.0%	2.0%
Large Cap Index	State Street	1.5%	-11.3%	S&P 500	1.5%	-11.4%
Total (Weighted)		1.0%	-5.9%		1.2%	-5.1%

Dodge & Cox Income Fund underperformed their benchmark by 0.5% in August due to an overweight of holdings in corporate securities as the corporate sector has underperformed comparable-duration Treasuries. The portfolio's mortgage-backed securities (MBS) sector's overweight added to relative returns in August given the MBS sector's outperformance in August, although the MBS overweight has detracted from relative returns on year-to-date. The current yield for the Dodge & Cox Income Fund is 5.7%.

Other Data

The valuation of VTA's securities is provided by Interactive Data Corporation (IDC), Merrill Lynch Securities Pricing Service and Bloomberg Generic Pricing Service. These firms are the leading providers of global securities data. They offer the largest information databases with current and historical prices on securities traded in all major markets.

This report complies with VTA's adopted investment policies. Based on budgeted revenues and expenditures as well as actual transfers to/from reserves, there are sufficient funds available to meet expenditure requirements for the six months ending February 28, 2009.

Prepared By: Manny Bagnas

VTA INVESTMENT COMPOSITE PORTFOLIO PERFORMANCE

MONEY MANAGERS' TOTAL MARKET RETURN - TRADE DATE

FOR THE MONTH OF AUGUST 2008

SUMMARY: AUGUST 31, 2008

<u>Description</u>	<u>Total Market Value</u>		<u>August Total Market Return</u>		<u>Total Market Return</u>	
	<u>Prior Month (1)</u>	<u>Current Month</u>	<u>\$Unrealized Gain/Loss</u>	<u>%Unrealized Gain/Loss</u>	<u>VTA Calendar YTD</u>	<u>Benchmark Calendar YTD</u>
1 - Fixed Income Long-Term Investment Pool (2)	169,356,314	170,224,534	868,220	0.7%	2.9%	3.5%
2 - Fixed Income Short-Term Investment Pool (2)	288,141,771	288,705,644	563,873	0.2%	2.0%	1.9%
3 - VTA Bond Funds with Fiscal Agents (2)(3)	25,574,215	50,748,410	-	-	-	-
4 - Funds with LAIF Investment Pool (2)	25,000,000	25,700,000	-	-	-	-
5 - Funds with Union Bank-Congestion Management	8,048,907	2,672,907	-	-	-	-
6 - Funds with Union Bank-Measure B	50,990,744	44,157,548	-	-	-	-
7 - Funds with Union Bank DDA account (2)	5,934,067	8,313,892	-	-	-	-
Total VTA Funds	573,046,018	590,522,935				
8 - Retirees' OPEB - Fixed Income	42,677,826	42,937,103	259,277	0.6%	1.7%	2.0%
9 - Retirees' OPEB - State Street - Index	60,990,808	61,889,551	898,743	1.5%	-11.3%	-11.4%
Total Retirees' OPEB Funds	103,668,634	104,826,654				
10 - VTA/ATU Pension Fund-Fixed Income	131,999,959	132,877,531	877,572	0.7%	1.5%	2.0%
11 - VTA/ATU Pension Fund-State Street - Index	45,628,228	46,300,592	672,364	1.5%	-11.3%	-11.4%
12 - VTA/ATU Pension Fund- Int'l - Equity Growth	49,391,429	47,516,495	-1,874,934	-3.8%	-14.8%	-16.5%
13 - VTA/ATU Pension Fund-Stock Large Cap Value	62,172,387	63,662,509	1,490,122	2.4%	-11.6%	-12.4%
14 - VTA/ATU Pension Fund-Stock Small Cap Value	29,731,384	30,720,842	989,458	3.3%	-2.1%	-0.7%
Total Pension Fund	318,923,387	321,077,969				
15 - ATU Spousal Med Fund - Dodge & Cox - Index	5,486,268	5,513,361	27,093	0.5%	0.2%	2.0%
16 - ATU Spousal Med Fund-State Street - Index	6,317,997	6,411,097	93,100	1.5%	-11.3%	-11.4%
Total ATU Spousal Funds	11,804,265	11,924,458				
Total Investments	1,007,442,304	1,028,352,016				

Legend:

- (1) Total includes contributions / withdrawals made during current month.
- (2) Measure A Funds: \$295,679,057 which includes earnings: from Payden \$10,462,170
LAIF \$796,034, and Union Bank DDA Account \$90,166.
- (3) Bonds Reserves and/or Debt Service Funds

VTA INVESTMENT COMPOSITE PORTFOLIO PERFORMANCE.

PER GENERAL LEDGER BALANCE - SETTLEMENT DATE

FOR THE MONTH OF AUGUST 2008

SUMMARY: August 31, 2008

<u>Description</u>	<u>Jul 07 Book Value (Cost) (1)</u>	<u>Aug 08 Book Value (Cost) (1)</u>	<u>Fiscal 09 Year-to-Date July 08 Realized Earnings - \$</u>	<u>Fiscal 09 Year-to-Date Aug 08 Realized Earnings - \$</u>	<u>Change for the Month Realized Earnings - \$</u>
VTA FUNDS					
1 - Fixed Income - Long-Term Investment Pool (2)	127,288,770	167,198,465	280,058	622,065	342,007
2 - Fixed Income - Short-Term Investment Pool (2)	349,464,580	287,829,634	426,372	1,092,111	665,739
3 - Bond Funds with Fiscal Agent (2)(3)	25,382,156	50,748,410	34,538	101,287	66,749
4 - Funds with LAIF Investment Pool (2)	25,000,000	25,700,000	77,080	154,160	77,080
5 - Funds with Union Bank-Congestion Management	8,048,907	2,672,907	10,146	15,437	5,291
6 - Funds with Union Bank-Measure B	50,990,744	44,157,548	74,630	137,035	62,405
7 - Funds with Union Bank Pooled DDA account (2)	5,934,067	8,313,892	4,359	11,753	7,394
Total VTA Funds	592,109,224	586,620,856	907,183	2,133,848	1,226,665
RETIREEES' OPEB FUNDS					
8 - Retirees' OPEB -Fixed Income	43,003,043	43,203,666	192,620	374,494	181,874
9 - Retirees' OPEB -State Street - Index	70,124,619	70,124,619	-	-	-
Total Retirees' OPEB Funds	113,127,662	113,328,285	192,620	374,494	181,874
ATU PENSION FUNDS					
10 - VTA/ATU Pension Fund-Fixed Income	133,883,260	134,427,226	516,036	1,126,362	610,326
11 - VTA/ATU Pension Fund-State Street - Index	52,891,135	52,891,135	-	-	-
12 - VTA/ATU Pension Fund- Int'l - Equity Growth - MFS	55,108,856	55,108,856	-	-	-
13 - VTA/ATU Pension Fund-Stock Large Cap Value	61,267,267	60,299,337	-365,607	-1,333,032	-967,425
14 - VTA/ATU Pension Fund-Stock Small Cap Value	31,333,741	31,305,152	-4,637	-33,089	-28,452
Total ATU Pension Funds	334,484,259	334,031,706	145,792	-239,759	-385,551
ATU SPOUSAL MEDICAL PLAN FUNDS					
15 - ATU Spousal Med Fund - Dodge & Cox - Index	5,317,234	5,317,234	-	-	-
16 - ATU Spousal Med Fund-State Street - Index	7,307,187	7,307,187	-	-	-
Total ATU Spousal Plan Funds	12,624,421	12,624,421	-	-	-
Total Investments	1,052,345,566	1,046,605,268	1,245,595	2,268,583	1,022,988

Legend:

- (1) Book value adjusted to include contributions and exclude withdrawals.
- (2) Measure A Bond Funds: \$295,679,057 which includes earnings: from Payden \$10,462,170
LAIF \$796,034, and Union Bank DDA Account \$90,166
- (3) Bonds Reserves and/or Debt Service Funds



Date: October 7, 2008
Current Meeting: October 16, 2008
Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Administration and Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: Annual Swap Report for Period Ending June 30, 2008

FOR INFORMATION ONLY

BACKGROUND:

In May 2005, the Board of Directors adopted VTA's Interest Rate Swap Policy, which requires an annual swap performance report be provided to the Administration & Finance Committee. Included in this year's annual swap performance report (Attachment A) is the Glossary of Terms portion of VTA's adopted Interest Rate Swap Policy.

DISCUSSION:

As of June 30, 2008, VTA had entered into eight variable-to-fixed interest rate swaps, one of which was executed in September 1998, three in July 2005 and four in August 2006. The associated debt obligations for the swaps, at execution, were the 1985 Equipment Trust Certificates (Certificates), the 2005 Sales Tax Revenue Refunding Bonds (2005 Bonds) and a portion of the 2006 Measure A Sales Tax Revenue Bonds, specifically Series A-D (2006 Bonds). During the past fiscal year, the 2005 and 2006 Bonds were refinanced with proceeds of 2008 Sales Tax Revenue Refunding Bonds (2008 Bonds) and 2008 Measure A Sales Tax Revenue Refunding Bonds (2008 MA Bonds). The swaps executed in connection with the refunded bonds were transferred to the new bonds.

The objective of the interest rate swaps is to reduce VTA's interest expense associated with long-term debt obligations; therefore, it is not anticipated that VTA would terminate any of the swaps except as a means to mitigate tax risk or to replace a swap with a more advantageous structure. The annual report includes information relative to the progress made towards achieving VTA's objective.

The basic mechanics for each of VTA's swaps are essentially the same. VTA makes payments to a financial institution (counterparty) based on a fixed interest rate and receives payments based on a variable rate. The principal amount of the underlying long-term obligation is relevant

for determining the amount of the interest payment that is paid by each party under the terms of the swap agreement. This principal amount is referred to as the “notional” amount of the swap. The result of the swap transaction is a lower “synthetically” fixed interest rate (commonly referred to as “swap rate”) compared to a traditional fixed interest rate that is available in the tax-exempt bond market at the time the transaction takes place.

CONCLUSION:

The objective of VTA’s interest rate swaps is to reduce interest expense associated with long-term debt obligations. Total imputed savings since execution of the swaps (versus issuing traditional fixed rate debt) through June 30, 2008 is approximately \$5.9 million.

Prepared By: Kimberly Koenig, Manager, Department of Finance

Annual Swap Performance Report as of June 30, 2008

For the period ending June 30, 2008 VTA's objective of achieving savings associated with interest expense, by entering into variable-to-fixed interest rate swaps versus issuing traditional fixed interest rate municipal bonds, has been achieved. During FY 2008, VTA achieved interest expense savings of approximately \$0.11 million. Since the execution of VTA's first interest rate swap in 1998, total savings have been approximately \$5.90 million.

The following table presents a summary of VTA's outstanding swaps as of June 30, 2008.

Related Debt	Counterparty	M/ S/ F ¹ Credit Rating	VTA Pays	Notional Amount	Counterparty Pays	End Date	Market Value @ 6/30/08 ²
1985 ETC	Gen Re	Aa1,AAA,AA+	Fixed - 4.355%	\$26.50M	Bond Rate	6/1/15	(\$1.61M)
2008A ³	Goldman Sachs, Mitsui Marine	Aaa,AAA,n/a	Fixed - 3.145% ⁴	67.57M	% of LIBOR	6/1/26	(.24M)
2008B ³	Citibank	Aa1, AA, AA-	Fixed - 3.145% ⁴	50.51M	% of LIBOR	6/1/26	(.18M)
2008C ³	Morgan Stanley	A1, A+, AA-	Fixed - 3.145% ⁴	50.51M	% of LIBOR	6/1/26	(.18M)
2008A (Meas A) ⁵	Citibank	Aa1,AA,AA-	Fixed - 3.765%	85.87M	% of LIBOR	4/1/36	(7.13M)
2008B (Meas A) ⁵	Bank of America	Aaa,AA+,AA-	Fixed - 3.765%	50.00M	% of LIBOR	4/1/36	(4.15M)
2008C (Meas A) ⁵	Goldman Sachs, Mitsui Marine	Aaa,AAA,n/a	Fixed - 3.765%	50.00M	% of LIBOR	4/1/36	(4.15M)
2008D (Meas A) ⁵	Morgan Stanley	A1, A+,AA-	Fixed - 3.765%	50.00M	% of LIBOR	4/1/36	(4.15M)
Total Notional Amount Outstanding				\$430.96M			(\$21.79M)

The market value of each interest rate swap is based on the difference between the present value of the fixed rate payments that VTA pays each counterparty as compared to the present value of the variable rate payments the VTA receives from each counterparty. On the day of execution of the swaps, the difference in each value was \$0; however, over time the present value of the variable rate payments the VTA receives from each counterparty changes. This change results in either a positive or negative market value. For VTA's interest rate swaps, market value will

¹ Moody's, Standard and Poor's and Fitch, respectively

² The change in market value represents payments that would be due from VTA to the counterparty (if negative) or payments that would be due to VTA (if positive). If all of the swaps had been terminated on June 30, 2008, VTA would have been obligated to pay the counterparties \$21.79 million in termination payments..

³ Previously 2005 Bonds, which were refunded in June 2008.

⁴ Previously 3.033%. Due to tax code limitations, rate was reset based on market conditions at time of 2005 Bond refunding.

⁵ Previously 2006A-D Bonds, which were refunded in June 2008.

decline if the swap rates have declined since the time of execution. Conversely, market value will increase if the swap rates have increased since the time of execution.

1985 Equipment Trust Certificates (Certificates) and Related Swap

Interest Payments

The interest payments that VTA receives from the counterparty, Gen Re, on the swap related to the Certificates are equal to the interest payments that VTA makes to the bondholders; therefore, VTA's net interest expense is the amount paid to Gen Re under the terms of the swap. For FY 2008, VTA made interest payments of \$1.27 million to Gen Re based on a swap rate of 4.36%. For comparative purposes, when adding in annual fees such as remarketing and liquidity fees, which are not paid with traditional fixed rate debt, VTA's adjusted "all-in" annual rate in FY 2008 was 4.59%.

The traditional fixed interest rate for comparable transactions, offered at the time the swap for the Certificates was executed, averaged 4.93%. The savings associated with this swap equate to approximately \$100,000/year and approximately \$1.40 million through final maturity in 2015. Since execution of the swap, VTA has achieved savings of approximately \$0.98 million.

Market Value as of June 30, 2008

If VTA had executed an identical swap with Gen Re on June 30, 2008 the interest payments to Gen Re would have been based on a swap rate of 2.79% rather than 4.36%. Accordingly, as shown in the table on page 1, the market value of the swap with Gen Re has declined by approximately \$1.61 million from the date the swap was executed. The decline in market value of \$1.61 million represents VTA's termination exposure as of June 30, 2008 and is the amount of funds that VTA would have to pay Gen Re if the swap were terminated for any reason⁶. In theory, VTA could terminate the swap with Gen Re and enter into a new transaction at a lower fixed rate; however, the termination payment plus new transaction costs would negate the annual savings from a lower interest rate.

Maximum Net Termination Exposure as of June 30, 2008

Termination risk is the risk that either VTA or the counterparty terminates a swap before final maturity. VTA's Interest Rate Swap Policy (Swap Policy) sets maximum net termination exposure limits (amounts that would be due *to* or *from* VTA in the event of termination) at \$20 million for AAA rated counterparties, assuming a 0.25% movement (up or down) in the swap rate. For AA rated counterparties, any amount over \$10 million must be collateralized with direct and general obligations of the United States of America that are unconditionally guaranteed by the United States of America (such as U.S. Treasury Notes). By setting a maximum exposure limit per counterparty, VTA is required to diversify and mitigate its exposure to and termination risk associated with any one swap counterparty.

⁶ Under the terms of VTA's swap agreements, VTA may terminate the swaps at any time. However, the counterparties may only terminate the swaps if there is an event of default by VTA or if long-term credit ratings for VTA and the bond insurer are downgraded below "A". Ambac insures VTA's swap payments due under the swaps and is rated AA/Aa3 from S&P and Moody's, respectively.

Had swap rates for an identical swap with Gen Re been 0.25% lower or 2.54% (versus the June 30, 2008 rate of 2.79%), the market value of the swap would have declined by \$1.87 million from the date the swap was executed. Conversely, had the swap rates been 0.25% higher or 3.04%, the market value of the swap would have declined by \$1.36 million from the date the swap was executed.

For this swap, with a 0.25% further decline in swap rates, the hypothetical decline in market value of \$1.87 million becomes VTA's maximum net termination exposure to Gen Re under the Swap Policy, and is used to determine our capacity to enter into new interest rate swaps with this counterparty. At the maximum net termination exposure of \$1.87 million we have used 9.4% of the available capacity of \$20 million for this counterparty.

2005 & 2008 Sales Tax Revenue Refunding Bonds and Related Swaps

In June 2008, VTA retired the 2005 Sales Tax Revenue Refunding Bonds (2005 Bonds) with proceeds from the 2008 Sales Tax Revenue Refunding Bonds (2008 Bonds). The refunding transaction was implemented due to higher interest rates that were being required by bondholders, in response to the downgrade of the bond insurer, Ambac Assurance Corporation. In order to maintain the integrity of the original structure and to lower the variable bond interest rate, the 2008 Bonds were issued as uninsured variable rate bonds and the swaps executed concurrent with the issuance of the 2005 Bonds were transferred to the new bonds.

For tax purposes, because the swaps had a positive market value on the day of closing, VTA needed to reset the fixed rate paid to the counterparties to the current market rate of 3.15%, compared with the original rate of 3.03%. The reset of the fixed rate was accomplished through swap amendments with each of the counterparties. To compensate VTA for the higher market rate, the swap counterparties, Goldman Sachs Marine Mitsui, Morgan Stanley Capital Services and Citibank, N.A. paid VTA the sum of \$1.10 million.

Interest Payments

The interest payments that VTA receives from the three counterparties (Goldman Sachs, Citibank, and Morgan Stanley) in the swaps related to the 2005/2008 Bonds are based on a percentage of one-month LIBOR⁷ plus a margin. While the interest payments to be received by VTA from the counterparties are anticipated to approximate the interest payments VTA will pay to the bondholders, they may vary from week to week based on market conditions. For FY 2008, VTA received \$4.59 million of interest payments from the counterparties and made interest payments to the same counterparties of \$5.16 million (based on a weighted average swap rate of 3.04%); and, made interest payments of \$5.82 million to the 2005/2008 bondholders (based on actual weekly interest rates, which averaged 3.43%). VTA's net interest expense for the 2005/2008 Bonds, for FY 2008 was \$6.39 million. For comparative purposes, when adding in annual fees such as remarketing and liquidity fees, which are not paid with traditional fixed rate debt, VTA's adjusted "all-in" annual rate in FY 2008 was 4.02%.

⁷ London Inter Bank Offering Rate (LIBOR) is a daily reference rate based on the interest rates at which banks offer to lend unsecured funds to other banks in the London wholesale (interbank) money market.

The traditional fixed interest rate for comparable transactions at the time the swaps were originally executed was approximately 4.23%; and at the time the 2008 Bonds were issued, 4.47%. For the remaining life of the bonds, the savings associated with the 2005/2008 Bonds and related swaps are projected to average \$1.0 million annually and amount to approximately \$19.27 million over the life of the bonds. Based on swap performance for FY 2008, actual savings were \$0.61 million; and, from inception to date actual savings is \$3.56 million.

Market Value as of June 30, 2008

If VTA had executed identical swaps on June 30, 2008, the interest payments to the counterparties would have been based on a swap rate of 3.11% rather than 3.15%. Accordingly, from the date in which the swaps were executed (and as shown in the table on page 1), the market value has decreased \$.24 million for the swap with Goldman Sachs and \$.18 million each for the swaps with Citibank and Morgan Stanley. The market values have decreased because interest rates have declined since the amendment of these swaps. The decline in market value for each of the swap counterparties represents VTA's current termination exposure and is the amount of funds that VTA would have to pay to the counterparty if the swap were terminated for any reason.

Maximum Net Termination Exposure as of June 30, 2008

Had swap rates for identical swaps been 0.25% lower or 2.86% (versus the June 30, 2008 rate of 3.11%), the market values would have declined from the date the swaps were amended by \$2.35 million for the swap with Goldman Sachs and \$1.76 million each for the swaps with Citibank and Morgan Stanley. Conversely, had the interest rates been 0.25% higher or 3.36%, the market values would have increased from the date the swaps were executed by \$1.86 million for the swap with Goldman Sachs and \$1.40 million each for the swaps with Citibank and Morgan Stanley.

For these swaps, with a 0.25% further increase in swap rates, the hypothetical increase in the market value of \$1.86 million for the swap with Goldman Sachs and \$1.40 million for the remaining swaps become VTA's maximum termination exposure per counterparty under the Swap Policy. To determine available capacity to enter into new interest rate swap agreements with these counterparties, the change in market values (given a decrease or increase of 0.25% in the swap rate) are combined with the results of a similar analysis on the 2006 Swaps.

2006 & 2008 Measure A Sales Tax Revenue Refunding Bonds, Series A-D and Related Swaps

In June 2008, VTA retired the 2006 Sales Tax Revenue Refunding Bonds, Series A-D (2006 Bonds) with proceeds from the 2008 Measure A Sales Tax Revenue Refunding Bonds, Series A-D (2008 MA Bonds). The refunding transaction was implemented due to higher interest rates that were being required by bondholders, in response to the downgrade of the bond insurer, Ambac Assurance Corporation. In order to maintain the integrity of the original structure and to lower the variable bond interest rate, the 2008 MA Bonds were issued as uninsured variable rate bonds and the swaps executed concurrent with the issuance of the 2006 Bonds were transferred to the new bonds.

Interest Payments

The interest payments that VTA receives from the four counterparties (Citibank, Bank of America, Goldman Sachs, and Morgan Stanley) in the swaps related to the 2006/2008 MA Bonds are based on a percentage of three-month LIBOR. While the interest payments to be received by VTA from the counterparties are anticipated to approximate the interest payments VTA will pay to the bondholders, they may vary from week to week based on market conditions. For FY 2008, VTA received \$6.52 million of interest payments from the counterparties and made interest payments to the same counterparties of \$8.86 million (based on the swap rate of 3.765%); and, made interest payments of \$8.56 million to the 2006/2008 MA bondholders (based on actual weekly interest rates, which averaged 3.63%). VTA's net interest expense for the 2006/2008 MA Bonds, for FY 2008 was \$10.90 million. For comparative purposes, when adding in annual fees such as broker-dealer fees, which are not paid with traditional fixed rate debt, VTA's adjusted "all-in" annual rate in FY 2008 was 4.87%.

The traditional fixed interest rate for comparable transactions offered at the time the swaps for the 2006 Series A-D Bonds were executed was approximately 4.62%; and at the time the 2008 MA Bonds were issued, 5.04%. For the remaining life of the bonds, the savings associated with the 2006/2008 MA Bonds and related swaps are projected to average \$2.04 million annually and amount to approximately \$55.51 million over the life of the bonds. Based on swap performance for FY 2008, actual savings were a *negative* \$0.60 million; and, from inception to date actual savings is \$1.36 million.

Market Value as of June 30, 2008

If VTA had executed identical swaps on June 30, 2008, the interest payments to the counterparties would have been based on a swap rate of 3.21% rather than 3.77%. Accordingly, from the date in which the swaps were executed (and as shown in the table on page 1), the market values have declined \$7.13 million for the swap with Citibank and \$4.15 million each for the swaps with Bank of America, Goldman Sachs, and Morgan Stanley. The decline in market value for each of the swap counterparties represents VTA's current termination exposure and is the amount of funds that VTA would have to pay to the counterparty if the swap were terminated for any reason.

Maximum Net Termination Exposure as of June 30, 2008

Had the swap rates for identical swaps been 0.25% lower or 2.96% (versus the June 30, 2008 rate of 3.21%), the market values would have declined, from the date in which the swaps were executed, by \$10.35 million for the swap with Citibank and \$6.03 million for the swaps with each of the remaining counterparties. Conversely, had the swap rates been 0.25% higher or 3.46%, the market values would have declined, from the date in which the swaps were executed, by \$3.91 million for the swap with Citibank and \$2.28 million for the swaps with each of the remaining counterparties.

For this swap, with a 0.25% further decline in swap rates, the hypothetical decline in market value of \$10.35 million for the swap with Citibank and \$6.03 million for each of the remaining

swaps becomes VTA's maximum net termination exposure per counterparty under the Swap Policy.

Available Capacity to Enter Into New Swaps

In order to reduce credit risk, VTA's Swap Policy sets a limit of \$20 million of maximum net termination exposure per counterparty, which means if a termination of the swaps with a particular counterparty could result in a payment of \$20 million (assuming interest rate movements of .25%) *to or from* VTA, then VTA may not enter into additional swaps with such counterparty.

For the swap with Bank of America, a 0.25% further decline in swap rates would result in a hypothetical decline in market value of \$6.03 million, which becomes VTA's maximum net termination exposure to Bank of America under the Swap Policy, and is used to determine our capacity to enter into new interest rate swaps with this counterparty. At the maximum net termination exposure of \$6.03 million, VTA has used 30.1% of the available capacity of \$20 million for this counterparty

To determine available capacity to enter into new interest rate swaps with the remaining counterparties, the change in market values (given a decrease or increase of 0.25% in the swap rate) for both the 2005 and 2006 swaps are combined in order to determine VTA's maximum net termination exposure per counterparty and available capacity to enter into new interest rate swaps with each of them.

The following table summarizes the change in market values for the swaps with Citibank, assuming an increase or decrease of 0.25% in swap rates compared to the June 30, 2008 rate:

Changes In Market Values (x \$1,000,000)

<u>Counterparty</u>	<u>Swap Transaction</u>	<u>June 30 Rate Less 0.25%</u>	<u>June 30 Rate</u>	<u>June 30 Rate Plus 0.25%</u>
Citibank	2005 Swap	(1.76)	(0.18)	1.40
	2006 Swap	<u>(10.35)</u>	<u>(7.13)</u>	<u>(3.91)</u>
	Net Change	(12.11)	(7.31)	(2.51)

For the swaps with Citibank, a 0.25% further decline in swap rates would result in an aggregated hypothetical decline in market value of \$12.11 million, which becomes VTA's maximum net termination exposure to Citibank under the Swap Policy, and is used to determine our capacity to enter into new interest rate swaps with this counterparty. At the maximum net termination exposure of \$12.11 million VTA has used 60.6% of the available capacity of \$20 million for this counterparty.

The following table summarizes the change in market values for the swaps with Goldman Sachs, assuming an increase or decrease of 0.25% in swap rates compared to the June 30, 2008 rate:

Changes In Market Values (x \$1,000,000)

<u>Counterparty</u>	<u>Swap Transaction</u>	<u>June 30 Rate Less 0.25%</u>	<u>June 30 Rate</u>	<u>June 30 Rate Plus 0.25%</u>
Goldman	2005 Swap	(2.35)	(0.24)	1.86
Sachs	2006 Swap	<u>(6.03)</u>	<u>(4.15)</u>	<u>(2.28)</u>
	Net Change	(8.37)	(4.39)	(0.41)

For the swaps with Goldman Sachs, a 0.25% further decline in swap rates would result in an aggregated hypothetical decline in market value of \$8.37 million, which becomes VTA's maximum net termination exposure to Goldman Sachs under the Swap Policy, and is used to determine our capacity to enter into new interest rate swaps with this counterparty. At the maximum net termination exposure of \$8.37 million VTA has used 41.9% of the available capacity of \$20 million for this counterparty.

The following table summarizes the change in market values for the swaps with Morgan Stanley, assuming an increase or decrease of 0.25% in swap rates compared to the June 30, 2008 rate:

Changes In Market Values (x \$1,000,000)

<u>Counterparty</u>	<u>Swap Transaction</u>	<u>June 30 Rate Less 0.25%</u>	<u>June 30 Rate</u>	<u>June 30 Rate Plus 0.25%</u>
Morgan	2005 Swap	(1.76)	(0.18)	1.40
Stanley	2006 Swap	<u>(6.03)</u>	<u>(4.15)</u>	<u>(2.28)</u>
	Net Change	(7.79)	(4.33)	(0.87)

For the swaps with Morgan Stanley, a 0.25% further decline in swap rates would result in an aggregated hypothetical decline in market value of \$7.79 million, which becomes VTA's maximum net termination exposure to Morgan Stanley under the Swap Policy, and is used to determine our capacity to enter into new interest rate swaps with this counterparty. At the maximum net termination exposure of \$7.79 million VTA has used 39% of the available capacity of \$20 million for this counterparty.

Agreements Approved or Executed After June 30, 2008

No additional swaps have been approved subsequent to June 30, 2008. However, on September 2, 2008, the 1985 Equipment Trust Certificates were redeemed and the associated swap was terminated. The payment made to Gen Re for the termination of the swap was \$1.68 million plus accrued interest (as of the date of termination) of \$0.29 million for an aggregate amount of \$1.97 million.

Glossary of Terms

Asset/Liability Matching. Matching the term and amount of assets and liabilities in order to mitigate the impact of changes of interest rates.

Basis Risk. The risk of a mismatch between an issuer's floating rate receipts (or payments) under a swap and its floating rate payments (or receipts) on the underlying bonds. Basis risk commonly occurs if variable rate swap payments are based on a percentage of LIBOR.

Basis Swap. A floating-to-floating rate swap in which one variable rate index is swapped for another. Basis swaps are commonly used to modify basis risk.

Bid/Ask Spread. The difference between the (i) bid price at which a market maker is willing to buy and (ii) the ask price at which a market maker is willing to sell.

Collar – A combination of an Interest Rate Cap and an Interest Rate Floor.

Collateralization Risk. The risk that circumstances will arise in the future that will require an agency to post collateral pursuant to a swap agreement.

Counterparty. A party in a swap transaction.

Counterparty Credit Risk The risk that a counterparty in a swap transaction may not be able to perform its financial obligations under the swap.

Credit Support. Collateral in the form of cash and/or marketable securities posted by one party to a swap agreement to reduce the credit exposure of the counterparty.

Credit Support Annex. A document governed by the ISDA Master Agreement which states the provisions and circumstances under which collateral posting is required.

Derivative Subsidiary - Typically created by a financial institution for entering into swap transactions. Such subsidiaries are usually guaranteed by the financial institution creating them, or are terminated if such financial institution falls into bankruptcy.

Fixed Rate Swap. An interest rate swap in which an agency pays a counterparty a fixed interest rate in exchange for receiving a floating interest rate – commonly used to create synthetic fixed rate obligations.

Floating Rate Swap. An interest rate swap in which an agency pays a counterparty a floating interest rate in exchange for receiving a fixed interest rate – commonly used to create synthetic floating rate obligations.

Floor – A financial contract under which an issuer will make a payment to the Swap Provider when the underlying debt falls below the predetermined strike rate, or floor rate.

Forward Starting Swap. An interest rate swap under which the exchange of cash flows commences at later date – commonly used to lock in current interest rates for future transactions.

Interest Rate Cap. A financial contract in which the provider, in exchange for a fee, will make payments to an issuer of variable rate debt to the extent that the interest rate on that debt exceeds a specific rate (known as the “cap rate”).

Interest Rate Swaps. A contractual agreement between two parties to exchange interest rates payments for a defined period of time.

ISDA Master Agreement. The standardized master legal agreement for all derivative transactions between an agency and a counterparty.

LIBOR. London Inter-Bank Offered Rate, which is the interest rate banks charge each other for short-term money, up to a 12-month term. LIBOR is typically used as the index for the floating rate component of interest rate swaps.

Marked-to-Market. Calculation of the value of a financial instrument (e.g., an interest rate swap) based on current market rates.

Notional Amount. Similar to bond principal amount; used as the basis to determine the amount of swap interest payments. The Notional Amount will often amortize over time to match the amortization of the bonds to which the swap is related.

Optional Termination. The right of a party to terminate a swap at any time at prevailing market prices – in swap agreements, typically the agency is the only party to have such rights.

Settlement Amount. The amount VTA or the counterparty would need to pay to the other to make up for a loss in value due to a change in interest rates.

Swap Curve. The swap’s equivalent of a yield curve for fixed rate securities. The swap curve identifies the relationship between rates at varying maturities.

Synthetic Fixed Rate. A synthetic fixed rate is created when issuing variable rate sales tax revenue bonds together with entering into a variable to fixed interest rate swap agreement.

Termination Event. Events that allow for the termination of a swap, e.g., a credit downgrade.

Termination Payment. Payment made by one counterparty to the other if the swap is terminated before its scheduled termination date. The payment is commonly based on the market value of the swap.

Threshold. The point at which the counterparty or VTA will need to post collateral under the swap agreement. Threshold will vary with rating levels.



Date: October 7, 2008

Current Meeting: October 16, 2008

Board Meeting: November 6, 2008

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Administration and Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief External Affairs Officer, Greta Helm

SUBJECT: Monthly Legislative History Matrix

FOR INFORMATION ONLY

BACKGROUND:

For your information, I am attaching our Monthly Legislative History Matrix, which describes key transportation-related bills that were considered by the California Legislature during 2008. It indicates the status of these measures and any adopted VTA positions with regard to them.

DISCUSSION:

2008 probably will be best remembered as the year in which lawmakers set the record for the longest budget impasse in California history. For months, Democrats and Republicans in the Legislature, and Gov. Arnold Schwarzenegger were at odds over a number of key policy questions related to the development of a spending plan for the fiscal year that began on July 1. Those questions included:

1. Should the projected \$15.2 billion General Fund deficit be partially addressed through tax increases?
2. How should a spending cap be put in place and how should the state's reserve fund be beefed up in order to control expenditures when the economy is strong, and to ensure that adequate money has been put aside to avoid huge budget shortfalls when the economy is sluggish?
3. To what extent should the budget deficit be resolved through spending cuts to state programs?
4. Should money be borrowed from local governments, transportation and other special funds to shore up the General Fund?

5. To what extent should the California Lottery be modernized, and should additional revenues be generated for the General Fund by bonding against the lottery's future proceeds?

In an attempt to break the deadlock, Gov. Schwarzenegger, in mid-August, released a compromise budget proposal that called for a temporary 1 percent boost to the state sales tax. In addition, he backed off his demand for a strict spending cap and, instead, proposed an expanded budget reserve with restrictions on when it could be tapped. The Governor also renewed his push to borrow against future proceeds from an expanded lottery, and he provided a list of \$2 billion in additional spending cuts beyond those outlined earlier by Democratic lawmakers.

After a number of false starts, the Legislature finally responded on September 16 by passing a budget plan that was cobbled together privately by Assembly and Senate leaders without the involvement of Gov. Schwarzenegger. It did not include the Governor's temporary sales tax increase, but rather attempted to address the daunting shortfall in the following ways: (a) \$7.1 billion in spending cuts; (b) \$9.3 billion in additional revenues generated by accelerating the collection of income taxes, shifting or borrowing money from special funds, and employing a variety of accounting "gimmicks;" and (c) \$1.2 billion in reserves. The Governor was not amused and vowed to veto the plan unless certain changes were made. While he leveled harsh criticisms against numerous aspects of the plan, the Governor was most upset that lawmakers rejected his plea for stiffer rules for when revenues could be withdrawn from the budget reserve.

Just when it appeared that the Legislature's budget plan would unravel, Assembly and Senate leaders backed down and accepted Gov. Schwarzenegger's suggested fixes. Finally, on September 23, a record 85 days into the new fiscal year, the Governor signed the budget into law in his office with little fanfare, but not before vetoing \$510 million in spending approved by the Legislature in order to boost the reserve to \$1.7 billion. In avoiding the more typical celebratory signing ceremony under the Capitol's rotunda, the Governor commented, "Why I didn't feel like celebrating in the rotunda is because it's inexcusable to have a budget that's three months late. And it is three months late because both Democrats and Republicans in the Legislature stayed in their ideological corners and refused to come out."

The budget turned out to be a mixed bag for transportation. On the positive side, the transportation community staved off a potential suspension of Proposition 42 and can look forward to a healthy appropriation of Proposition 1B bond funds for the second straight year. On the negative side, the Public Transportation Account (PTA) took it on the chin once again, losing 71 percent of its revenues to cover General Fund obligations.

The end of the budget impasse opened the door for Gov. Schwarzenegger to act on the more than 800 bills that were approved by lawmakers before they officially adjourned the 2007-08 regular session of the Legislature on August 31 as mandated by the California Constitution. As it turned out, he vetoed bills at a rate that has not been seen since Ronald Reagan was running the state. In many cases, Gov. Schwarzenegger's dissatisfaction with how lawmakers handled the budget caused him to issue the following generic veto message: "The historic delay in passing the 2008-2009 State Budget has forced me to prioritize the bills sent to my desk at the end of the year's legislative session. Given the delay, I am only signing bills that are the highest priority for

California. This bill does not meet that standard and I cannot sign it at this time.”

Transportation-related measures that fell victim to this veto message included:

AB 117 (Beall): VTA partnered with the San Mateo County Transit District (SamTrans); the Alameda-Contra Costa Transit District (AC Transit); and the Golden Gate Bridge, Highway and Transportation District (Golden Gate Transit) on this measure. It would have raised the dollar threshold for when VTA and the other three transit agencies must use the formal competitive bidding process to procure materials, supplies and equipment from \$25,000 to \$100,000, consistent with federal guidelines. The legislation also would have provided VTA, as well as SamTrans, AC Transit and Golden Gate Transit, with the option to use either low bid or best value when going through the formal bidding process for these types of procurements that exceed \$100,000. We plan to reintroduced this bill next year.

AB 152 (Beall): This measure called for making several technical changes to VTA’s enabling statutes to ensure that we have the appropriate statutory authority to work with our local jurisdictions on developing funding strategies to address their local street and road maintenance needs. We will reintroduced this legislation next year.

AB 1221 (Ma): Sponsored by BART and the California Transit Association, AB 1221 would have allowed local officials to use property tax increment financing to pay for public facilities and amenities within transit village development districts. VTA supported this bill.

AB 3021 (Nava): Sponsored by the Treasurer’s Office, this bill called for creating the California Transportation Financing Authority to issue revenue bonds to assist local agencies and Caltrans in funding transportation improvement projects. VTA supported AB 3021.

The Governor vetoed the following bills based on policy grounds:

AB 2971 (DeSaulnier): This measure would have required Caltrans to establish guidelines and criteria to ensure that the needs of bicyclists and pedestrians are addressed in the development of the department’s safety programs. In his veto message, the Governor argued that Caltrans already has sufficient authority under current law to meet the intent of the bill and, therefore, AB 2971 was not needed. VTA did not take a position on AB 2971.

SB 974 (Lowenthal): This controversial legislation called for imposing a fee on each shipping container processed in the Ports of Los Angeles, Long Beach and Oakland. The revenues generated by such a fee would have been used to fund projects designed to improve the flow of container cargo or to mitigate air pollution caused by the movement of container cargo at these ports. In his veto message, the Governor contended that the bill lacked “necessary assurances that projects will achieve the greatest cost-effectiveness, emission reductions, and public health protection.” He also argued that SB 974 had no means for implementing a long-term, strategic plan for the state’s goods movement infrastructure. Finally, he commented that the bill “misses the opportunity to leverage billions of dollars in available funding through public-private partnerships, which could otherwise increase investments in infrastructure geometrically.” VTA did not take a position on SB 974.

SB 1731 (Yee): This legislation would have authorized MTC to impose a \$1 vehicle registration surcharge in the Bay Area in order to implement congestion management strategies in the region, including an expansion of Caltrans' traffic operations system and more ramp metering. In his veto message, the Governor wrote, "I cannot support the increase of fees as proposed. This bill would extend the local surcharge at the same time the state is increasing vehicle registration fees to fund vital law enforcement services provided by the California Highway Patrol. I am concerned about the overall impact of the increasing costs of fees and gasoline on the motoring public." VTA did not take a position on SB 1731.

The following transportation-related bills met the Governor's "test" of being among the highest priorities for California and he signed them into law:

AB 2094 (DeSaulnier): In addition to the Association of Bay Area Governments (ABAG), the Bay Area Air Quality Management District (BAAQMD) and MTC, this legislation requires the San Francisco Bay Conservation and Development Commission (BCDC) to be represented on the Bay Area's Joint Policy Committee. It also authorizes BCDC to develop regional strategies for addressing the effects of sea level rise and other impacts of global climate change on the San Francisco Bay and its shoreline areas. VTA did not take a position on AB 2094

AB 2466 (Laird): VTA co-sponsored this legislation with the city of San Jose and the county of Sonoma. It is intended to help local agencies with multiple facilities convert to renewable energy. Specifically, AB 2466 permits a local agency to designate a "benefiting account" to receive a bill credit for electricity supplied to the electric grid by an eligible renewable generating facility. In our case, the legislation allows VTA to generate excess solar power at one of our bus operating divisions and, rather than losing that electricity to the grid without any compensation, to receive a credit on our electric bill at the Guadalupe Light Rail Division, where we do not have the space to install enough solar panels to meet that facility's electricity needs.

SB 28 (Simitian): As a follow-up to previous legislation banning the use of cell phones without a hands-free device while driving, SB 28 prohibits text-messaging while operating a motor vehicle. VTA did not take a position on this measure.

SB 53 (Ducheny): This bill requires the California Research Bureau to make recommendations on how to improve the oversight and regulatory activities of those state agencies with jurisdiction over passenger and freight rail matters. VTA did not take a position on SB 53.

SB 375 (Steinberg): Perhaps the most significant transportation policy bill to make it through the legislative process this year, SB 375 is an extremely complex, highly controversial bill that attempts to put in place a framework for cutting vehicle miles traveled as a strategy for reducing greenhouse gas emissions from the transportation sector. In general, it requires the metropolitan planning organizations (MPOs) in California, including MTC, to include a "sustainable communities strategy" in their regional transportation plans (RTPs) that would consist of development patterns and transportation measures designed to achieve regional greenhouse gas emissions reduction targets provided by the California Air Resources Board (CARB). In addition, SB 375 requires the allocation of regional housing needs assessment (RHNA) shares to

cities and counties to be consistent with a particular region's sustainable communities strategy. Finally, it provides California Environmental Quality Act (CEQA) incentives for certain types of development projects in order to encourage local governments to undertake their planning activities in a manner that is consistent with the sustainable communities strategy, and to entice developers to build high-density housing near transit stations. VTA did not take a position on SB 375.

SB 1093 (Wiggins): Intended to calm the storm that erupted last year over the last-minute enactment of controversial legislation dealing with water transit in the Bay Area, SB 1093, among other things, requires the San Francisco Bay Area Water Emergency Transportation Authority (WETA) to prepare a comprehensive transition plan before it can take over the existing ferry services now being operated by the cities of Alameda and Vallejo. VTA did not take a position on SB 1093.

SB 1561 (Steinberg): What started out as a much broader bill got narrowed down in the end to apply to just the Sacramento Regional Transit District and the Fresno Area Express. It allows these two transit operators to issue a "prohibition order" to any person who is cited for committing certain disruptive acts on a bus or rail vehicle. Under such an order, the offender would not be able to enter the property, facilities or vehicles of the public transit agency for a specified period of time. VTA did not take a position on SB 1561.

Prepared By: Kurt Evans

LEGISLATIVE HISTORY
2007 – 2008 State Legislative Session
October 6, 2008

State Assembly Bills

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 38 (Nava) Homeland Security	Eliminates the Office of Homeland Security and the Office of Emergency Services, and transfers the responsibilities of these two offices to a newly created California Emergency Management Agency (CalEMA). Provides that CalEMA would be under the supervision of a secretary of California emergency management appointed by the Governor and subject to Senate confirmation. In managing the agency, requires the secretary to coordinate all state disaster response, emergency planning, emergency preparedness, disaster recovery, disaster mitigation, and homeland security activities.	8/18/08	Signed into Law: Chapter #372	
AB 109 (Nunez) Alternative Fuels and Vehicle Technologies	Requires the California Energy Commission to implement the existing Alternative and Renewable Fuel and Vehicle Technology Program by regulation pursuant to the rulemaking requirements of the Administrative Procedure Act. Requires the commission to use a public competitive process for the allocation of funding under this program. Expands the existing Air Quality Improvement Program to include revolving loans, loan guarantees, loans, and other appropriate funding measures. Requires the California Air Resources Board (CARB) to develop and adopt guidelines to implement the Air Quality Improvement Program. Requires CARB to use a public competitive process for the allocation of funding under this program. For both programs, makes ineligible any project required to be undertaken pursuant to federal or state law, air district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents.	8/19/08	Signed into Law: Chapter #313	
AB 117 (Beall) Contracts: Materials, Supplies and Equipment	Amends the enabling statutes of the Santa Clara Valley Transportation Authority (VTA) to raise the dollar threshold for when VTA must use the formal competitive bidding process to procure materials, supplies and equipment from \$25,000 to \$100,000, consistent with federal regulations. Also includes comparable provisions for: (a) the San Mateo County Transit District (SamTrans); (b) the Alameda-Contra Costa Transit District (AC Transit); and (c) the Golden Gate Bridge, Highway and Transportation District (Golden Gate Transit).	7/7/08	Vetoed by the Governor	Sponsor
AB 152 (Beall) Santa Clara Valley Transportation Authority: Local Streets/Roads Funding	Makes several technical corrections to the enabling statutes of the Santa Clara Valley Transportation Authority (VTA) to ensure that VTA has the appropriate statutory authority to work with local jurisdictions on developing funding strategies to address their local street and road maintenance and repair needs.	4/7/08	Vetoed by the Governor	Sponsor

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 387 (Duvall) Design-Build Contracting: Transit Security Projects	Makes several changes to existing state law authorizing the use of design-build contracting for transit projects. Specifically, provides that there is no cost threshold in order to use design-build contracting for the acquisition and installation of technology applications or surveillance equipment designed to enhance safety, disaster preparedness and homeland security efforts.	1/7/08	Signed into Law: Chapter #185	Support
AB 396 (Hernandez) Public Contracts: Employee Health Care Expenditures Bid Preference	Beginning January 1, 2010, requires a public entity awarding a public works contract to provide a 2.5 percent bid preference to a bidder whose employee health care expenditures, and those of its subcontractors, are at least 6.5 percent of the aggregate Social Security wages paid to its employees in California.	8/4/08	Senate Appropriations Committee: Failed Passage	
AB 444 (Hancock) Vehicle Registration Surcharge	Authorizes the congestion management agency (CMA) in counties of Alameda, Contra Costa, Marin, Santa Clara, and Solano to place a measure before its voters to impose an annual surcharge of up to \$10 on each motor vehicle registered within its county to fund a program for managing traffic congestion. Provides that the ballot measure must be approved by a simple majority vote of the county's electorate before such a surcharge could be imposed. Requires the governing board of the CMA to: (a) adopt a resolution by a majority vote to put the surcharge on the ballot; (b) make a finding of fact by a majority vote that the projects and programs to be funded with surcharge revenues have a relationship or benefit to the persons who will be paying the surcharge; and (c) adopt an expenditure plan programming the surcharge revenues to transportation-related programs and projects that have a relationship or benefit to the persons paying the surcharge. Specifies that the programs and projects included in the expenditure plan may serve the following purposes: (a) providing matching dollars for funding made available under state general obligation bonds for transportation; (b) creating or sustaining congestion mitigation programs and projects; and (c) creating or sustaining pollution mitigation programs and projects. If requested by the Alameda County or Contra Costa County CMA, requires the Department of Motor Vehicles to collect the surcharge approved by the voters upon the registration or renewal of registration of any motor vehicle in the applicable county, except for those vehicles that are expressly exempt from the payment of registration fees. Requires the CMA to pay for the initial set-up and programming costs identified by the Department of Motor Vehicles through a direct contract with the department. Allows the CMA to be reimbursed for these costs through the initial revenues generated by the surcharge.	6/28/07	Senate Revenue and Taxation Committee: Failed Passage	Support

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 568 (Karnette) Port Community Advisory Committees	After receiving a petition from a community organization, authorizes the governing authority of a port or harbor in California, at its discretion, to establish a port community advisory committee. If the governing authority of a port or harbor decides to establish a port community advisory committee, requires the authority to adopt an ordinance that determines all of the following: (a) the committee's membership and the method used to select the committee's members; (b) the committee's internal organization, including any officers or subcommittees; (c) the committee's duties, including the assignment to provide advice to the governing authority regarding the port's policies, programs or projects; and (d) any other matters that the governing authority considers to be appropriate.	7/2/07	Senate Local Government Committee: Failed Passage	
AB 633 (Galgiani) Grade Separation Projects	By September 1, 2008, requires the California Public Utilities Commission (CPUC) and Caltrans to submit a joint report to the appropriate policy and fiscal committees of the Legislature that includes all of the following: (a) an overall evaluation of the state's existing grade separation funding program; (b) an evaluation of the factors that increase the costs for grade separation projects and suggested actions to lower these costs; (c) recommendations for streamlining and improving the program; and (d) recommendations for establishing a hardship application process under which the California Transportation Commission (CTC) may, in severe circumstances, adjust or defer the requirement for local financial participation.	4/25/07	Senate Transportation and Housing Committee: Failed Passage	
AB 642 (Wolk) Design-Build Contracting: Local Agencies	Until January 1, 2016, authorizes any city or county to enter into design-build contracts for the construction of buildings, if the project exceeds \$1 million in cost. Until January 1, 2020, authorizes local entities that operate a wastewater facility, solid waste management facility or water recycling facility to enter into design-build contracts for construction projects.	8/5/08	Signed into Law: Chapter #314	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 660 (Galgiani) Highway-Railroad Grade Crossings	Modifies the California Public Utilities Commission's (CPUC) Grade Separation Program by modifying eligibility requirements, fixing the maximum amount allocated to grade separation projects, and revising other conditions governing the allocation of funds. Specifies that grade separation projects: (a) at a proposed new grade crossing; or (b) for removing or relocating highways or railroad tracks to eliminate existing grade crossings are not eligible for funding under the Grade Separation Program. Provides that the total allocations for a project under this program shall not exceed \$5 million without specific legislative authorization. Also specifies that cumulative allocations to a single project shall not exceed 80 percent of the cost to construct the project. Allows a project costing between \$5 million-\$20 million to be considered without specific legislative authorization if the project: (a) is included on the CPUC's priority list; (b) eliminates the need for future related grade separation projects; (c) provides projected cost savings of at least 50 percent to the state or local jurisdiction by eliminating the need for future projects; and (d) alleviates traffic and safety problems, or provides improved rail service not otherwise possible. Requires such projects to be funded over a multi-year period, not to exceed five years, with the allocation for any one year limited to \$5 million or less. Prohibits an agency that obtains funding for a project under the CPUC's grade separation program from being eligible to receive an allocation for another project for a period of 10 years. Requires a railroad's financial contribution for a grade separation project funded under the program to be calculated based on the cost of the grade separation only, and not on the cost of any other part of the project.	8/6/08	Signed into Law: Chapter #315	
AB 842 (Jones) Proposition 1C: Regional Planning, Housing and Infill Incentive Account	With regard to Proposition 1C housing bond revenues, requires the Department of Housing and Community Development to rank applications for the award of capital improvement project grants under the Regional Planning, Housing and Infill Incentive Account based on a reduction in the growth increment in vehicle miles traveled as a result of the project.	8/18/08	Vetoed by the Governor	
AB 867 (Davis) Traffic Analysis Zones	In developing its regional transportation plan (RTP), requires a metropolitan planning organization (MPO) or regional transportation planning agency serving an area with a population in excess of 300,000 to factor the mobility of low-income and minority residents into its computer analysis of traffic analysis zones (TAZs) used to estimate travel behavior and traffic generation as part of its transportation demand model.	7/10/07	Senate Appropriations Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 901 (Nunez) HOT Lanes: I-10 and State Route 110 in Los Angeles County	Until January 15, 2013, authorizes a value pricing and transit development demonstration program involving high-occupancy toll (HOT) lanes to be conducted, administered, developed, and operated on I-10 and State Route 110 in Los Angeles County by the Los Angeles County Metropolitan Transportation Authority (LA Metro). Requires LA Metro to carry out the value pricing and transit development demonstration program pursuant to a cooperative agreement with Caltrans that addresses all matters in connection with the program. Authorizes LA Metro to establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the express lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system. Authorizes LA Metro to establish, collect and administer tolls for the HOT lanes on I-10 and State Route 110. Allows LA Metro to use excess toll revenues for preconstruction, construction and other related costs related to high-occupancy vehicle (HOV) facilities, and the improvement of transit service within the I-10 and State Route 110 corridors. Prohibits LA Metro from issuing bonds for the demonstration program.	8/4/08	Senate Rules Committee: Failed Passage	
AB 981 (Leno) Treasure Island Transportation Management Act	Enacts the Treasure Island Transportation Management Act. Authorizes the San Francisco County Board of Supervisors to designate an entity to act as the transportation management agency for Treasure Island. Authorizes the Treasure Island Transportation Management Agency to recommend a congestion pricing fee structure applicable to residents and other motorists as they enter or exit Treasure Island to generate revenues to be used to implement a transportation program for the island. Requires the congestion pricing fee structure to be approved by the Board of Supervisors and the San Francisco County Transportation Authority. Also allows the Treasure Island Transportation Management Agency to adopt: (a) on-street and off-street parking regulations, fees, fines, and penalties for Treasure Island; and (b) a transit pass fee structure applicable to residents and other users of Treasure Island.	8/6/08	Signed into Law: Chapter #317	
AB 1065 (Lieber) Building Energy Use Standards	Requires the California Energy Commission to revise its building energy efficiency standards to decrease the energy consumption of new residential and commercial buildings from offsite sources.	7/10/08	Senate Appropriations Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1077 (Lieber) Plug-In Hybrid Electric Vehicles	Enacts the California Plug-In Hybrid Electric Vehicle Leadership Act of 2007. Establishes the California Plug-In Hybrid Electric Vehicle Coordinating Council to: (a) identify existing and potential barriers to the successful development and commercialization of plug-in hybrid electric vehicles; (b) facilitate the research, development and demonstration of plug-in hybrid electric vehicle technologies; (c) assess factors that will affect consumer demand for plug-in hybrid electric vehicles; (d) examine regulations, incentives and programs to facilitate the market introduction of plug-in hybrid electric vehicles; (e) facilitate interstate coordination for the development and commercialization of plug-in hybrid electric vehicles; (g) consider and recommend, as appropriate, research programs, demonstration programs and incentives to encourage the fueling of plug-in hybrid electric vehicles through sustainable and renewable energy sources, including distributed solar generation and wind power; and (h) by October 1, 2008, identify the percentage or number of plug-in hybrid electric vehicles that could reasonably be added to the state vehicle fleet in the future. By January 1, 2009, requires the California Air Resources Board (CARB) to develop certification testing protocols for emissions, including both criteria pollutants and greenhouse gases, for the different types of plug-in hybrid electric vehicles.	8/1/07	Senate Appropriations Committee: Failed Passage	Support
AB 1119 (Fuller) Carl Moyer Memorial Air Quality Standards Attainment Program	In developing eligibility criteria for emission control devices that may be funded under emission reduction grant programs, requires the California Air Resources Board (CARB) to take all reasonable steps to consider the number of manufacturers capable of providing verified devices in order to ensure adequate competition among manufacturers and lower prices for these devices.	7/3/07	Senate Environmental Quality Committee: Failed Passage	
AB 1209 (Karnette) HOV Lanes: Hybrid Vehicles	Allows the Department of Motor Vehicles (DMV) to issue a replacement high-occupancy vehicle (HOV) lane decal to an owner of a hybrid vehicle that becomes non-repairable or a total loss salvage vehicle when the owner buys a replacement hybrid vehicle.	7/1/08	Signed into Law: Chapter #4429	
AB 1221 (Ma) Transit Village Developments: Tax Increment Financing	Allows a local government to create an infrastructure financing district and thereby use tax increment financing to pay for public facilities and amenities within a transit village development district. Recasts the area for a transit village plan to include all land within not more than a half mile of the main entrance of a transit station. Requires a transit village plan utilizing an infrastructure financing district to do both of the following: (a) include an increase in the stock of affordable housing or live-travel options for transit-needy groups as one of its five demonstrable public benefits; and (b) include a provision that at least 20 percent of all revenues derived from the infrastructure financing district be dedicated to increasing, improving and preserving the supply of low- and moderate-income affordable housing in the district for a period of at least 55 years for rental housing and 45 years for owner-occupied housing.	8/14/08	Vetoed by the Governor	Support

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1252 (Caballero) Housing and Transportation Bonds	Appropriates \$100 million to the Department of Housing and Community Development from the Regional Planning, Housing and Infill Incentive Account established under the 2006 housing bond measure for the purpose of augmenting the Infill Infrastructure Grant Program Notice of Funding Availability issued by the department on February 28, 2008. Appropriates \$50 million to the Department of Housing and Community Development from the Transit-Oriented Development Account established under the 2006 housing bond measure for the purpose of augmenting the Transit-Oriented Development Program Notice of Funding Availability issued by the department on December 7, 2007. Appropriates \$63 million from the Highway-Railroad Crossing Safety Account established under the 2006 transportation bond measure for high-priority grade separation and railroad crossing safety improvement projects. Appropriates \$87 million from the Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account established under the 2006 transportation bond measure for allocation to counties for local street and road improvements.	6/19/08	Signed into Law: Chapter #39	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1350 (Nunez) Proposition 1B: Transit Security	<p>Requires Proposition 1B transportation infrastructure bond revenues deposited into the Transit System Safety, Security and Disaster Response Account to be allocated for expenditure for eligible projects as follows: (a) 75 percent of the revenues allocated to transit operators located in counties with a population in excess of 250,000 according to the State Transit Assistance Program (STA) formula; and (b) 25 percent of the revenues allocated to transit operators located in counties with a population that is less than 250,000 according to the STA formula. Specifies that projects eligible to receive funding from the Transit System Safety, Security and Disaster Response Account could be either of the following: (a) a capital project that provides increased protection against a security or safety threat; or (b) capital expenditures to increase the capacity of transit operators to develop disaster response transportation systems that can move people, goods, and emergency personnel and equipment during the aftermath of a disaster impairing the mobility of goods, people and equipment. Requires the state Office of Emergency Services to develop guidelines, matching fund requirements, project selection criteria, and the application process for funding available under the Transit System Safety, Security and Disaster Response Account. At a minimum, requires these guidelines to consider: (a) baseline security; (b) risk analysis that assesses risk vulnerability; (c) risk consequences; (d) crisis management capability; and (e) potential risk averted from the funding of the eligible project. Requires a project funded with revenues from the Transit System Safety, Security and Disaster Response Account to be part of an applicant's comprehensive safety and security plan. Requires an applicant receiving funding from the Transit System Safety, Security and Disaster Response Account to liquidate the money within three fiscal years following the fiscal year in which the funds are allocated. Requires funds remaining unliquidated thereafter to revert to the Office of Emergency Services for reallocation to other eligible projects at its discretion. Defines the process for distributing revenues from the Transit System Safety, Security and Disaster Response Account as follows: (a) no later than July 1 of each year, requires each applicant eligible to receive funding to provide information to the Office of Emergency Services regarding the eligible projects it intends to undertake during the following fiscal year; (b) requires the Office of Emergency Services to annually compile a list of approved projects for the following fiscal year; (c) by September 30 of each year, requires the Office of Emergency Services to provide the Department of Finance, and the Assembly and Senate Budget Committees with information describing the total amount of verified project funding that can reasonably be expected to be expended during the upcoming fiscal year and the amount of each applicant's individual share of those funds; and (d) after funds are appropriated by the Legislature, requires the Office of Emergency Services, on a quarterly basis, to provide the Controller's Office with instructions to distribute the money based on the total amount available for allocation and each applicant's share of those funds.</p>	6/1/07	Senate Appropriations Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1351 (Levine) Proposition 1B: State-Local Partnership Program	<p>Creates the State-Local Partnership Program. Declares the intent of the Legislature to appropriate \$200 million in Proposition 1B transportation infrastructure bond revenues per year beginning with FY 2011 to implement the program. Requires a project to meet all of the following conditions in order to be eligible to receive an allocation of Proposition 1B bond funding under the State-Local Partnership Program: (a) the project must be sponsored by a local public entity that is authorized to impose a local transportation sales tax and has the responsibility for constructing highways or fixed guideways; (b) by December 1, 2008, the project sponsor has committed or is capable of committing the local share from revenues derived from a locally imposed transportation sales tax to complete the project; (c) the project has a minimum cost of \$25 million; and (d) the project sponsor has completed or is capable of completing all project development work so that construction contracts for the project can be awarded no later than an unspecified date of the fiscal year following the year in which the funds are allocated. Limits State-Local Partnership Program funding to state highway and exclusive public mass transit guideway improvement projects. Requires each dollar of Proposition 1B funding under the State-Local Partnership Program to be matched with one dollar of local money. In its Annual Report to the Legislature, requires the California Transportation Commission (CTC) to include a summary of its activities related to its administration of the State-Local Partnership Program. At a minimum, requires this summary to include the following: (a) a description and location of the projects contained in the program; (b) the amount of funds allocated to each project; (c) the status of each project; and (d) a description of the mobility improvements that each project is achieving.</p>	7/12/07	Senate Appropriations Committee: Failed Passage	
AB 1358 (Leno) General Plans: Circulation Element	<p>Enacts the California Complete Streets Act of 2008. Requires the Office of Planning and Research to prepare or amend guidelines for cities and counties to accommodate the safe and convenient travel of users of streets, roads and highways in a manner that is suitable to the rural, suburban or urban context of their General Plans. In developing these guidelines, requires the Office of Planning and Research to consider how appropriate accommodation varies depending on a local government's transportation and land-use context, including urban, suburban or rural environments. Beginning January 1, 2011, requires the legislative body of a city or county, upon any revision of the circulation element of its General Plan, to modify the circulation element to plan for a balanced, multimodal transportation network that meets the needs of all users of streets, roads and highways for safe and convenient travel in a manner that is suitable to the rural, suburban or urban context of its General Plan. Defines "users of streets, roads and highways" to mean bicyclists, children, persons with disabilities, motorists, movers of commercial goods, pedestrians, users of public transportation, and seniors.</p>	8/20/08	Signed into Law: Chapter #657	
AB 1407 (Lieu) Airline Passenger Rights	<p>Requires an airport in California that serves at least one million passengers per year to publish and update monthly on its Internet Web site both of the following: (a) a list of all frequently delayed flights; and (b) a list of all runway incursions that have occurred at the airport during the prior 10 years.</p>	8/6/08	Vetoed by the Governor	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1590 (Leno) Local Vehicle Assessment: San Francisco	Authorizes the San Francisco Board of Supervisors to impose a voter-approved local vehicle assessment at a rate not to exceed 2 percent of the market value of each motor vehicle or trailer coach registered in San Francisco for general revenue purposes if: (a) the board approves an ordinance to that effect by a two-thirds vote; and (b) the assessment is approved by a majority vote of the electorate.	6/1/07	Senate Revenue and Taxation Committee: Failed Passage	
AB 1602 (Nunez) Sustainable Communities and Urban Greening Grant Program	Establishes the Sustainable Communities and Urban Greening Grant Program within the Resources Agency to be funded with revenues from the Safe Drinking Water, Water Quality and Supply, Flood Control, River, and Coastal Protection Bond Act of 2006, as appropriated by the Legislature. Requires the Resources Agency to administer this program, and to award grants to local public agencies and non-profit organizations for the purpose of improving the sustainability and livability of communities through the development of green infrastructure that provides multiple benefits. Specifies that eligible projects for grant funding under this program shall include all of the following: (a) the development of sustainable community and urban greening plans by local public agencies; (b) improvements to existing and planned public infrastructure projects to provide environmental and community benefits, including improved air and water quality; energy conservation; and community access to parklands and green space through the use of landscaping, tree planting, permeable surfaces, and environmental design; and (c) the development of joint-use projects between two or more public agencies.	As Introduced	Senate Environmental Quality Committee: Failed Passage	
AB 1611 (Leno) San Francisco Bay Area Water Emergency Transportation Authority	Repeals the San Francisco Bay Area Water Transit Authority and replaces it with a new entity called the San Francisco Bay Area Water Emergency Transportation Authority. In general, charges the new authority with the following responsibilities: (a) to consolidate and operate ferry services in the Bay Area; and (b) to plan and respond to emergencies or disasters affecting the region's transportation system. Requires the authority to develop an emergency water transportation system management plan, as well as a transition/consolidation plan. Requires all public water transit operators in the region, excluding the Golden Gate Bridge, Highway and Transportation District (Golden Gate Transit), to consolidate their operations under the authority, consistent with the transition/consolidation plan. Confers to the authority control over all public transportation ferries within the Bay Area, except for those owned and operated by Golden Gate Transit. Allows the authority to plan, develop and operate all aspects of water transportation activities within the Bay Area, including terminals, parking lots and structures. Allows the authority to levy special benefit assessments consistent with the California Constitution.	9/7/07	Senate Transportation and Housing Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1711 (Levine) Employee Meal Periods	Revises the statutory requirements for the provision of employee meal periods in the following ways. First, specifies that an off-duty meal period based on working more than five hours in a workday is required to be provided after the employee works third hours, but before the employee completes six hours of work. Second, permits an on-duty meal period for an employee if: (a) it is mutually agreed to in writing by the employee and employer; and (b) the nature of the work prevents the employee from being relieved of all duties based on at least one of certain specified conditions. Third, specifies that the provisions of this bill do not apply to an employee covered by a collective bargaining agreement that expressly provides for meal periods, among other specified working conditions. Fourth, provides that where a collective bargaining agreement exists, any authorized individual waivers of an employer must be exercised by the employee's authorized representative for collective bargaining purposes. Finally, requires all private and public employers to pay their employees an additional hour of compensation for each split shift day worked.	6/19/08	Senate Labor and Industrial Relations Committee: Failed Passage	
AB 1756 (Caballero) Local Infrastructure: Public-Private Partnerships	Requires the Business, Transportation and Housing Agency to establish the Office of Local Public-Private Partnerships to inform local agencies and other interested stakeholders regarding the role that public-private partnerships can play in financing, constructing, operating, maintaining, and/or managing fee-producing local infrastructure projects. Specifies that the duties of the Office of Local Public-Private Partnerships shall included the following: (a) developing information that would help a local agency determine whether a local infrastructure project would benefit from a public-private partnership approach; (b) providing such information to local agencies and other interested stakeholders through educational seminars, fact sheets and other materials; (c) serving as a clearinghouse of information regarding the use of public-private partnerships for infrastructure projects in this state and elsewhere; and (d) establishing a service to link local agencies with technical and legal resources to assist in developing and evaluating requests for proposals for public-private partnership projects, and to assist in structuring agreements to protect a local agency's interests in a public-private partnership.	4/3/08	Assembly Business and Professions Committee: Failed Passage	Support
AB 1815 (Feuer) California Transportation Infrastructure Funding Task Force	Establishes the California Transportation Infrastructure Funding Task Force to report to the Legislature and Governor by January 1, 2010, on alternatives to the current system of taxing road users through per-gallon fuel taxes.	As Introduced	Assembly Transportation Committee: Failed Passage	Support
AB 1836 (Feuer) Infrastructure Financing Districts	Authorizes a city to form an infrastructure financing district to finance public transit facilities without an election. Requires that the date in an infrastructure financing plan specifying when an infrastructure financing district would cease to exist be no more than 40 years from the date when the ordinance forming the district is adopted.	6/23/08	Senate Local Government Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1845 (Duvall) Highway-Railroad Grade Separations	Makes inoperative the requirement in existing law for Caltrans to include \$15 million in its annual budget for railroad-highway grade separation projects on the date that the department notifies the Secretary of State's Office that all funds made available for grade separation projects by the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 have been fully allocated and expended.	4/16/08	Senate Transportation and Housing Committee: Failed Passage	
AB 1850 (DeVore) Office of Public-Private Partnerships	Creates the Office of Public-Private Partnerships within the Governor's Office. Authorizes the Office of Public-Private Partnerships to negotiate and enter into partnership agreements between state agencies and private enterprises to construct and maintain infrastructure, subject to the following conditions: (a) the total amount of funds committed by private enterprises in all partnership agreements executed in any single fiscal year must not exceed \$25 billion; (b) the state must not incur debt to perform its duties under any partnership agreement; (c) prior to executing a partnership agreement on behalf of the state, the Office of Public-Private Partnerships must provide 90 days' notice to the Legislature. Repeals the Office of Public-Private Partnerships on January 1, 2019.	As Introduced	Assembly Business and Professions Committee: Failed Passage	
AB 1851 (Nava) Greenhouse Gas Credits	Makes it unlawful for a person to represent in an advertisement, or in any other sales or promotional materials made available to the public for the sale of a greenhouse gas credit or emissions reduction that the credit or reduction reduces greenhouse gas emissions unless certain requirements are met.	8/22/08	Assembly Floor: Concurrence: Failed Passage	
AB 1904 (Torrico) STIP: County Share Calculations	Changes the method for calculating state highway miles for a particular county with regard to its formula share under the State Transportation Improvement Program (STIP). Specifically, provides that the total number of state highway miles must be calculated so that it is not less than the total number of state highway miles that existed in a county on January 1, 2009. Requires the California Transportation Commission (CTC) to develop guidelines establishing a process for a regional transportation planning agency (RTPA) or a countywide transportation planning agency to exchange state transportation funds apportioned to a county under the STIP for federal transportation funds for the purpose of allowing GARVEE bonds to be issued for a project programmed in the STIP.	4/14/08	Assembly Appropriations Committee: Failed Passage	
AB 1937 (Tran) State Highway Facilities	Prior to the state taking possession and assuming ownership of a highway structure or facility from an entity other than a state agency, requires Caltrans and the California Transportation Commission (CTC) to first determine that the structure or facility has been brought into compliance with all existing, applicable standards for state highway facilities.	As Introduced	Assembly Transportation Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 1943 (Leno) Commercial Airlines: Passenger Rights	Whenever passengers have boarded an aircraft whose departure from the airport is delayed by more than three hours, or whenever more than three hours have passed following the landing of an aircraft and passengers have not been able to disembark, requires the air carrier to provide passengers with all of the following: (a) electrical service that is sufficient to provide passengers with fresh air and light; (b) waste removal service for the holding tanks for onboard restrooms; and (c) adequate food, drinking water and other refreshments. Requires an air carrier to provide clear and conspicuous notice regarding passenger or consumer complaint contact information by making available forms and placing signs at all airport service desks and other appropriate areas in the airport as necessary.	4/2/08	Senate Floor: Failed Passage	
AB 1954 (Jeffries) HOT Lanes: I-15 Corridor in Riverside County	Authorizes a value pricing and transit program involving high-occupancy toll (HOT) lanes to be developed and operated on I-15 in Riverside County by the Riverside County Transportation Commission (RCTC). Requires RCTC to carry out the value pricing and transit program pursuant to a cooperative agreement with Caltrans that addresses all matters related to design, construction, maintenance, and operation of state highway system facilities in connection with the program. Requires RCTC to establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the express lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system. Authorizes RCTC to impose tolls and to issue revenue bonds for the HOT lane project. Allows excess toll revenues to be used to: (a) enhance transit service designed to reduce traffic congestion on I-15 or to expand travel options along the I-15 corridor; and (b) make operational or capacity improvements designed to reduce congestion or improve the flow of traffic on I-15. States that RCTC is not entitled to compensation for the adverse effects on HOT lane revenues due to construction of competing facilities by Caltrans or local agencies.	8/6/08	Signed into Law: Chapter #421	
AB 1968 (Jeffries) Transportation Infrastructure Emergencies	Authorizes the Governor to declare a transportation infrastructure emergency for the purpose of relieving traffic congestion on any specified highway or segment of a highway for which Caltrans has determined that the average daily vehicle hours of delay, excluding weekends, exceeds 3,000. Upon declaration of such an emergency, requires the Governor to direct Caltrans to immediately create and implement an expedited process, and to establish deadlines for the construction of new highways or additional lanes on existing highways.	3/24/08	Assembly Transportation Committee: Failed Passage	
AB 1978 (Solorio) Public Records: Computer Mapping Systems	Provides that computer-mapping software developed by a state or local agency is not itself a public record subject to the California Public Records Act. Specifies that agencies may sell, lease or license the software for commercial or non-commercial use.	As Introduced	Assembly Governmental Organization Committee: Failed Passage	
AB 2009 (Hernandez) Utility User Taxes: Public Transit Natural Gas Exemption	Prohibits a utility user tax from being imposed on compressed natural gas dispensed by a gas compressor within a local jurisdiction if that natural gas is: (a) dispensed by a gas compressor that is separately metered; and (b) dedicated to serve the local agency or public transit operator.	6/18/08	Signed into Law: Chapter #221	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2074 (Nava) Caltrans: Encroachment Permits	Requires each Caltrans district office to appoint an ombudsperson to receive and coordinate applications for encroachment permits, and to expedite the review of permit applications.	7/2/08	Senate Floor: Failed Passage	
AB 2093 (Jones) General Plans: Climate Change	Requires climate change to be considered in a local agency's General Plan in policies to achieve the greenhouse gas emission reductions of the California Global Warming Solutions Act of 2006.	6/19/08	Senate Local Government Committee: Failed Passage	
AB 2094 (DeSaulnier) Joint Policy Committee: Membership	Requires the San Francisco Bay Conservation and Development Commission (BCDC) to be represented on the Bay Area's Joint Policy Committee in addition to the Association of Bay Area Governments (ABAG), the Bay Area Air Quality Management District (BAAQMD) and the Metropolitan Transportation Commission (MTC). Authorizes BCDC to develop regional strategies for addressing the effects of sea level rise and other impacts of global climate change on the San Francisco Bay and its shoreline areas.	7/1/08	Signed into Law: Chapter #442	
AB 2179 (Furutani) Renewable Diesel Fuel	Requires all diesel-fueled vehicles owned or leased by the state on or after January 1, 2010, to use renewable biomass-based diesel fuel, as determined by the California Air Resources Board (CARB). Specifies that these requirements are applicable only if all of the following conditions are met: (a) renewable biomass-based diesel fuel is readily available, and its cost to the state is equal to or less than the cost of regular diesel fuel, as determined by CARB; (b) CARB finds in a public hearing that the use of renewable biomass-based diesel fuel will not result in any increase in emissions of air pollutants or toxic air contaminants, based on a full fuel-cycle analysis that quantifies and takes into account the emissions from the production, distribution, sale, and use of the fuel; and (c) the use of the renewable biomass-based diesel fuel will not result in the voiding of any warranties for engines or air pollution control equipment.	8/18/08	Vetoed by the Governor	
AB 2195 (Brownley) Rail Transit Safety	Authorizes the California Public Utilities Commission (CPUC) to approve a public transit guideway, or to otherwise carry out its regulatory and oversight duties over public transit guideways, without a hearing.	4/2/08	Assembly Floor: Failed Passage	
AB 2272 (Fuentes) HOV Lanes: Three-Wheeled Motor Vehicles	Permits fully enclosed, three-wheeled motor vehicles to use high-occupancy vehicle (HOV) lanes.	As Introduced	Signed into Law: Chapter #672	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2278 (Caballero) Local Infrastructure Development: Public-Private Partnerships	Declares the intent of the Legislature that the Office of Planning and Research assist local agencies interested in public-private partnerships by providing information and practical assistance that will help educate local agencies about the appropriate application of public-private partnerships to some types of local infrastructure projects, and help ensure that public-private partnership agreements protect the public interest. Requires the Office of Planning and Research to advise and educate local agencies and other interested stakeholders about the role that public-private partnerships can play in planning, studying, designing, financing, constructing, operating, maintaining, or managing local infrastructure projects. Requires assistance provided by the Office of Planning and Research in this regard to include the following: (a) developing information that would help a local agency determine whether a local infrastructure project would benefit from a public-private partnership that provides an alternative financing and procurement approach; (b) providing such information to local agencies and other interested stakeholders through educational seminars, fact sheets and other materials; (c) serving as a clearinghouse of information regarding the use of public-private partnerships for infrastructure projects in this state and elsewhere; and (d) establishing a service to link local agencies with technical and legal resources to assist in developing and evaluating requests for proposals for public-private partnership projects, and to assist in structuring agreements to protect a local agency's interests in a public-private partnership.	5/6/08	Assembly Appropriations Committee: Failed Passage	Support
AB 2295 (Arambula) STIP: Local Streets and Roads	Allows local roadway rehabilitation projects to be eligible for funding under the State Transportation Improvement Program (STIP).	7/14/08	Vetoed by the Governor	
AB 2316 (Ruskin) Motor Vehicles: Greenhouse Gas Emissions Reductions	By January 1, 2010, requires the Little Hoover Commission to conduct a study and submit recommendations to the Legislature regarding all of the following: (a) the consolidation of existing vehicle retirement programs; (b) the improvement of vehicle retirement programs; (c) opportunities for vehicle retirement programs to provide greenhouse gas emissions reduction benefits in addition to air quality benefits; and (d) emissions reduction contributions of vehicle retirement programs toward the statewide greenhouse gas emissions goals established in the California Global Warming Solutions Act.	4/7/08	Assembly Appropriations Committee: Failed Passage	
AB 2327 (Caballero) Emergency Services	Requires all entities providing disaster-related services and assistance to strive to ensure that victims receive the help they need and are eligible to receive. Requires public employees to provide such assistance without eliciting information or documents that are not strictly necessary to determine eligibility under state or federal law.	5/21/08	Signed into Law: Chapter #361	
AB 2332 (Furutani) Rail Yards	Prohibits the following: (a) construction of a rail yard within 440 yards of a school; and (b) expansion of an existing rail yard if the project would result in the yard being within 440 yards of a school. Beginning January 1, 2009, prohibits an existing rail yard that is located within 440 yards of a school from expanding its facilities that are within 440 yards of the school.	4/8/08	Assembly Transportation Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2376 (Price) Small and Emerging Contractors Technical Assistance Program	Enacts the Small Business Technical Assistance Act of 2008. Under the act, authorizes Caltrans to establish a Small and Emerging Contractor Technical Assistance Program. Specifies that the purpose of this program is to provide training and technical assistance to small contractors to improve their ability to secure surety bond guarantees offered by the federal Small Business Administration. Requires the program to include small contractor training and technical assistance throughout the state. In implementing the program, requires Caltrans to conduct outreach efforts to inform small contractors about the program and to recruit them for the training. Allows Caltrans to charge a fee to participants not to exceed \$50 to offset technical assistance counseling offered under the program.	5/27/08	Signed into Law: Chapter #458	
AB 2388 (Feuer) Vehicle Registrations: Weight and Carbon Fees	Imposes the following with regard to the registration of passenger vehicles: (a) a weight fee for a vehicle operated with an unladen vehicle weight of 10,000 pounds or less according to a specified schedule; and (b) a carbon fee based on the pounds of carbon dioxide emitted by the vehicle. Specifies that these fees would apply to all original registrations beginning July 2010, and to the renewal of registrations for vehicles with expiration dates on or after October 1, 2010.	4/3/08	Assembly Transportation Committee: Failed Passage	
AB 2466 (Laird) Local Government Renewable Energy Self-Generation Program	Allows a local government agency that produces surplus renewable energy at one of its facilities to receive a credit for the excess electricity supplied to the grid on its bill for another one of its facilities.	8/12/08	Signed into Law: Chapter #540	Co-Sponsor
AB 2492 (Evans) California Transportation Commission: Reports	In addition to those prepared by Caltrans, authorizes the California Transportation Commission (CTC) to request and review reports of other entities, public or private, that pertain to transportation issues and concerns that the commission determines need special study.	As Introduced	Assembly Transportation Committee: Failed Passage	
AB 2495 (Feuer) Public-Public Partnerships	Declares the intent of the Legislature to enact a bill to allow the state to establish public-public partnerships with local governmental agencies to create fee-producing infrastructure projects and facilities.	As Introduced	Assembly Desk: Failed Passage	
AB 2500 (Strickland) Grade Separation Projects: Funding	Increases the annual amount required to be budgeted for allocation to highway-railroad grade separation projects from \$15 million to \$165 million.	As Introduced	Assembly Transportation Committee: Failed Passage	
AB 2546 (De La Torre) Toxic Hot Spot Program	Expands the state's Toxic Hot Spot Program to include emissions of mobile sources located within rail yards.	5/23/08	Senate Appropriations Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2558 (Feuer) Climate Protection and System Preservation Fee	<p>Authorizes a “regional transportation agency,” as defined, to impose a climate protection and system preservation fee for a period not to exceed 30 years, subject to majority voter approval. Allows a regional transportation agency to select one of the following mechanisms in implementing the fee: (a) a fee on all motor vehicle fuels sold in its jurisdiction, provided that the fee does not exceed 3 percent of the retail sales price; or (b) an annual per-vehicle fee for each vehicle registered in its jurisdiction that would vary based on the carbon emissions produced by the vehicle, provided that the fee does not exceed \$90 on any one vehicle. Requires the regional transportation agency and the applicable air district, by a two-thirds vote of their respective boards of directors, to jointly adopt an expenditure plan for the revenues derived from the fee. To be eligible for inclusion in such an expenditure plan, requires a project or program to meet at least one of the following regional environmental or transportation needs: (a) cost-effectively reduce greenhouse gas emissions directly associated with the operation of motor vehicles; (b) infrastructure to promote safe bicycling and walking; (c) capital or operating expenses of public transit systems; (d) improve the operational efficiency of the existing state highway and local roadway system without a physical expansion of the system; and (e) maintenance and rehabilitation of local streets and roads, the state highway system, sidewalks, or bicycle routes. In adopting the expenditure plan, requires the regional transportation agency and the applicable air district to make a finding that the plan will achieve a nexus between payment of the fee, and the mitigation of greenhouse gas emissions or the other improvements funded by the fee. If the fee is being imposed by a multi-county regional transportation agency, requires project expenditures to reflect an equitable distribution of revenues throughout the region where the fee is being imposed, with not less than 95 percent of the revenues from each county, based on population, being invested over the life of the fee in projects attributable to that county. In addition, during every five-year period, requires no less than 80 percent of the revenues from each county, based on population, to be invested in projects attributable to that county. In developing the expenditure plan, requires the regional transportation agency and the applicable air district to: (a) prioritize expenditures that are the most cost effective at producing reductions in greenhouse gas emissions from motor vehicle use in the regional transportation agency’s jurisdiction, and at addressing the maintenance and rehabilitation needs of the region’s transportation system; and (b) conduct an equity analysis showing the costs and benefits of the plan to each income and geographic group. Allows the regional transportation agency to issue bonds payable from fee revenues to implement the projects and programs in its expenditure plan.</p>	8/19/08	Senate Floor: Failed Passage	
AB 2560 (Lieu) Medium- and Heavy-Duty Vehicles	<p>By December 31, 2010, requires the Department of General Services to establish criteria to rank the environmental and energy benefits and costs of medium-duty and heavy-duty motor vehicles for potential procurement by the state and local governments. Requires the criteria to include both of the following: (a) the reduction in greenhouse gas emissions, air pollutant emissions and petroleum use on a full fuel cycle basis; and (b) the life cycle costs of the vehicle and fuel, including maintenance. States that the department is not required to comply with the criteria for potential procurement of medium-duty and heavy-duty motor vehicles.</p>	8/11/08	Vetoed by the Governor	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2600 (Niello) Performance-Based Infrastructure Partnerships	<p>Authorizes a project sponsor to procure a private partner and award performance-based infrastructure partnerships. Defines “performance-based infrastructure partnerships” to mean either of the following: (a) an agreement whereby a private partner assists the public sponsor in defining a feasible project, and negotiates fair and reasonable terms for implementing the project; or (b) an agreement whereby a private partner assumes responsibility for delivering, improving, operating, or maintaining infrastructure facilities in accordance with established performance specifications and payment terms. Allows a project sponsor to include any of the following provisions in a performance-based infrastructure partnership agreement: (a) authorizing the private partner to collect user fees, tolls, fares, or similar charges; (b) allowing the public sponsor to accept payments of money and share revenues with the private partner; (c) addressing how the public sponsor and private partner will share development costs and manage project risks; (d) establishing performance criteria and incentives; (e) addressing the acquisition of rights-of-way and other property interests that may be required; (f) addressing the responsibility for reconstruction or renovations that are required in order for the infrastructure facility to meet applicable government standards upon reversion of the facility to public ownership; (g) ensuring patrolling and law enforcement on public facilities; (h) identifying any public sponsor specifications that must be satisfied; (i) requiring a private partner to provide performance and payment security to adequately protect the public sponsor; (j) authorizing the private partner to receive a reasonable rate of return on its investment; and (k) specifying remedies available and dispute resolution procedures. Requires all work created by the private partner under a performance-based infrastructure partnership agreement to be the property of the public sponsor. Allows a public sponsor to accept from federal government agencies funds or credit assistance in order to carry out a performance-based infrastructure partnership, regardless of whether the funds are made available by grant, loan or other financing arrangement. Allows a public sponsor to accept from any source a grant, donation, gift, or other form of conveyance of land, money, other real or personal property, or other valuable thing in order to carry out a performance-based infrastructure partnership.</p>	4/21/08	Assembly Business and Professions Committee: Failed Passage	
AB 2617 (Duvall) HOV Lanes: Motorcycle Use	<p>Where a motorcycle is permitted to use a high-occupancy vehicle (HOV) lane, requires Caltrans or the appropriate local authority to ensure that signs advertising this use along the HOV lanes of the highways under their respective jurisdictions are in place. Allows Caltrans or the local authority to comply with this requirement through the placement of signs, or decals on existing signs or posts, as appropriate.</p>	8/11/08	Vetoed by the Governor	
AB 2638 (Coto) California Air Quality and Environmental Health Act of 2008	<p>Requires the State Board of Equalization to collect a fee in an amount to be determined by the California Air Resources Board (CARB) on the sale or lease of a new passenger motor vehicle that: (a) has a gross vehicle weight rating of 10,000 pounds or less; (b) has a manufacturer’s suggested retail price of more than \$80,000; and (c) has a federal fuel economy rating of 15 miles per gallon or less. Requires the revenues from this fee to be deposited into the California Air Quality and Environmental Health Fund to be used by CARB to finance projects and programs that will mitigate or prevent the air pollution harm caused by the motor vehicles that are subject to the fee. Expresses the intent of the Legislature that CARB consider expending some of the fee revenues to finance the state’s Lower-Emission School Bus Program.</p>	3/24/08	Assembly Transportation Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2646 (Leno) Infrastructure Financing District: San Francisco Waterfront	Authorizes San Francisco to create an infrastructure financing district along its waterfront.	4/21/08	Assembly Rules Committee: Failed Passage	
AB 2650 (Carter) Caltrans: Environmental Reviews	Until January 1, 2012, permits Caltrans to continue to participate in a federal pilot program that allows certain states to assume the responsibilities of the Federal Highway Administration (FHWA) under the National Environmental Policy Act (NEPA) for a limited period of time to see if this approach would speed up the delivery of state highway projects without a lessening of environmental protection. Specifically, extends provisions in existing law that authorize Caltrans to consent to the jurisdiction of the federal courts with regard to the assumption of FHWA's responsibilities under NEPA and that waive the state's Eleventh Amendment protection against lawsuits brought in federal court for as long as Caltrans participates in the pilot program.	6/16/08	Signed into Law: Chapter #248	Support
AB 2705 (Jones) Mello-Roos Community Facilities Districts: Public Transit	Adds public transit operations and maintenance to the list of services that may be financed under a Mello-Roos community facilities district. Also authorizes the financing of public transit facilities under a Mello-Roos community facilities district.	As Introduced	Senate Local Government Committee: Failed Passage	
AB 2716 (Ma) Paid Sick Days	Provides that an employee who works in California for seven or more days in a calendar year is entitled to paid sick days, which must be accrued at a rate of no less than one hour for every 30 hours worked. Entitles an employee to use accrued sick days beginning on the 90 th calendar day of employment. Upon the request of an employee, requires an employer to provide paid sick days for: (a) diagnosis, care or treatment of health conditions of the employee or an employee's family member; or (b) leave related to domestic violence or sexual assault. Prohibits an employer from discriminating or retaliating against an employee who requests paid sick days. Requires employers to satisfy certain posting and notice, and recordkeeping requirements related to paid sick days. Specifies that the provisions of the bill do not apply to employees covered by a collective bargaining agreement that provides for paid sick days.	8/4/08	Senate Appropriations Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2732 (Levine) Public-Private Partnerships: Study	<p>Requires the Legislative Analyst's Office to conduct a study regarding the impacts of public-private partnerships for transportation and other types of infrastructure projects. Requires the Legislative Analyst's Office to complete this study, and to transmit a report of its findings and recommendations to the Legislature by October 1, 2009. Requires the report to include a discussion of all of the following transportation issues: (a) potential advantages and disadvantages of public-private partnerships for transportation projects in the state; (b) cost comparisons of transportation projects utilizing public-private partnerships versus traditionally built transportation projects in the state; (c) public-private partnership transportation project contracts completed on time, ahead of time or late versus traditionally built comparable transportation infrastructure, and the ramifications of any contracts not completed on time for projects in California and in other states; and (d) profit margins for public-private partnership transportation projects that have already occurred in California and in other states. Requires the report to examine the following as they relate to public-private partnerships for transportation and other types of infrastructure projects: (a) impacts of public-private partnerships on public employment; (b) tax consequences of public-private partnerships on General Fund revenues; (c) total costs to the public of public-private partnerships in California; (d) comparison of construction, maintenance and operation of public-private partnership projects versus traditionally built infrastructure projects; and (e) number of successful versus unsuccessful efforts to recover revenues lost due to error or omissions on public-private partnership projects in California and in other states. Requires the report to include an examination of whether public-private partnerships, when used for building roadways, may lead to all of the following: (a) higher rates of accidents; (b) full public access to roadway usage; (c) reduced repair work along alternative routes; and (d) additional traffic on alternative routes. Requires the report to include recommendations on all of the following: (a) appropriate necessary steps to ensure adequate public oversight on public-private partnership projects; (b) measures necessary to ensure accountability of the private partners of public-private partnership projects; (c) measures necessary to ensure that any public-private partnership projects provide a fair, livable wage to all employees associated with the construction, maintenance and operation of the projects; (d) measures necessary to ensure that public-private partnership projects are completed on time; and (e) suggested levels of reasonable returns for private businesses with regard to public-private partnership projects.</p>	4/8/08	Assembly Transportation Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 2744 (Huffman) MTC Regional Greenhouse Gas Mitigation Fee	Repeals the existing statutory authority of the Metropolitan Transportation Commission (MTC) to impose a regional gas tax. Instead, authorizes MTC to impose a greenhouse gas mitigation fee on each gallon of motor vehicle fuel that is delivered into the fuel supply tank or tanks of a motor vehicle operated in the region. Allows the fee to be levied at a rate established by the commission, but the rate cannot exceed 10 cents per gallon. Allows the fee to be imposed for a period not to exceed 25 years. Requires the fee to be approved by a simple majority vote of the electorate in the Bay Area Region. Prior to imposing the fee, requires MTC and the Bay Area Air Quality Management District (BAAQMD) to jointly adopt a regional transportation and climate protection expenditure plan for the revenues that would be derived from the fee. Requires the plan to fund projects and programs to cost effectively reduce greenhouse gas emissions directly associated with the operation of motor vehicles. Requires adoption of the expenditure plan to include a finding by MTC and BAAQMD that the plan will achieve a nexus between payment of the motor fuel fee and the mitigation of greenhouse gas emissions. In developing the expenditure plan, requires MTC and BAAQMD to prioritize projects and programs that are the most cost-effective at producing reductions in greenhouse gas emissions from motor vehicle use in the Bay Area.	4/8/08	Assembly Transportation Committee: Failed Passage	
AB 2870 (DeSaulnier) California Blueprint Implementation Council	Creates the California Blueprint Implementation Council to: (a) work with regional agencies, such as metropolitan planning organizations (MPOs) and councils of governments (COGs), to facilitate the implementation of regional blueprint projects; and (b) develop recommendations to facilitate the coordination between regional blueprint plans, and state growth and infrastructure plans. Requires the council to perform its functions and duties only to the extent that sufficient funding, as determined by the council, is available for that purpose. Allows the council to seek and receive funding for its operations from existing state resources, and from non-state sources, including from MPOs, COGS and private parties.	6/19/08	Senate Local Government Committee: Failed Passage	
AB 2906 (Tran) HOV Lanes: Buffers	Eliminates provisions in existing law requiring that high-occupancy vehicle (HOV) lanes be separated from adjacent mixed-flow lanes by a buffer area of at least 4 feet in width.	6/6/08	Signed into Law: Chapter #27	
AB 2971 (DeSaulnier) Caltrans Safety Programs: Bicyclists and Pedestrians	By January 1, 2010, requires Caltrans to establish guidelines and criteria to ensure that the needs of bicyclists and pedestrians are addressed in the development of the department's safety programs. In developing this guidance, requires Caltrans to take into consideration the following factors: (a) the mitigation or amelioration of unsafe conditions that constitute barriers to reasonably safe and convenient highway use by bicyclists or pedestrians; (b) the land-use context of proposed highway safety improvement projects as evidence of the demand for bicycle or pedestrian access; (c) the addition of bicycle and pedestrian safety features to a highway safety project, thereby creating additional benefits to that project and increasing its priority; (d) input from bicycle and pedestrian interest groups; and (e) other factors necessary to evaluate the need for, and benefits of, bicycle or pedestrian safety programs.	8/19/08	Vetoed by the Governor	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 3005 (Jones) Community Development: Mitigation Fees	When imposing as a condition of approval of a development project an impact fee for mitigating vehicular traffic impacts of a housing development that satisfies certain conditions, requires a local agency to set the fee at a rate that reflects a lower rate of automobile trip generation.	8/27/08	Signed into Law: Chapter #692	
AB 3021 (Nava) California Transportation Financing Authority	Creates the California Transportation Financing Authority for the purpose of increasing the construction of new capacity or improvements for the state transportation system, in a manner that is consistent with and will help meet the state's greenhouse gas reduction goals, air quality improvement goals, and natural resource conservation goals, through the issuance of bonds backed, in whole or in part, by various transportation revenue streams. Allows a project sponsor to apply to the authority for bond financing or refinancing of a transportation project that has been approved by Caltrans and the California Transportation Commission (CTC). Prior to issuing bonds for a project, requires the authority to determine that the revenues and other moneys available for that project will be sufficient to pay debt service on the bonds, and to operate and maintain the project over the life of the bonds. Allows the authority to authorize a project sponsor or Caltrans to collect tolls as one source of financing to pay debt service, and to operate and maintain a project under the following conditions: (a) the governing body of the project sponsor, by a majority vote, has approved the imposition of tolls on users of the project, or a majority of the voters within the jurisdiction of the project sponsor has approved a ballot measure imposing the tolls; (b) each highway project for which tolls are imposed must have non-tolled alternative lanes available for public use in the same corridor as the proposed toll project; (c) for highway projects, the road segment is on the state highway system; (d) the approval of the tolls must require that the tolls be set and maintained at a level expected to be sufficient to pay debt service, as well as the operation and maintenance of the project over the life of the bonds; (e) the project's financial pro forma must incorporate life-cycle costs for the project, including revenues to pay for operation, maintenance and rehabilitation; (f) subject to any constraints in the bond documents necessary to make the bonds marketable, excess revenues from the operation of the project must be used exclusively in the corridor from which the revenues were generated to fund acquisition, construction, improvement, maintenance, or operation of high-occupancy vehicle facilities, other transportation purposes or transit service; and (g) except for purposes of implementing congestion management mechanisms, tolls may not be set to generate more revenue than the expected cost of paying debt service on the bonds, contracts entered into by the authority or project sponsor in connection with the bonds, funding reserves, operating and maintaining the project, repair and rehabilitation of the project, and providing transportation improvements in the corridor. Allows a project sponsor of a project imposing tolls to incorporate congestion management mechanisms to regulate usage and increase mobility, accessibility and environmental benefits. Provides that nothing in the bill shall allow for: (a) the conversion of any existing non-tolled or non-user-fee, mixed-flow lanes into tolled or user-fee lanes; or (b) the imposition of a toll on any local street or road.	8/20/08	Vetoed by the Governor	Support

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 3034 (Galgiani) High-Speed Rail	<p>Revises certain provisions contained in the High-Speed Train Bond Act for the 21st Century to be submitted to the voters of California on November 4, 2008, as Proposition 1A. Specifically, refers to construction of a high-speed train system consistent with the California High-Speed Rail Authority's certified environmental impact report (EIR) of November 2005 and July 9, 2008, rather than with its final business plan of June 2000. Revises the descriptions of route corridors of the proposed high-speed train system. Provides that the bill does not prejudice the authority's determination and selection of the high-speed train alignment from the Central Valley to the Bay Area and its certification of the EIR. Requires revenues generated by the operation of the high-speed train system above and beyond the amount needed for operating and maintenance costs, and financing obligations to be used to fund the construction, expansion, improvement, replacement, and rehabilitation of the system. Requires \$9 billion in bond revenues to be used for the corridor of the high-speed train system between the San Francisco Transbay Terminal, Los Angeles Union Station and Anaheim. If the High-Speed Rail Authority finds that the completion of this phase of the project would not be adversely impacted, allows the authority to request bond funding for the capital costs for other corridors of the high-speed train system. Specifies that no more than 10 percent of \$9 billion in bond proceeds can be used for environmental studies and mitigation, planning, preliminary engineering, real property acquisition, rights-of-way improvements, and relocation assistance for displaced property owners and occupants related to the high-speed train system. Requires the High-Speed Rail Authority to complete various funding plans and financial analyses prior to: (a) submitting a request for an appropriation of bond funding for eligible capital costs; and (b) committing bond proceeds for expenditure for construction, real property acquisition and equipment procurements. In selecting corridors, or usable segments thereof, for construction, requires the authority to give priority to those corridors, or usable segments thereof, that are expected to use the least amount of bond funds as a percentage of total construction costs. Among other criteria that it may use for establishing priorities for initiating construction on corridors, or usable segments thereof, requires the authority to include the following: (a) projected ridership and revenue; (b) the need to test and certify trains operating at speeds of 220 miles per hour; (c) the utility of those corridors, or usable segments thereof, for passenger train services other than the high-speed train system that will not result in any unreimbursed operating or maintenance costs to the authority; and (d) the extent to which the corridors include facilities to enhance the connectivity of the high-speed train network to other modes of transit. Provides that there is to be no high-speed rail station between Gilroy and Merced. Requires complementary rail capital improvement projects funded from \$950 million in bond proceeds allocated to intercity, commuter and urban rail systems to do the following: (a) provide direct connectivity and benefits to the high-speed train system or its facilities; (b) be part of the construction of the high-speed train system; or (c) provide capacity enhancements and safety improvements. Requires the High-Speed Rail Authority to revise its business plan by September 1, 2008, and submit it to the Legislature. Requires the authority to establish an independent peer review group for the purpose of reviewing the planning, engineering, financing, and other elements of the authority's plans. Also requires the peer review group to issue an analysis of: (a) the appropriateness and accuracy of the authority's assumptions; and (b) the viability of the authority's funding plan for each corridor.</p>	8/6/08	Signed into Law: Chapter #267	Support

State Assembly Bills	Subject	Last Amended	Status	VTA Position
AB 3039 (Benoit) HOV Lanes	At the request of a county transportation commission or regional transportation planning agency, requires Caltrans to modify existing high-occupancy vehicle (HOV) lanes within the respective jurisdiction of the requesting entity to provide continuous access to buses and other high-occupancy vehicles. Encourages Caltrans to make these modifications in conjunction with planned restriping projects.	As Introduced	Assembly Transportation Committee: Failed Passage	
ABX3 3 (Budget Committee) State Budget Reductions	Amends the FY 2008 State Budget Act by reducing appropriations to various state agencies pursuant to the fiscal emergency declared by the Governor by proclamation on January 10. Authorizes the Department of Finance to use \$409 million in Public Transportation Account funding to reimburse the General Fund for expenditures related to the costs of providing home-to-school transportation in FY 2008. Specifies that the Legislature hereby finds that transporting students to schools is a component of the state's mass transportation program.	2/15/08	Signed into Law: Chapter #1	
ABX3 7 (Budget Committee) Highway Users Tax Account	Requires transfers of fuel tax revenues from the Highway Users Tax Account to cities and counties for local streets and roads that would otherwise be made during the months of March through July to be deferred until September.	2/15/08	Signed into Law: Chapter #5	
ACA 2 (Walters) Eminent Domain	Calls for placing before the voters an amendment to the California Constitution that would limit the ability of governmental entities to acquire private property through eminent domain. Specifically, prohibits the taking or damaging of private property through eminent domain for economic development, increasing tax revenues or private use without the express written consent of the owner. Provides that the owner's acceptance of money deposited in court as the probable amount of just compensation does not prejudice the owner's right to challenge the amount of compensation or to challenge the taking as being for a private use. Allows private property to be acquired through eminent domain to eliminate a specific, recurring and ongoing threat to public safety, provided that these conditions exist on each parcel to be taken. Specifies that the provisions of this constitutional amendment do not restrict either legislative or administrative powers to take or damage private property through eminent domain under a declared state of emergency or to abate nuisances. Specifies that when property acquired through eminent domain ceases to be used for the public use stated at the time of the taking or fails to be put to that use within 10 years following the date of that taking, the former owner and heirs shall have the right to acquire the property at fair market value at the time of the reconveyance.	7/5/07	Assembly Judiciary Committee: Failed Passage	

State Assembly Bills	Subject	Last Amended	Status	VTA Position
ACA 8 (De La Torre) Eminent Domain	Calls for placing before the voters an amendment to the California Constitution that modifies the ability of governmental entities to acquire private property through eminent domain. Specifically, requires the public use for which the private property is taken to be stated in writing prior to the commencement of eminent domain proceedings. Prohibits the state and local governments from acquiring through eminent domain the following types of property for the purpose of conveying that property to a private person: (a) an owner-occupied residence or real property on which a small business is operated; (b) real property that is used exclusively by the owner for religious worship and is exempt from property taxes; or (c) real property in agricultural use. Provides the following exceptions to this prohibition: (a) if the stated public use is a public work or improvement; or (b) when the state or a local government exercises the power of eminent domain for the purpose of protecting public health and safety; preventing serious, repeated criminal activity; responding to an emergency; or remedying environmental contamination that poses a threat to public health and safety. Provides that if the property ceases to be used for the stated public use, the former owner would have the right to reacquire the property. Provides procedures for reacquisition of the property and for the assessment of the value of the reacquired property.	9/6/07	Assembly Floor: Failed Passage	
ACA 10 (Feuer) Bonded Indebtedness: Transportation Infrastructure	Allows a local agency to impose, extend or increase any special tax for the purpose of paying the principal, interest and redemption charges on bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of transportation infrastructure if the tax is approved by the voters by a 55 percent majority. Allows a local agency to incur indebtedness in the form of general obligation bonds to fund the construction, reconstruction, rehabilitation, or replacement of transportation infrastructure if the bond issuance is approved by the voters by a 55 percent majority.	As Introduced	Assembly Local Government Committee: Failed Passage	
ACR 114 (Fuller) Home-to-School Transportation	Requests the superintendent of Public Instruction to convene a committee to investigate cost savings and best practices for school districts operating home-to-school transportation programs, not including special education transportation.	8/22/08	Approved by the Legislature: Chapter #155	
AJR 53 (Huffman) Greenhouse Gas Emissions	Encourages Congress and the President to support federal legislation that would allow California to implement its state law regarding the reduction of greenhouse gas emissions from motor vehicles.	7/7/08	Approved by the Legislature: Chapter #92	
AJR 71 (Huffman) Public Transit: Fuel Purchases	Urges Congress to pass legislation to provide public transit systems throughout the nation with funds to purchase fuel.	As Introduced	Assembly Desk: Failed Passage	

State Senate Bills

State Senate Bills	Subject	Last Amended	Status	VTA Position
<p>SB 9 (Lowenthal) Proposition 1B: Trade Corridors</p>	<p>Targets all but \$50 million of the \$2 billion in Proposition 1B transportation infrastructure bond revenues deposited into the Trade Corridors Improvement Fund for projects in the following four primary trade corridors: (1) the corridor commencing at the Port of Oakland and extending through Donner Pass to the California-Nevada state line; (2) the corridor commencing at the Port of Oakland and extending to the San Joaquin Valley; (3) the corridor commencing at the Ports of Los Angeles and Long Beach, and extending through Los Angeles, Orange, San Bernardino, and Riverside Counties to the California-Nevada state line; and (4) the corridor commencing at the Port of San Diego and the land ports of entry at the California-Mexico border, and extending to the Orange County and Riverside County lines. Requires the California Transportation Commission (CTC) to select eligible projects for Proposition 1B trade corridors funding in a manner that achieves the following objectives: (a) improves the mobility of international, containerized freight through the state’s seaports and land ports of entry, and along the state’s primary trade corridors; (b) reduces the public health risk due to emissions associated with goods movement; (c) ensures that the distribution of mobility and air quality benefits achieved with Proposition 1B trade corridors money reflects the impacts of goods movement in each of the four primary trade corridors; and (d) ensures that funds invested in infrastructure improvements with Proposition 1B trade corridors money yield mobility and emissions benefits that are long term in nature. Requires the CTC to allocate Proposition 1B trade corridors money to eligible projects that have identified and committed supplemental funding from local, state, federal, and private sources, including fees charged for the movement of containerized cargo. Except for border access improvements with committed federal funding and grade separation projects, requires projects receiving Proposition 1B trade corridors money to have supplemental funding that is at least equal to the contribution from Proposition 1B. To be eligible for Proposition 1B trade corridors money, requires an eligible project to be included in a corridor plan that articulates infrastructure improvements for the corridor. Requires projects receiving Proposition 1B trade corridors money to be fully funded and ready for construction by June 30, 2013. Requires \$50 million in Proposition 1B trade corridors money to be made available for projects located in areas outside of the four primary trade corridors. Requires agencies applying for Proposition 1B trade corridors funding to submit with their proposals a plan to mitigate the emissions associated with the construction and operation of the project. Limits the use of Proposition 1B trade corridors money to construction costs. By April 1, 2008, requires the CTC to adopt guidelines and criteria for the allocation of Proposition 1B trade corridors money. Requires these guidelines to include the following: (a) the process the CTC will use to select eligible projects for funding; (b) project monitoring and accountability requirements to ensure that the expenditure of funds by recipients meets quantifiable mobility and emission reduction objectives in a timely manner; (c) requirements for agreements executed by the CTC with recipients related to the identification of project implementation milestones; (d) standards for the development and submission of corridor plans; and (e) annual reporting requirements regarding the status of eligible projects, including the achievement of project milestones and performance outcomes.</p>	<p>8/20/07</p>	<p>Assembly Appropriations Committee: Failed Passage</p>	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 19 (Lowenthal) Proposition 1B: Goods Movement Air Quality Projects	<p>Targets all of the \$1 billion in Proposition 1B transportation infrastructure bond revenues that are dedicated for goods movement air quality improvements for projects in the following four primary trade regions: (1) San Francisco Bay Area; (2) Los Angeles and the Inland Empire; (3) the Central Valley; and (4) San Diego and the U.S.-Mexican border. Requires the California Air Resources Board (CARB) to use Proposition 1B goods movement air quality improvement money to provide financial incentives, including grants, loans and loan guarantees, for projects in the four primary trade regions that do all of the following: (a) reduce air pollutants or air contaminants not otherwise required by law or regulation in furtherance of achieving state and federal ambient air quality standards and reducing toxic air contaminants; (b) reduce the public health risk associated with the movement of international goods; (c) achieve the earliest feasible health risk reduction in communities most heavily impacted from air pollution associated with the movement of freight through the state's four primary trade regions; (d) reduce emissions from sources that will contribute to increased public health risk in the future; and (e) ensure that the distribution of air quality benefits achieved with Proposition 1B goods movement air quality improvement money at a minimum reflects the emissions impacts of goods movement in each of the four primary trade regions. Specifies that the following types of projects are eligible to receive Proposition 1B goods movement air quality improvement money: (a) the replacement, repower or retrofit of heavy-duty diesel trucks; (b) the replacement, repower or retrofit of diesel locomotive engines; (c) the replacement, repower or retrofit of harbor craft that operate at the state's seaports; (d) the provision of onshore electrical power for oceangoing vessels carrying freight and calling at the state's seaports; (e) mobile or portable shoreside distributed power generation projects; (f) the replacement of cargo-handling equipment that operates at the state's seaports and rail yards; and (g) electrification infrastructure to reduce engine idling and the use of internal combustion auxiliary power systems at truck stops, intermodal facilities, distribution centers, and other places where trucks congregate. Requires the \$1 billion in Proposition 1B goods movement air quality improvement money to be matched by no less than \$1 billion from local, state, federal, and private sources. By February 28, 2008, requires CARB to adopt guidelines and criteria for the allocation of Proposition 1B goods movement air quality improvement money. Requires these guidelines to include the following: (a) eligibility criteria to ensure the achievement of emission reductions not otherwise required by law or regulation from activities related to goods movement; (b) accountability and auditing requirements to ensure that the expenditure of funds by recipients meets quantifiable emission reduction objectives in a timely manner; (c) any limits that may apply to the amount of funding allowed per project unit; (d) requirements for agreements executed by CARB with recipients related to the identification of project implementation milestones and project completion; and (e) monitoring requirements for grants, loans, loan guarantees, or other financial incentives awarded or otherwise distributed to provide for the verification that the emission reductions are achieved and to ensure that the emission reductions will continue in California for the project lifetime.</p>	7/17/07	Assembly Appropriations Committee: Failed Passage	
SB 28 (Simitian) Text Messaging	<p>Prohibits driving a motor vehicle while using an electronic wireless communications device to write, send or read a text-based communication.</p>	8/4/08	Signed into Law: Chapter #270	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 53 (Ducheny) State Rail-Related Functions	Requires the California Research Bureau to do all of the following: (a) analyze and make recommendations for improving the state's rail functions; (b) make recommendations regarding the oversight, regulation and efficiency of the state agencies with jurisdiction over rail-related matters in order to improve passenger and freight rail mobility in California; (c) estimate any costs associated with the implementation of its recommendations. Requires the bureau to analyze the following issues: (a) how to improve the efficiency, performance and stability of rail activities funded in part or in whole with state money; (b) the benefits and liabilities of establishing one accountable state commission or department responsible for the oversight, regulation, identification, and prioritization of rail transportation and safety programs and projects, including rail grade crossings and separations, rail equipment procurement and passenger service, the provision of traditional passenger rail and high-speed rail service, and rail safety regulation and oversight; and (c) issues that the Legislature should consider if a bill is introduced to consolidate any or all of the functions, responsibilities or activities of the five state agencies with jurisdiction over rail-related matters into one or more state agencies, commissions or departments. Requires the bureau to report its findings to the Legislature by May 1, 2009.	8/14/08	Signed into Law: Chapter #612	
SB 286 (Lowenthal) Transportation Enhancement Funds: Community Conservation Corps	With respect to federal funds made available to California for transportation enhancement projects, requires transportation planning agencies, county transportation commissions or authorities, and congestion management agencies to utilize criteria developed by Caltrans that give priority in the selection of these projects to the sponsors of eligible projects that partner with, or commit to employ the services of, a community conservation corps or the California Conservation Corps to construct or undertake the project. When developing guidelines for the State Transportation Improvement Program (STIP), and the State Highway Operation and Protection Program (SHOPP), requires the California Transportation Commission (CTC) to include guidance to encourage the allocation of funds for transportation enhancement projects to community conservation corps and the California Conservation Corps as partners with applicants that commit to employ the services of corps members in the construction of those projects.	8/15/08	Signed into Law: Chapter #373	
SB 298 (Ashburn) High-Speed Rail	Postpones until 2010 the scheduled vote on the Safe, Reliable High-Speed Passenger Train Bond Act.	7/14/08	Assembly Transportation Committee: Failed Passage	Oppose

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 303 (Ducheny) Land-Use Planning: Initial and Alternative Planning Scenarios	Requires regional transportation planning agencies (RTPAs) in urban areas to prepare an initial planning scenario (IPS) as part of their regional transportation plans (RTPs). Requires the IPS to: (a) project land-use and development patterns; (b) provide for sufficient housing; and (c) establish a regional greenhouse gas emissions target by projecting the Land Use/Transportation Carbon Footprint (LUTCF). Makes the preparation of an alternate planning scenario (APS) mandatory for RTPAs with a population of more than 200,000 and requires the APS to project a LUTCF that is less than that associated with the IPS. Defines LUTCF as a region's per capita or per household carbon emissions calculated using a methodology that measures the carbon equivalent of greenhouse gas emissions from personal and freight transportation and residential energy use and direct fuel consumption. Requires the APS to: (a) project a land-use and development pattern; (b) provide for sufficient housing; and (c) rely on the same planning projections and assumptions as used to develop the IPS. Requires the APS to consider a range of growth patterns, including accommodating growth in: (a) master-planned communities; (b) exurban areas outside existing urban centers; (c) suburban areas near urban areas; and (d) urban areas. Allows both the IPS and APS to designate the approximate boundaries of potential Transportation Infill Areas (TIAs) within the region that could be developed at significantly higher densities to increase the efficiency of the transportation network. Allows a city or county to create TIAs in areas designated as such in the RTP. Requires the submittal of the IPS and APS to the California Air Resources Board (CARB) for its review and assessment of whether the scenarios will inhibit the state from achieving its goals under the California Global Warming Solutions Act of 2006.	7/1/08	Assembly Appropriations Committee: Failed Passage	
SB 344 (Machado) Public Finance: Bond Issuances	Provides that the purchase or other acquisition of bonds by or on behalf of the state or a local government that issued the bonds does not cancel, extinguish or otherwise affect the bonds.	3/6/08	Signed into Law: Chapter #3	
SB 348 (Simitian) Vehicle Registration Surcharge: San Mateo County	Reauthorizes the vehicle registration surcharge imposed by the City/County Association of Governments of San Mateo County for traffic congestion management and stormwater pollution programs for an additional four years, and specifies that this surcharge shall terminate on January 1, 2013, instead of January 1, 2009.	4/29/08	Signed into Law: Chapter #377	

State Senate Bills	Subject	Last Amended	Status	VTA Position
<p>SB 375 (Steinberg) Transportation Planning: Sustainable Communities Strategy</p>	<p>Requires the California Transportation Commission (CTC) to maintain guidelines for travel demand models used in the development of regional transportation plans (RTPs) by the state’s 17 metropolitan planning organizations (MPOs). Requires an MPO to adopt as part of its RTPs a “sustainable communities strategy” that: (a) identifies the general location of uses, residential densities and building intensities within the region; (b) identifies areas within the region sufficient to house all of the population of the region, including all economic segments of the population, over the course of the planning period of the RTP taking into account net migration into the region, population growth, household formation, and employment growth; (c) identifies areas within the region sufficient to house an eight-year projection of the regional housing need for the region; (d) identifies a transportation network to service the transportation needs of the region; (e) gathers and considers the best practically available scientific information regarding resource areas and farmland in the region; (f) sets forth a forecasted development pattern for the region, which, when integrated with the transportation network and other transportation measures and policies, will reduce greenhouse gas emissions from automobiles and light trucks to achieve, if there is a feasible way to do so, the greenhouse gas emission reduction targets approved by the California Air Resources Board (CARB); and (g) allows the RTP to comply with the federal Clean Air Act. By September 30, 2010, requires CARB to provide the state’s MPOs with greenhouse gas emission reduction targets for the automobile and light truck sectors for 2020 and 2035, and to update these regional targets every eight years, as specified, until 2050. To the extent an MPO’s sustainable communities strategy is unable to achieve the greenhouse gas emission reduction targets, requires the MPO to prepare an alternative planning strategy as a separate document from the RTP showing how the targets would be achieved through alternative development patterns, infrastructure, or additional transportation measures or policies. Requires CARB to review each MPO’s sustainable communities strategy or alternative planning strategy, if any, to determine whether it would achieve the greenhouse gas emission reduction targets, if implemented. Requires a strategy that is found by CARB to be insufficient to be revised by the MPO. Exempts projects programmed for funding before December 31, 2011, from being subject to a sustainable communities strategy if they: (a) are contained in the 2007 or 2009 Federal Statewide Transportation Improvement Program; (b) are funded with Proposition 1B bond revenues; or (c) were specifically listed in a ballot measure prior to December 31, 2008, approving a local sales tax increase for transportation projects. Requires an MPO to adopt a public participation plan for the development of its sustainable communities strategy or alternative planning strategy, if any, that includes consultation with the congestion management agencies, transportation agencies and transportation commissions in its region. Requires regional housing need allocation plans to be consistent with the applicable sustainable communities strategy. Provides a California Environmental Quality Act (CEQA) exemption for a “transit priority project,” as defined, that meets certain requirements and that is consistent with its region’s sustainable communities strategy or alternative planning strategy, if any. Provides a streamlined CEQA process for various other residential and mixed-use residential projects meeting certain requirements if they are consistent with their respective region’s sustainable communities strategy or alternative planning strategy, if any.</p>	8/18/08	Signed into Law: Chapter #728	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 445 (Torlakson) Greenhouse Gas Mitigation Fee	Authorizes regional transportation agencies, as defined, to impose a greenhouse gas mitigation fee on either: (a) vehicle registrations; or (b) motor vehicle fuel, not to exceed 10 cents per gallon. Requires the implementing agency to adopt an expenditure plan for the use of fee revenues. Requires fee revenues to be used to fund greenhouse gas mitigation projects and programs, including the following: (a) public transit; (b) congestion management; (c) road maintenance and construction; (d) grants or other funding for educational institutions to research ways to reduce greenhouse gas emissions attributed to motor vehicles; (e) conservation incentives for vehicle owners, including rebates for the most fuel-efficient motor vehicles; (f) transit-oriented development; (g) career technical education classes for high schools and community colleges to train students for green collar jobs that support the development and implementation of technologies to reduce greenhouse gases related to transportation; and (h) green building retrofits and new construction. Requires both of the following to occur in order for a greenhouse gas mitigation fee to be impose: (a) the expenditure plan and proposed fee must be approved by a majority vote of the implementing agency's governing board; and (b) a ballot measure containing the proposed fee and expenditure plan must be approved by the electorate within the jurisdiction of the implementing agency.	5/12/08	Assembly Transportation Committee: Failed Passage	
SB 494 (Kehoe) Clean Alternative Fuels	Enacts the Clean Alternative Fuel and Clean Vehicle Act of 2007. By June 30, 2009, requires the California Air Resources Board (CARB) to adopt regulations that would ensure both of the following: (a) commencing January 1, 2015, 25 percent of new passenger vehicles and light-duty trucks sold in California are clean alternative vehicles; and (b) commencing January 1, 2020, 50 percent of new passenger vehicles and light-duty trucks sold in the state are clean alternative vehicles. In developing these regulations, requires CARB to do all of the following: (a) consider the technological and economic feasibility of the regulations; (b) develop and enforce compliance options for eligible clean alternative vehicles that take into account their air quality benefits and the likelihood that the vehicle will actually use clean alternative fuel; and (c) ensure, to the extent technologically and economically feasible, that a clean alternative fuel is made available statewide at retail outlets whenever CARB determines that a sufficient number of motor vehicles certified by the board to run on that fuel has been reached. Specifies that these regulations shall apply only to a motor vehicle manufactured after December 31, 2010.	6/26/07	Assembly Transportation Committee: Failed Passage	
SB 619 (Migden) Public Contracting: Retention Proceeds	For all contracts related to the construction of any public works projects entered into after January 1, 2009, provides that the retention proceeds withheld from any payment by a public entity from the original contractor, by the original contractor from any subcontractor, and by a subcontractor from any other subcontractor shall not exceed 5 percent of the payment.	3/29/07	Assembly Floor: Failed Passage	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 716 (Perata) Proposition 1B: Transit Capital	<p>Specifies the process for allocating Proposition 1B transportation infrastructure bond revenues for public transit capital improvements under the Public Transportation Modernization, Improvement and Service Enhancement Account. Prior to seeking a disbursement of funds from this account, requires a project sponsor to submit to the California Transportation Commission (CTC) a description of the proposed project that it intends to fund with these revenues. Requires this description to include all of the following: (a) a summary of the proposed project and the benefits that it would achieve; (b) the useful life of the project, which must be consistent with the state's general obligation bond law; (c) the estimated schedule for completing the project; (d) the total cost of the project; and (e) the identification of all funding sources necessary for completing the project. Requires the CTC to review this information solely to determine all of the following: (a) the project is consistent with the requirements for funding under the Public Transportation Modernization, Improvement and Service Enhancement Account; (b) the project is a capital improvement that meets the requirements of the state's general obligation bond law; (c) the project or useful project component is or would become fully funded with an allocation of money from the Public Transportation Modernization, Improvement and Service Enhancement Account; and (d) the funds could be encumbered within three years of the allocation based on the CTC's review of the project's phase or schedule for completion, as submitted by the project sponsor. Upon conducting this review and determining that a proposed project is in compliance with these requirements, specifies that the CTC shall, on a quarterly basis, provide the Controller's Office with a list of projects and their sponsoring agencies eligible to receive an allocation from the Public Transportation Modernization, Improvement and Service Enhancement Account. Upon receipt of this information from the CTC, requires the Controller's Office to commence any necessary actions to allocate funds to project sponsors, including seeking the issuance of bonds for that purpose. Provides that total allocations to a project sponsor cannot exceed that project sponsor's share of funds from the Public Transportation Modernization, Improvement and Service Enhancement Account. In its Annual Report to the Legislature, requires the CTC to include a summary of its activities related to the administration of funds from the Public Transportation Modernization, Improvement and Service Enhancement Account. At a minimum, requires this summary to include: (a) a description and the location of each project funded from the account; (b) the amount of funds allocated to each project; (c) the status of each project; (d) a description of the public benefit expected from each project; and (e) a designation of any projects that have been subject to an audit by the Controller's Office.</p>	7/11/07	Assembly Appropriations Committee: Failed Passage	
SB 732 (Steinberg) Strategic Growth Council	<p>Establishes the Strategic Growth Council to do all of the following: (a) identify and review activities and funding programs of member state agencies that may be coordinated to improve air and water quality, improve natural resource protection, increase the availability of affordable housing, improve transportation, and meet the goals of the California Global Warming Solutions Act of 2006; (b) recommend policies, and investment strategies and priorities to encourage the development of sustainable communities; (c) provide, fund and distribute data and information to local governments and regional agencies that will assist in developing and planning sustainable communities; and (d) manage and award grants and loans to support the planning and development of sustainable communities.</p>	8/22/08	Signed into Law: Chapter #729	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 748 (Corbett) Proposition 1B: State-Local Partnership Program	<p>Declares the intent of the Legislature to establish criteria and conditions for use of Proposition 1B transportation infrastructure bond revenues dedicated to the State-Local Partnership Program. Specifies that eligible local matching funds required to receive an allocation under the State-Local Partnership Program must be obtained from revenues from any voter-approved local or regional tax or fee solely dedicated to transportation improvements, or from uniform developer fees. Defines “tax” or “fee” to mean a countywide or citywide sales tax; a property or parcel tax in a county, counties or district; voter-approved bridge tolls or fees dedicated to specific transportation improvements; and uniform developer fees. Requires a project to provide a match of one dollar of eligible local matching funds for each dollar of state funds made available for the project under the State-Local Partnership Program. In order to be eligible to receive funding under the State-Local Partnership Program, requires a project to be a transportation capital project that is estimated to cost at least \$5 million and that is included in a Regional Transportation Plan (RTP). Specifies that eligible projects include all of the following: (a) improvements to the state highway system; (b) improvements to transit facilities; (c) acquisition, retrofit or rehabilitation of rolling stock, buses or other transit equipment with a useful life of at least 10 years; (d) improvements to the local road system; (e) improvements to bicycle or pedestrian safety or mobility with a useful life of at least 15 years; and (f) improvements to mitigate the environmental impacts of new transportation infrastructure on a locality’s or region’s water quality. Specifies that each fiscal year in which funds are appropriated for the program constitutes a funding cycle. To ensure that as many eligible projects as possible may benefit from the State-Local Partnership Program, provides that no single project may receive more than \$25 million in a single funding cycle in which program funds are appropriated. Requires each project sponsor desiring to participate in the State-Local Partnership Program in any funding cycle to submit certain specified information to the California Transportation Commission (CTC). For each funding cycle, requires the CTC to adopt a program of projects to receive allocations from the State-Local Partnership Program. In allocating funds to specific projects, requires the CTC to give priority to projects that meet any of the following: (a) the project can commence construction or implementation of the project in a manner to provide the public benefit at the earliest possible date; (b) the project can enhance the leveragability of Proposition 1B bond funds by utilizing a higher proportion of non-bond funds toward a project’s total cost than is otherwise required; or (c) the project can demonstrate quantifiable air quality improvements. Allows the CTC to allocate money to a project in more than one funding cycle. Requires a project receiving an allocation under the State-Local Partnership Program to encumber the funds no later than June 30 of the fiscal year in which an allocation is made by the CTC. In addition, requires allocated funds to be expended within three years of June 30 of the fiscal year in which an allocation is made by the CTC. Requires the CTC to rescind an allocation to a project that fails to comply with these requirements and to reallocate those funds to another project. Requires the CTC to develop and adopt guidelines to implement the State-Local Partnership Program, and to establish the criteria and process for allocating funds to eligible projects under the program.</p>	7/12/07	Assembly Appropriations Committee: Failed Passage	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 889 (Maldonado) Carpool Education Program	Until January 1, 2011, requires Caltrans to establish and implement the Carpool Education Pilot Program for the purposes of educating the public on the use of highway lanes and ramps for high-occupancy vehicles and encouraging the reporting of an alleged violation involving the unlawful operation of a motor vehicle in a high-occupancy vehicle (HOV) lane or ramp. Requires Caltrans to do all of the following in developing and implementing the program: (a) establish a toll-free telephone number for reporting a violation; (b) establish an Internet Website for reporting an alleged violation, for allowing an alleged offender to dispute a reported violation, and for educating the public on the use of HOV lanes and ramps; (c) publicize and cause the posting of highway signs that provide the toll-free telephone number and the Internet Website address; (d) create an educational brochure containing information on guidelines for using HOV lanes and ramps; (e) keep an individual reporting a violation anonymous; (f) require the reporting of a violation to include the license plate number of the motor vehicle, the time of day and location of the alleged violation, and any other supporting information; and (g) based on the license plate number reported, mail to the current address of the registered owner of the motor vehicle on file with the Department of Motor Vehicles a notice informing the owner that his or her vehicle was reported to have allegedly been seen in an HOV lane or ramp without the requisite number of occupants, as well as the educational brochure.	7/2/07	Assembly Appropriations Committee: Failed Passage	
SB 947 (Hollingsworth) CEQA: Highway Facilities	Amends the California Environmental Quality Act (CEQA) to require the lead agency for a project that impacts a highway overpass, on-ramp or off-ramp to consult with the appropriate transportation planning agencies or other public entities during the environmental process.	4/30/07	Signed into Law: Chapter #707	
SB 960 (Alquist) Zero-Emission and Plug-In Hybrid Electric Vehicles	Requires the California Air Resources Board (CARB) to develop and implement regulations that ensure the following: (a) commencing January 1, 2015, 0.5 percent of new passenger vehicles sold in California are zero-emission vehicles; and (b) commencing January 1, 2015, 2.4 percent of new passenger vehicles sold in California are plug-in hybrid electric vehicles.	5/12/08	Assembly Transportation Committee: Failed Passage	
SB 974 (Lowenthal) Ports: Container Fees	Imposes a fee of \$30 per 20-foot equivalent unit (TEU) on each shipping container processed in the Ports of Los Angeles, Long Beach and Oakland, payable by the owners of container cargo moving through those ports. Requires the fee revenues to be allocated as follows: (a) one half for projects that improve the flow and efficiency of container cargo to and from the Ports of Los Angeles, Long Beach and Oakland; and (b) one half for projects that mitigate air pollution caused by the movement of container cargo to and from those ports.	7/14/08	Vetoed by the Governor	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1093 (Wiggins) Bay Area Water Emergency Transportation Authority	<p>Makes a number of changes to existing law as it pertains to the San Francisco Bay Area Water Emergency Transportation Authority. Prohibits the authority from compelling property transfers or operational changes to water transportation services provided by other public agencies in the Bay Area prior to the adoption of a transition plan. Requires the transition plan to include all of the following: (a) a description of existing ferry services in the Bay Area Region as of January 1, 2008, that are to be transferred to the authority; (b) a description of any proposed expansion of ferry services in the Bay Area Region; (c) an inventory of the ferry and ferry-related capital assets, leasehold interests, personnel, operating costs, and revenues of public agencies operating public transportation ferries and providing water transportation services as of January 1, 2008, and those facilities that are to be transferred, in whole or in part, to the authority; (d) an operating plan to continue existing ferry services in the Bay Area Region for at least five years, and a detailed description of current and historically available revenues and proposed sources of revenues to meet those anticipated costs; (e) a description of the proposed services, duties, functions, responsibilities, and liabilities of the authority, and those of agencies providing or proposed to provide water transportation services for the authority; (f) an initial five-year Capital Improvement Program detailing how the authority and its local agency partners plan to support financing and completion of capital improvement projects; (g) a description of how existing and expanded water transportation services will provide seamless connections to other transit providers in the Bay Area Region; and (h) the date on which any ferry services are to be transferred to the authority. To the extent that the transition plan includes the transfer of assets or services from a local agency to the authority, requires such transfer to be subject to negotiation and agreement by the local agency. To the extent that the transition plan includes proposed changes to water transportation services or related facilities historically provided by the cities of Vallejo or Alameda, requires those changes to be consistent with those cities' General Plans, redevelopment plans, and development and disposition agreements for projects related to the provision of water transportation services. In accepting a transfer, specifies that the authority may assume no financial obligations other than those associated with the operation of the ferry services and facilities being transferred to the authority. When feeder transportation services are proposed to be established to or from the facilities operated by the authority, requires the authority to coordinate with the public transit agencies in whose service territories the feeder service would operate. Requires the authority to establish a process for taking public input on ferry rates and schedules that it proposes to establish or change. Requires the authority to be bound by the terms and conditions of employment set forth in any collective bargaining agreement or employment contract between any entity whose services the authority directly assumes, and any labor organization or employee included within the assumption of those services. Requires the allocation of regional toll revenues by the Metropolitan Transportation Commission (MTC) to the authority to begin on the date specified in the transition plan.</p>	8/12/08	Signed into Law: Chapter #387	
SB 1115 (Migden) Workers' Compensation: Permanent Disability	<p>Amends existing workers' compensation law to prohibit race, religious creed, color, national origin, age, gender, marital status, or genetic predisposition from being considered a cause or other factor of disability with regard to any determination of permanent disability.</p>	As Introduced	Vetoed by the Governor	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1143 (Dutton) HOV Lanes	Makes technical, non-substantive changes to state statutes pertaining to the authority of Caltrans and local agencies to establish high-occupancy vehicle (HOV) lanes.	As Introduced	Senate Rules Committee: Failed Passage	
SB 1174 (Lowenthal) Quiet Motorized Road Vehicle and Safe Mobility Committee	Requires the California Energy Resources Conservation and Development Commission to convene a Quiet Motorized Road Vehicle and Safe Mobility Committee. Requires the Quiet Motorized Road Vehicle and Safe Mobility Committee to research, identify and make recommendations to the commission on strategies to ensure that all motorized vehicles, regardless of engine type or configuration, emit sound sufficient to be heard and localized by pedestrians who are blind or visually impaired. Requires the Quiet Motorized Road Vehicle and Safe Mobility Committee's recommendations to include proposed legislation and regulations, needed research or technology, and funding options for implementing its recommendations. By January 1, 2010, requires the commission to submit a report to the Legislature on the recommendations of the Quiet Motorized Road Vehicle and Safe Mobility Committee.	8/8/08	Vetoed by the Governor	
SB 1192 (Margett) Meal and Rest Periods	Specifies that a payment to an employee for failure by an employer to provide a mandated meal or rest period is a statutory penalty and does not constitute additional wages to the employee. Clarifies that an employer provides a meal or rest period by making one available to the employee without interfering with its use. Provides that a meal period may commence at any time before the start of the sixth hour of work.	As Introduced	Senate Labor and Industrial Relations Committee: Failed Passage	
SB 1316 (Correa) Toll Facilities: Orange and Riverside Counties	Authorizes the Orange County Transportation Authority (OCTA) to eliminate its rights, interests and obligations relative to the Riverside County portion of the State Route 91 toll lane by partial assignment to the Riverside County Transportation Commission or by amendment to the franchise agreement. Authorizes the Riverside County Transportation Commission to impose tolls for 50 years on transportation facilities on its portion of State Route 91. Authorizes these toll revenues to be used for capital and operating expenses of the facilities, including debt service, and for related transportation purposes in the State Route 91 Corridor.	6/23/08	Signed into Law: Chapter #714	
SB 1363 (Perata) Goods Movement Tolling Projects	Changes the deadline for when Caltrans and regional transportation agencies may enter into up to four comprehensive lease agreements with public and private entities for transportation projects primarily designed for the improvement of goods movement that may involve tolls pursuant to existing law from January 1, 2012, to January 1, 2013.	As Introduced	Senate Transportation and Housing Committee: Failed Passage	
SB 1374 (Battin) HOV Lanes: Low-Emission Vehicles	Removes the cap on the number of distinctive decals, labels and other identifiers that are available for specified low-emission vehicles granted access to high-occupancy vehicle (HOV) lanes even though the vehicles do not carry the requisite number of passengers to qualify as high-occupancy vehicles. Requires the Department of Motor Vehicles (DMV) to make the HOV lane decals, labels and other identifiers available for vehicles that have received an offset for their carbon dioxide emissions pursuant to a program certified by the California Air Resources Board (CARB).	4/14/08	Senate Transportation and Housing Committee: Failed Passage	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1422 (Ridley-Thomas) HOT Lanes: I-10 and State Highway Route 110 in Los Angeles County	Until January 15, 2013, authorizes a value pricing and transit development demonstration program involving high-occupancy toll (HOT) lanes to be conducted, administered, developed, and operated on designated high-occupancy vehicle (HOV) lanes on I-10 and State Highway Route 110 in Los Angeles County by the Los Angeles County Metropolitan Transportation Authority (LA Metro). Authorizes LA Metro to carry out the value pricing and transit development demonstration program pursuant to a cooperative agreement with Caltrans that addresses all matters related to the design, construction, maintenance, and operation of state highway system facilities in connection with the program. With the assistance of Caltrans, authorizes LA Metro to establish appropriate traffic flow guidelines for the purpose of ensuring optimal use of the express lanes by high-occupancy vehicles without adversely affecting other traffic on the state highway system. Authorizes LA Metro to establish, collect and administer tolls for the HOT lanes on I-10 and State Highway Route 110. Allows LA Metro to use excess toll revenues generated by these HOT lanes for preconstruction, construction and other related costs of high-occupancy vehicle (HOV) facilities, and the improvement of transit service within the I-10 and State Highway Route 110 corridors. Prohibits LA Metro from issuing bonds for the demonstration program.	8/25/08	Signed into Law: Chapter #547	
SB 1429 (Perata) Bay Area State-Owned Toll Bridges	For Regional Measure 2 projects, requires Caltrans and project sponsors to report to the Bay Area Toll Authority (BATA) concerning funding for these projects obtained from sources other than toll revenues, including the identification of the source of any state matching funds.	4/23/08	Assembly Floor: Failed Passage	
SB 1507 (Oropeza) Highway Construction: School Boundaries	Prohibits the California Transportation Commission (CTC) from authorizing the construction or expansion of an above-ground state highway within ¼ mile of a school boundary. Prohibits Caltrans from constructing or expanding an above-ground state highway within ¼ mile of a school boundary. Prohibits a project that calls for constructing or expanding an above-ground state highway within ¼ mile of a school boundary from being included in a regional transportation improvement program (RTIP). Specifies that these prohibitions do not apply to any of the following state highway projects: (a) operational improvements that do not expand the design capacity of a state highway, and that are intended to improve the flow of traffic or to reduce congestion at specific locations on the state highway system; (b) safety improvements, the primary purpose of which is to reduce the number or severity of collisions on an existing state highway facility; (c) high-occupancy vehicle (HOV) lanes; (d) a segment of a state highway that is in a tunnel; or (e) construction or expansion of state highway facilities that are determined to have a positive air quality impact. Specifies that the provisions of the bill do not apply to projects that are authorized by the CTC prior to September 1, 2009.	6/9/08	Assembly Transportation Committee: Failed Passage	
SB 1539 (Calderon) Employee Meal Periods	Declares the intent of the Legislature to enact a bill to address issues related to meal periods in employment.	4/15/08	Senate Rules Committee: Failed Passage	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1561 (Steinberg) Public Transit Prohibition Orders	Authorizes the Sacramento Regional Transit District and the Fresno Area Express to issue a prohibition order to any person who, on at least three separate occasions within a period of 60 consecutive days, is cited for committing certain prohibited acts. Prohibits a person subject to such a prohibition order from entering the property, facilities or vehicles of the Sacramento Regional Transit District or the Fresno Area Express for specified periods of time up to a maximum of one year. Specifies that no prohibition order issued shall be effective unless the Sacramento Regional Transit District or the Fresno Area Express first affords the person an opportunity to contest the proposed action in accordance with procedures adopted by those transit districts for this purpose. Requires the Sacramento Regional Transit District and the Fresno Area Express to establish an advisory committee, and to ensure that personnel charged with issuing and enforcing prohibition orders receive training as recommended by the advisory committee.	8/15/08	Signed into Law: Chapter #528	
SB 1685 (Kehoe) Regional Comprehensive Plan: San Diego County	Allows the San Diego Association of Governments (SANDAG) to use its local sales tax authority for the following purposes related to implementing its regional comprehensive plan: (a) open space and natural habitat protection and conservation programs; (b) watershed management; (c) stormwater management and water quality improvement projects; (d) beach sand replenishment projects; and (d) public transit projects that maximize mobility and transportation choices.	4/22/08	Signed into Law: Chapter #83	
SB 1731 (Yee) MTC Vehicle Registration Surcharge: Congestion Mitigation	Authorizes the Metropolitan Transportation Commission (MTC) to impose a \$1 vehicle registration surcharge in the counties under its jurisdiction for the purpose of implementing congestion mitigation strategies within the Bay Area Region, including the expansion of Caltrans' traffic operations system and ramp metering. Prior to imposing this surcharge, requires MTC to: (a) adopt a program of projects that would be funded with the revenues generated by the surcharge; and (b) make a finding of fact by a majority vote of the commission that the program of projects bears a relationship or benefit to the motor vehicles that are the subject of the fee. For any project to be funded with surcharge revenues that exceeds \$10 million in cost, requires MTC to adopt performance measures that the project is intended to achieve.	4/23/08	Vetoed by the Governor	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SB 1760 (Perata) Greenhouse Gas Emissions	<p>Creates the Climate Action Team to be responsible for coordinating the state's overall climate change policy. Specifies that the team would consist of the following: (a) the secretary of the California Environmental Protection Agency (CalEPA); (b) the secretary of the Resources Agency; (c) the chairperson of the California Air Resources Board (CARB); (d) the chairperson of the Energy Resources Conservation and Development Commission; (e) the president of the California Public Utilities Commission (CPUC); (f) the secretary of the Business, Transportation and Housing Agency; and (g) the secretary of the Department of Food and Agriculture. By January 1, 2010, and annually thereafter, requires the Climate Action Team to prepare and adopt a strategic research, development and demonstration plan that establishes priorities and identifies key expenditure categories for research, development, demonstration, and deployment funds to be spent in meeting the state's climate change goals by the agencies represented on the team for the following fiscal year. By January 1, 2010, and annually thereafter, requires the Climate Action Team to prepare and adopt a climate change impact adaptation and protection plan that includes all of the following: (a) an assessment of the current state of climate change impact analysis and an identification of potential climate change impacts that should be included in decision-making related to the management of natural resources or investments in infrastructure; (b) a process for integrating climate change impact information into the planning and decision-making of state agencies as appropriate; and (c) the identification of additional research that could assist and improve state decision-making in future years.</p>	5/27/08	Vetoed by the Governor	
SCA 1 (McClintock) Eminent Domain	<p>Calls for placing before the voters an amendment to the California Constitution that would limit the ability of governmental entities to acquire private property through eminent domain. Specifically, provides that private property may be taken or damaged through eminent domain only for a stated public use and only when just compensation has been paid to the property owner. Prohibits private property from being taken or damaged through eminent domain for purposes of: (a) economic development; (b) increasing tax revenues; or (c) for any other private use. Prohibits private property from being taken or damaged through eminent domain for maintaining the present use following the acquisition. Requires property taken or damaged through eminent domain to be owned and occupied by the condemner, or by another governmental agency by agreement with the condemner. Allows property taken or damaged through eminent domain to be leased to entities that are regulated by the California Public Utilities Commission (CPUC). Requires all property taken through eminent domain to be used only for the public use stated at the time of the acquisition, except for public or private purposes that are incidental to that use. Provides that if the property taken through eminent domain ceases to be used for the public use stated at the time of the acquisition or fails to be put to that use within 10 years following the date of the acquisition, the former owner of the property shall have the right to reacquire the property at fair market value.</p>	2/5/07	Senate Judiciary Committee: Failed Passage	

State Senate Bills	Subject	Last Amended	Status	VTA Position
SCA 5 (McClintock) State and Local Government Taxation	Calls for placing before the voters an amendment to the California Constitution to establish, for purposes of both state and local taxation, a constitutional definition of what constitutes a “tax.” Recasts the existing definition of a “special tax” as a tax whose revenues are required by law to be expended for a specific purpose or purposes. Beginning January 1, 2007, prohibits the imposition of any new tax or any change in any tax enacted or authorized by a governmental entity that increases the amount of any tax levied upon any taxpayer unless all of the following conditions are met: (a) the measure imposing the increase is approved by two-thirds of the membership of each house of the Legislature in the case of a state tax, and by two-thirds of the membership of the governing body of the local government in the case of a local tax; and (b) the measure imposing the increase is submitted to the electorate of the governmental entity at an election, and is approved by a majority vote in the case of a general tax, and by a two-thirds vote in the case of a special tax.	3/21/07	Senate Revenue and Taxation Committee: Failed Passage	
SCA 6 (McClintock) General Obligation Bonds	Calls for placing before the voters an amendment to the California Constitution regarding the issuance of general obligation bonds by the state. Specifically, requires the proceeds from the sale of any general obligation bonds approved by the voters on or after January 1, 2009, to be expended only for the costs of construction or acquisition of tangible physical property that has an expected useful life at least equal to the length of time in which the bonds that are sold to finance that construction or acquisition will reach maturity.	As Introduced	Senate Governmental Organization Committee: Failed Passage	
SCA 28 (Wyland) Transportation Investment Fund	Calls for placing before the voters an amendment to the California Constitution to prohibit the Governor and Legislature from suspending Proposition 42. Also prohibits any loans of Proposition 42 revenues transferred to the Transportation Investment Fund (TIF) under any circumstances.	As Introduced	Senate Rules Committee: Failed Passage	

**CALIFORNIA STATE LEGISLATURE
2008 Regular Session Calendar**

DAY	JANUARY
1	Statutes signed into law in 2007 take effect.
7	Legislature reconvenes.
10	Budget must be submitted by the Governor to the Legislature on or before this date.
18	Last day for policy committees to hear and report fiscal bills introduced in their house in 2007.
25	Last day for any committee to hear and report to the floor bills introduced in their house in 2007.
25	Last day to submit bill requests to the Legislative Counsel's Office.
31	Last day for bills introduced in 2007 to be passed out of their house of origin.

DAY	FEBRUARY
22	Last day for new bills to be introduced.

DAY	MARCH
13	Spring Recess begins upon adjournment.
24	Legislature reconvenes from Spring Recess.

DAY	APRIL
18	Last day for policy committees to hear and report fiscal bills introduced in their house in 2008.

DAY	MAY
2	Last day for policy committees to hear and report to the floor non-fiscal bills introduced in their house in 2008.
23	Last day for fiscal committees to hear and report to the floor bills introduced in their house in 2008.
30	Last day for bills introduced in 2008 to be passed out of their house of origin.

DAY	JUNE
15	Budget must be passed by midnight.
26	Last day for a legislative measure to qualify for placement on the November 4, 2008, general election ballot.
27	Last day for policy committees to hear and report bills introduced in the other house.

DAY	JULY
3	Summer Recess begins upon adjournment, provided the budget bill has been enacted.

DAY	AUGUST
4	Legislature reconvenes from Summer Recess.
15	Last day for fiscal committees to hear and report to the floor bills introduced in the other house.
22	Last day to amend bills on the Assembly and Senate floors.
31	Last day for each house to pass bills. Final Recess begins at the end of this day's session.

DAY	SEPTEMBER
30	Last day for the Governor to sign or veto bills passed by the Legislature before September 1, and in his possession after September 1.

DAY	NOVEMBER
4	General Election.

DAY	DECEMBER
1	The 2009-10 regular legislative session convenes.



Date: October 8, 2008
Current Meeting: October 16, 2008
Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Senior Policy Advisor, Jim Lawson

SUBJECT: Governance Presentation for Cities and County

FOR INFORMATION ONLY

BACKGROUND:

At the September 18, 2008 Administration & Finance Committee meeting, the committee directed staff to develop a presentation regarding VTA governance options for Santa Clara County cities and the County Board of Supervisors. The committee requested a presentation that provides an overview of the governance options and to determine if the cities and county have a preferred alternative.

DISCUSSION:

The four governance alternatives requested are as follows: (a) retain the existing city groupings; (b) reconfigure the city groupings; (c) eliminate the city groupings and have the VTA Policy Advisory Committee (PAC) select the five board members from the small cities; and (d) dissolve current board structure and establish a directly elected board.

Staff is seeking the committee's input on the attached presentation.

The presentation was forwarded to the members of the Administration and Finance Committee as well as the participants in the VTA Governance Committee for their review. VTA received comments from PAC Chair Chris Moylan which are attached. Any additional comments received will be distributed at the meeting.

Prepared By: Scott Haywood

Lawson, Jim

From: Chris Moylan [cmoylan@stanford.edu]
Sent: Friday, October 03, 2008 4:28 PM
To: Lawson, Jim
Cc: greg.sellers@morganhill.ca.gov; dcasas01@yahoo.com; Glickman, Steve; kline@libraryworld.com; Okuzumi, Margaret
Subject: Fwd: Governance Presentation (Email Forwarded from City of Sunnyvale)

Jim,

Thanks for the opportunity to look over your presentation. The presentation looks pretty good, so I have only a few comments.

The main comment is that the last slide, Determine Input from Cities, should acknowledge the input from cities that has already been received. That input consists of two separate PAC votes, one in April and one in September, as well as several letters from individual cities to the VTA Board clearly expressing preferences among the listed options. One of the key recommendations of the Hay Group was to make better use of the advisory committees, which Board members Sellers and Casas did when they broadened participation in the governance study. But it should at some point be acknowledged that there is an existing advisory committee whose principal function is to express the will of the cities, and it has already done so twice, loud and clear, with no response of any kind from the Board. The final slides should say, Input Received from Cities to Date, mention both PAC votes and whatever letters have come in, and then say Plan to Obtain Further Input, if desired.

Slide 3 should probably say that the Board "endorsed" rather than "approved" the three recommendations back in May, because only the cities themselves can take action.

On slides 10 and 15, the down sides of the current structure and revised city groupings, the problem is not just that Milpitas is noncontiguous with Gilroy and Morgan Hill. The problem with Milpitas is that it is noncontiguous with everybody, so any city grouping you put Milpitas in will have cities that don't share boundaries.

The more important down side of the current structure and the revised groupings alternative is that the existence of city groupings undermines the fiduciary duty of the Board to make decisions best for the region, the #1 problem identified by the Hay group. The conflict of interest inherent in city groupings is the principal down side of both of those alternatives and should be acknowledged.

Slide 14, the benefits of the revised city groupings, has two bullets, neither of which is a benefit unique to this alternative. Slides 12 and 14 both say that this alternative creates communities of interest. Of course that is the desired up side of any city grouping, so both this alternative and the status quo can list that as an up side. The existing city groupings were designed to be communities of interest, in particular West Valley, whose cities had already been meeting on a regular basis before VTA was formed. The revised city groupings do not have any more communities of interest than the current ones do, and thus "create" no new benefit in that regard. The benefit that should be listed is that the South County cities no longer need to share a group with a distant city. The concomitant down side is that two other cities have to do it instead. Cities all have shared interests with their neighbors; Sunnyvale's interests have more in common with Cupertino than with Palo Alto or Los Altos Hills, yet Sunnyvale is lumped with the latter and not the former.

10/8/2008

Slides 17 and 20 reflect the initial concept of Norm's idea, which was modified while our committee was still meeting. It's not the PAC itself that would do the selecting, but the PAC members from the cities other than San Jose. The election would not be a PAC meeting, and would not require permission from San Jose or County, and would not change the mission of the PAC. Two of the negatives from slide 20 are therefore incorrect and should be deleted, and slide 17 should be revised to clarify this point.

The Note on slide 25, remarking that both the Hay Group and the state auditors "did not recommend" the direct election option, is misleading and should be deleted. The Hay group made no mention of this option in its 41 page report. It would be just as valid to say that the Hay Group "did not recommend" the revised city groupings option as well. The auditors simply said that the governance modifications endorsed by the Board on May 1st should be tried before any more ambitious change should be made. The slide instead should openly acknowledge that the PAC has, in fact, explicitly recommended this option twice, as did the Grand Jury in 2004. Citing groups which didn't mention an option as "not recommending" it, and leaving out the groups that explicitly did recommend it, gives a distorted picture.

Thanks for putting together such a nice slide show.

Regards,
Chris

X-Sieve: CMU Sieve 2.3
Delivered-To: cmoylan@stanford.edu
X-Mailer: Novell GroupWise Internet Agent 7.0.2 HP
Date: Thu, 02 Oct 2008 14:57:29 -0700
From: "Chris Moylan" <cmoylan@ci.sunnyvale.ca.us>
Sender: Postmaster@ci.sunnyvale.ca.us
Reply-To: cmoylan@ci.sunnyvale.ca.us
To: <cmoylan@stanford.edu>
Subject: Fwd: Governance Presentation (Email Forwarded from City of Sunnyvale)

Return-path: <Jacqueline.Golzio@vta.org>
Received: from eagle.ci.sunnyvale.ca.us (eagle [172.20.10.100])
by ajax.ci.sunnyvale.ca.us with ESMTP; Thu, 02 Oct 2008 14:56:56 -0700
X-ASG-Debug-ID: 1222984828-3d76039f0000-ODji1U
X-Barracuda-URL: <http://172.20.10.100:8000/cgi-bin/mark.cgi>
Received: from sunnyvale-bh (localhost [127.0.0.1])
by eagle.ci.sunnyvale.ca.us (Spam Firewall) with SMTP id B6826AC13F5
for <cmoylan@ci.sunnyvale.ca.us>; Thu, 2 Oct 2008 15:00:28 -0700 (PDT)
Received: from sunnyvale-bh ([10.0.0.1]) by eagle.ci.sunnyvale.ca.us with SMTP id
1dV4FpDunNmuNqo6 for <cmoylan@ci.sunnyvale.ca.us>; Thu, 02 Oct 2008 15:00:28 -
0700 (PDT)
Received: from (unknown [172.16.254.28]) by ROWSA1.vta.org with smtp
id 7dce_df59eebe_90c7_11dd_b3cf_0015c5f3f6cb;
Thu, 02 Oct 2008 21:20:00 +0000
Received: from ROMAIL2.vta.org ([10.10.17.173]) by romailfe2.vta.org with Microsoft
SMTPSVC(6.0.3790.211);
Thu, 2 Oct 2008 15:00:08 -0700
X-MimeOLE: Produced By Microsoft Exchange V6.5.7226.0
Content-class: urn:content-classes:message
MIME-Version: 1.0

Content-Type: multipart/mixed;
boundary="----=_NextPart_001_01C924DA.3B30B4EC"
X-ASG-Orig-Subj: Governance Presentation
Subject: Governance Presentation
Date: Thu, 2 Oct 2008 15:00:07 -0700
Message-ID:
<EE213CBA844E624FBCEFD761362AE9BC03654E08@ROMAIL2.vta.org>
X-MS-Has-Attach: yes
X-MS-TNEF-Correlator:
Thread-Topic: Governance Presentation
Thread-Index: Ackk13f+mmDqzv+3QF6QsQJd3Tmn/AAAIFSw
From: "Golzio, Jacqueline" <Jacqueline.Golzio@vta.org>
To: <greg.sellers@morganhill.ca.gov>,
<dcasas01@yahoo.com>,
<cmoylan@ci.sunnyvale.ca.us>,
"Glickman, Steve" <sglickman@losgatosca.gov>,
<kline@libraryworld.com>,
<okuzumi@silicon.com>
Cc: "Lawson, Jim" <Lawson_J@vta.org>,
"Haywood, Scott" <Scott.Haywood@VTA.Org>
X-OriginalArrivalTime: 02 Oct 2008 22:00:08.0107 (UTC) FILETIME=
[3BC5F7B0:01C924DA]
X-Barracuda-Connect: UNKNOWN[10.0.0.1]
X-Barracuda-Start-Time: 1222984828
X-Barracuda-Virus-Scanned: by Eagle at ci.sunnyvale.ca.us
X-Barracuda-Spam-Score: -1001.00
X-Barracuda-Spam-Status: No, SCORE=-1001.00 using global scores of TAG_LEVEL=1.0
QUARANTINE_LEVEL=1.5 KILL_LEVEL=3.5

At the September 18th meeting of the Administration and Finance Committee staff was asked to prepare a presentation on the four governance options under discussion. The options are:

Retain Current City Groupings

Reconfigure City Groupings

Members Selected by PAC

Directly Elected Board

The presentation is intended to inform city councils and the County Board of Supervisors of the different options under consideration in order to solicit their opinion on which option(s) the Board of Directors may choose to pursue.

The presentation provides a brief background on activities, states the three options already adopted by the Board, describes each of the four alternatives with a list of potential benefits, potential negatives and the steps required to implement the alternative.

This item will be reviewed at the Administration and Finance Committee meeting on October 16th. If you have any comments or suggestions, please provide them in writing to myself prior to October 10th at jim.lawson@vta.org <mailto:jim.lawson@vta.org>.

Thank you,

Jim

<<VTA Governance rev3.pdf>>

Christopher R. Moylan
Councilmember
City of Sunnyvale

(650) 723-9518 work
(408) 340-8807 cell
(650) 725-6296 fax

Santa Clara Valley Transportation Authority

VTA Governance Proposals

October 16, 2008



Recommendations

Hay Group

- Rapid Turnover Among Board Members
- Focus on Small City Groupings
- Regional Approach in Decision Making

Bureau of State Audits

- Turnover within small city groupings identified as primary challenge.



Governance Subcommittee

- Committee Appointed by Board to Consider Strategies for Strengthening VTA's Governance.
- VTA Board of Directors Approved Three of Four Initial Recommendations.



Approved Governance Changes

- Eliminate Rotation Process.
- Encourage Consecutive Terms for Members (4 years).
- New Process for Selecting Members within the City Grouping. Directors should have experience & qualifications in transportation.



Additional Governance Alternatives

- A fourth recommendation addressed configuration of city groupings.
 - VTA is requesting that the Cities and County consider four alternatives.



Alternatives



- Retain Current City Groupings
- Reconfigure City Groupings
- Members Selected by PAC
- Directly Elected Board



Retain Current City Groupings

- Based on population first and geography second.



Current City Groupings

North County – 3 Seats (population 427,468)*

- Palo Alto, Los Altos, Los Altos Hills, Mountain View, Santa Clara & Sunnyvale

West Valley – 1 Seat (population 161,179)*

- Cupertino, Saratoga, Monte Sereno, Campbell & Los Gatos

MGM – 1 Seat (159,810)*

- Milpitas, Morgan Hill & Gilroy

*Source: California Dept.of Finance, May 2008



Potential Benefits

- Status Quo.
- Many of the cities work well in this configuration.
- Population per number of seats is relatively even.



Potential Negatives

- Milpitas is not located in close geographical proximity to Morgan Hill and Gilroy.



Requirements for Implementation

- City Groups must agree on appointment process from the group.
- No further action required.



Reconfigure City Groupings

- Based on geography first and population second.
- Creates Communities of Interest.



Proposed City Groupings

North West – 1 Seat (population 174,427)*

- Los Altos, Los Altos Hills, Mountain View & Palo Alto

North East – 2 Seats (population 322,460)*

- Milpitas, Santa Clara & Sunnyvale

South County – 1 Seat (population 90,391)*

- Gilroy & Morgan Hill

West Valley – 1 Seat (population 161,179)*

- Campbell, Cupertino, Los Gatos, Saratoga & Monte Sereno

*Source: California Dept.of Finance, May 2008



Potential Benefits

- Provides common areas of interest.
- Moves Milpitas out of the MGM City Group and into a North East Group.



Potential Negatives

- City Groups are less represented by population.



Requirements for Implementation

- Change to Joint Powers Agreement which requires the following approvals:
 - ✓ Board of Supervisors
 - ✓ VTA Board of Directors
 - ✓ Cities – majority of the cities with majority of the population
- VTA's Administrative Code.
 - ✓ Requires approval from VTA Board of Directors.
- City Groups must agree on appointment process from the group.



Members Selected by PAC

- Replaces small city groups with PAC appointment.
- San Jose & Santa Clara County do not participate.
- Each PAC member votes for five candidates.
- Five members selected from PAC membership by PAC through weighted, rank-choice voting.



Weighted Votes by City

● Sunnyvale	18.38%	● Campbell	5.37%
● Santa Clara	15.43%	● Morgan Hill	5.24%
● Mt. View	9.88%	● Saratoga	4.22%
● Milpitas	9.27%	● Los Gatos	4.05%
● Palo Alto	8.47%	● Los Altos	3.78%
● Cupertino	7.42%	● Los Altos Hills	1.18%
● Gilroy	6.84%	● Monte Sereno	0.48%



Potential Benefits

- PAC members would have first-hand knowledge of potential Board Members.
- Members will need to demonstrate their qualifications to serve on the Board through their work on PAC in order to gain the support of their colleagues.



Potential Negatives

- Larger cities could influence selection of members.
- No guarantee of geographical representation.
- Requires affirmative support from San Jose & County Board of Supervisors to be excluded from the process.
- By directly appointing five members, PAC would no longer serve purely as an independent advisory committee.



Requirements for Implementation

- Change to Joint Powers Agreement which requires the following approvals:
 - ✓ Board of Supervisors
 - ✓ VTA Board of Directors
 - ✓ Cities – majority of the cities with majority of the population
- VTA's Administrative Code.
 - ✓ Requires approval from VTA Board of Directors.



Directly Elected Board

- Voters would directly elect members similar to AC Transit or BART.
- Consensus regarding number of seats, terms etc., would be required by cities and county, but ultimately decided by the Legislature and Governor.



Potential Benefits

- Voters would directly decide who sits on VTA's Board.
- Board members would be focused solely on VTA.



Potential Negatives

- Directly elected transportation boards are not common around country.
- Loss of land-use expertise and authority of council members serving on Board.
- Potential cost for county-wide elections and for staff to support Board members.



Potential Negatives

- Discretion for creating the new board rests with the legislature, not local government or residents.
- Potential lengthy process to gain consensus on Board make-up both locally and through state legislative process.

Note: The Hay Group and the Bureau of State Audits reviewed this option and did not recommend it.



Requirements for Implementation

- Requires state legislation.
- Seats must be proportional in population.
- Requires change to the Public Utilities Code.
- The Joint Powers Agreement and VTA's Administrative Code would be amended to conform with legislation.



Input from Cities

- Address any questions.
- Determine if cities have a preferred alternative.





Date: October 6, 2008
 Current Meeting: October 16, 2008
 Board Meeting: September 4, 2008

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration and Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Acting General Counsel, Kevin D. Allmand

SUBJECT: Approve List of Specialty-Area Law Firms

Policy-Related Action: No

Government Code Section 84308 Applies: Yes

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to execute contracts and future extensions thereof with the following law firms in ten specialized areas of law and litigation. Each contract will be for an initial three-year period, with up to two additional one-year terms, in a total amount not to exceed amounts budgeted for such legal services in any given year.

BACKGROUND and DISCUSSION:

A Request for Proposals (RFP) for outside attorney services was issued on June 18, 2008. The purpose of the RFP was to solicit proposals from law firms with expertise in 10 specified categories of law and litigation to enable VTA to establish a pre-approved attorney panels in each of those areas. The areas are: Public Sector Law; Eminent Domain; Construction Law/Litigation; Environmental Law; Employment Law/Civil Rights Litigation; Real Property Law; Pension and Benefits Law; Railroad and Rail Regulatory Law; Municipal Finance; and Commercial Transactions/Intellectual Property. Once established, General Counsel will select attorneys from each panel when outside counsel with such expertise is required. It is the intention to distribute work to the firms based on an evaluation of the issues to be litigated, the background, experience, and strengths of the attorneys to be used, the resources of the firm, and availability.

On or before July 25, 2008, proposals were received from a total of 29 law firms. Many of the firms submitted a proposal for more than one panel. The attorney selection process consisted of review and evaluation of all written proposals. Each proposal was graded and ranked according to established criteria, which consisted of the qualifications and experience of attorneys who would be doing the work (45 points), a demonstrated understanding of the legal needs of VTA

and potential problem areas and a technical approach to meeting those needs (15 points), the reasonableness of the firm's pricing and competitiveness with other offers received (30 points). In addition, pursuant to VTA policy, up to 10 points were awarded for Local Firm Preference.

The proposals were evaluated and ranked in each of the categories by panels consisting of a member of VTA's General Counsel Office, a Contracts Administrator, and a representative from a VTA department impacted by that category of the law. Of the 29 firms submitting proposals, 21 were selected to be on one or more panels, and 8 were not selected due to insufficient ranking in the areas of law proposed. The firms not selected were: Law Offices of Alexis M Chiu; Andrada & Associates; Bullivant, Houser, Bailey PC; Folger, Levin & Kahn, LLP; McDonough, Holland & Allen, PC; Silicon Valley Law Group; Thompson Coburn LLP; and Zent Law Group, Inc.

Contracts with the recommended firms will be entered into as the need arises. Having a pre-qualified list will permit the General Counsel to assign matters that arise during the contract term, and provide for the firms to handle cases to completion. It is anticipated that initial contract amounts will not exceed \$250,000 for any firm.

FISCAL IMPACT:

In the current fiscal year, \$235,000 has been budgeted for General Counsel professional services, which includes all outside legal services and expert witnesses. In addition to those yearly budgeted amounts, project-related budget appropriations covering these services in upcoming fiscal years will be included in the appropriate Fiscal Year Capital Budget for each project. The funding may be provided through federal, state or local grants provided directly to VTA or through cooperative agreements with other agencies.

Fees among the firms selected were fairly consistent in each category and ranged generally from \$250 to \$350 per hour.

ALTERNATIVES:

The Board could elect to establish smaller or larger lists of firms, or request General Counsel to seek additional proposals.

DISADVANTAGED BUSINESS ENTERPRISE (DBE) PARTICIPATION/ SMALL BUSINESS ENTERPRISE (SBE) PARTICIPATION:

Proposing firms were informed that while no specific SBE goal was established for these services, they will be expected to cooperate with VTA in meeting VTA's overall goal of 15% annual utilization of Small Business Enterprises.

Prepared by: Kevin D. Allmand, Acting General Counsel

ATTACHMENT A

ATTORNEY LIST BY
SPECIALIZED PRACTICE AREAS
(RFP #08-06)

<p><u>Public Sector Law:</u></p> <p>Futterman & Dupree, LLP Hanson Bridgett, LLP Hopkins & Carley, a Law Corporation Jones Day</p>	<p><u>Real Property Law:</u></p> <p>Bingham McCutchen, LLP Hopkins Carley McPharlin, Sprinkles & Thomas, LLP Meyers, Nave, Riback, Silver & Wilson Nossaman, LLP Wendel, Rosen, Black & Dean, LLP</p>
<p><u>Eminent Domain:</u></p> <p>Berliner Cohen Erickson, Beasley, Hewitt, LLP Hanson Bridgett, LLP Meyers, Nave, Riback, Silver & Wilson Wendel Rosen Black and Dean</p>	<p><u>Pension and Benefits Law:</u></p> <p>Burke, Williams & Sorensen, LLP Hanson Bridgett, LLP Jones Day</p>
<p><u>Construction Law:</u></p> <p>Bell, Rosenberg & Hughes, LLP Berliner Cohen Burke, Williams & Sorensen, LLP Hanson Bridgett, LLP Nossaman, LLP Stringfellow & Associates</p>	<p><u>Railroad & Rail Transit Regulation Law:</u></p> <p>Ballard, Spahr, Andrews & Ingersoll, LLP Hanson Bridgett, LLP K&L Gates, LLP Kaplan, Kirsch & Rockwell, LLP Nossaman, LLP</p>
<p><u>Environmental Law:</u></p> <p>Barg, Coffin, Lewis & Trapp, LLP Bingham, McCutchen, LLP Hanson Bridgett, LLP Jones Day Kaplan, Kirsch & Rockwell, LLP Nossaman, LLP</p>	<p><u>Municipal Finance:</u></p> <p>Fulbright & Jaworski, LLP Nossaman, LLP Orrick, Herrington & Sutcliffe, LLP Squire, Sanders & Dempsey, LLP</p>
<p><u>Employment Law/Civil Rights Law:</u></p> <p>Berliner Cohen Futterman & Dupree, LLP Hanson Bridgett, LLP Hopkins & Carley, a Law Corporation</p>	<p><u>Commercial Transactions/Intellectual Property:</u></p> <p>Bell, Rosenberg & Hughes, LLP Hanson Bridgett, LLP Hopkins & Carley, a Law Corporation Wendel, Rosen, Black & Dean, LLP</p>

ATTACHMENT B

ATTORNEY FIRM INFORMATION
(RFP #08-06)

No.	Firm Name	Role (s)	Name	Location
1	Ballard, Spahr, Andrews & Ingersoll, LLP	Partner	Kathryn Pett	Salt Lake City, UT
2	Barg, Coffin, Lewis & Trapp, LLP	Partner	Marc Zeppetello	San Francisco, CA
3	Bell, Rosenberg & Hughes, LLP	Partner	Roger M. Hughes	Oakland, CA
4	Berliner Cohen	Partners	Andrew L. Faber Robert L. Chortek Roberta Hayashi	San Jose, CA
5	Bingham, McCutchen, LLP	Partners	Edward S. Merrill Stephen L. Kostka	Walnut Creek, CA
6	Burke, Williams & Sorensen, LLP	Partner	M. Carol Stevens	Menlo Park, CA
7	Erickson, Beasley & Hewitt, LLP	Partners	John Erickson Alice Beasley Brenda Aguilar-Guerrero	Oakland, CA
8	Fulbright & Jaworski, LLP	Partner	Victor Hsu	Los Angeles, CA
9	Futterman & Dupree, LLP	Partner	Michael A. Futterman	San Francisco, CA
10	Hanson Bridgett, LLP	Partners	David J. Miller Michael N. Conneran Howard Ashcraft Madeline Chun	San Francisco, CA
11	Hopkins & Carley, a Law Corporation	Shareholders	Richard M. Noack Ross G. Adler Gail M. Hashimoto	San Jose, CA
12	Jones Day	Partner	John A. Vogt	Irvine, CA
13	K&L Gates, LLP	Partners	Jon Michaelson Kevin Sheys	Palo Alto, CA
14	Kaplan, Kirsch & Rockwell, LLP	Partners	Charles A. Spitulnik Lori Potter	Washington, DC
15	McPharlin, Sprinkles & Thomas, LLP	Partners	Jane P. Relyea Katharine Hardt-Mason	San Jose, CA

No.	Firm Name	Role (s)	Name	Location
16	Meyers, Nave, Riback, Silver & Wilson	Partners	Steven R. Meyers David W. Skinner	Oakland, CA
17	Nossaman, LLP	Partner	Stanley S. Taylor	San Francisco, CA
18	Orrick, Herrington & Sutcliffe, LLP	Of Counsel	Kathleen A. Leak	San Francisco, CA
19	Squire, Sanders & Dempsey, LLP	Partner	Robert H. Olson	Palo Alto, CA
20	Stringfellow & Associates	President	Walter A. Stringfellow	Los Angeles, CA
21	Wendel, Rosen, Black & Dean, LLP	Partners	Les A. Hausrath Daniel B. Myers Steven J. Cramer	Oakland, CA



Date: October 10, 2008
Current Meeting: October 16, 2008
Board Meeting: November 6, 2008

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Administration & Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Acting Chief Engineering & Construction Officer, Mark S. Robinson

SUBJECT: VTA Permit Policy and Permit Fee Schedule Revisions

Policy-Related Action: Yes

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Revise the VTA Permit Policy to include the Background Security Check Program and adopt a resolution amending the Permit Fee Schedule, increasing the fees to be collected for Restricted Access Permits and Construction Access Permits, adding fees relating to modified Light Rail and Bus services, and adding a fee relating to the Background Security Check Program.

BACKGROUND:

Third-party companies and others from time to time desire to undertake construction or other activities on or near VTA property and facilities. Similar to local municipalities, VTA requires that access permits be obtained so that it can control and monitor the activities and make sure that the work is done safely. Construction Access Permits are required for construction activities. When construction, events or other activities take place on or near light rail lines, Restricted Access Permits are also required.

Government Code Section 66014 provides that if fees are charged by a local agency in connection with permit issuance the fees may not exceed the estimated reasonable cost of providing the service for which the fee is charged. The Board of Directors adopted the current VTA Permit Policy on October 7, 2004, which includes fee schedules used by VTA for issuance of Construction Access Permits and Restricted Access Permits. The fee schedules were amended by the Board on October 5, 2006.

The purpose of the VTA Permit Policy is to protect VTA property, facilities and service by establishing conditions for construction and other activities in proximity to VTA facilities and for VTA to recover the associated costs. In addition to labor costs, cost recovery items may

include bus bridges, rail power downs and power ups, and roadway worker protection training.

DISCUSSION:

The VTA Permit Policy and Permit Fee Schedule includes the following proposed changes:

- Addition of the Background Security Check Program for permit applicants (Section 4.4)
- Addition of VTA Background Security Check Standards
- Update of VTA Permit Fee Schedule, increasing fees and adding fees for service impacts and Background Security Checks

The proposed Background Security Check Program for permit applicants allows VTA to require a background security check of permit applicants in accordance with the proposed VTA Background Security Check Standards (attached). This program complies with the recommended practice by the Transportation Security Administration and is consistent with the standard being considered by the APTA Security Risk Management Work Group.

VTA is committed to providing a safe and secure workplace for all employees and permit contractors. This commitment is extended to all permit contractors that may or may not work under our direct supervision. In an effort to ensure that all permit contractors working at or near VTA properties or facilities are in compliance with permit requirements, VTA is implementing a Background Security Check Program that will perform a comprehensive identity and criminal background screening, and require that authorized access credentials (photo identification and access badge) be displayed on the work site.

The proposed Permit Fee Schedule (attached) is based upon the fully allocated costs for issuing permits, performing inspection services and other permit related services. Costs to be charged for various labor services will be calculated on a fully allocated cost basis. Non-labor costs will be directly charged as appropriate. VTA staff has determined the minimum cost of reviewing, processing and monitoring permits. The minimum application and inspection fees for access permits have been increased as a result of increases in labor rates and refined estimates of the minimum work required to issue Restricted Access Permits and Construction Access Permits. The appropriate fee to be collected will be determined when the permit is issued based on the type, anticipated scope and duration of activities.

The Permit Fee minimums are proposed to be increased as follows:

	Current Minimum Fee	Proposed Minimum Fee
Construction Access Permit Application	\$ 695	\$ 920
Inspection Fee for Underground Utility Light Rail Crossing	\$1580	\$2130
Inspection Fee for Transit Facility Restorations	\$1410	\$1930
Restricted Access Permit Application	\$ 775	\$ 955
Roadway Worker Protection Training	\$ 65	\$ 70
Light Rail Power Down/Power Up	\$1000	\$1010
Bus Bridge (per hour/bus)	\$ 160	\$ 162.33

Modified Light Rail Service (new)		
One-car Train	NA	\$ 256.56
Two-car Train	NA	\$ 384.84
Background Security Checks (new)	NA	\$ 50

ALTERNATIVES:

The Board could adopt a different fee structure or choose not to recover fees, but VTA cannot charge more than the estimated reasonable cost of the services provided. The Board could also choose not to implement the recommended Background Security Check Program.

FISCAL IMPACT:

Revenue received from the fees will be used to recoup the fully allocated costs incurred by VTA in support of the permit process, which include labor and non-labor costs that would otherwise be paid for from general revenues.

Attachments: VTA Permit Policy

VTA Background Security Check Standards

VTA Permit Fee Schedule

Prepared by: Mark Robinson

VTA PERMIT POLICY	POLICY	
	Document Number:	CO-PL-0001
	Version Number:	02

1.0 Purpose:

To safeguard and protect VTA property, services and assets by establishing conditions for construction and/or activities that might or will affect VTA property, services and/or assets, and for VTA to recover the associated costs.

2.0 Scope:

To review proposed work by individuals and other non-VTA entities in and around VTA properties and enforce rules and regulations that will safeguard VTA assets from potential damages as well as provide safety training for persons working in and around VTA properties.

3.0 Responsibilities:

- 3.1 The General Manager or his designee shall enforce this policy.
- 3.2 Permit holders shall comply with the special and general conditions of their permits.
- 3.3 VTA Inspectors shall monitor permit activities by inspecting the work site, as appropriate, to ensure permit compliance and that all activities are performed safely and in accordance with all applicable standards and procedures.

4.0 Policy:

CONSTRUCTION ACCESS PERMIT: No person other than VTA or its contractors shall undertake construction on VTA property, facilities or improvements, or that has the potential of affecting VTA property, services or assets without first obtaining a **Construction Access Permit** from VTA.

RESTRICTED ACCESS PERMIT: No person shall undertake any work or activities within 10 feet of the Light Rail Tracks or System, over or under any light rail catenary system, or any activity that has the potential of affecting the Light Rail Tracks or System, without first obtaining a **Restricted Access Permit** from VTA.

4.1 Permit Conditions

4.1.1 Permit Contents

Each permit shall describe the work proposed, the location of the work, the schedule or duration of the proposed work and the persons undertaking the work.

4.1.2 Fees

The permit applicant, other than a VTA contractor, shall agree to reimburse VTA for all costs incurred by VTA in connection with permit application review, processing and monitoring as well as any costs incurred by VTA to accommodate the work undertaken by the permit holder.

Original Date:	Revision Date:	Page 1 of 3
10/07/2004		

VTA PERMIT POLICY	POLICY	
	Document Number:	CO-PL-0001
	Version Number:	02

VTA has determined the minimum cost of reviewing and processing Construction Access Permit and Restricted Access Permit applications and monitoring permit activities. VTA shall determine and collect the appropriate fee at the time of permit issuance based on the type, anticipated scope, and duration of the activities. If VTA incurs costs beyond those collected at the time of permit issuance it shall bill the permit holder and the costs shall be paid promptly as a condition for permit activities to continue or for any installations or improvements to remain. The permit holder shall bear the cost of any required removal. Fees are established and shall be collected as set forth on the most recent version of VTA Permit Fee Schedules.

4.1.2.1 Reciprocity Agreements

The General Manager may enter into agreements with other public entities for a mutual waiver of like-kind permit fees when the General Manager determines that such a waiver is in the best interests of VTA.

4.1.2.2 Cooperative Agreements

The fees hereunder shall not apply to any work or project accomplished pursuant to a VTA cooperative or other agreement in which consideration for permit fees is provided.

4.1.3 Insurance

VTA shall determine the type and amount of insurance necessary to protect VTA, and permit holders shall maintain such insurance. VTA shall be named as an additional insured and proof of insurance shall be obtained prior to issuance of the permit.

4.1.4 Indemnification

The permit shall contain an indemnification provision whereby the permit holder agrees to indemnify, defend and hold VTA harmless in connection with permit activities.

4.1.5 Roadway Worker Protection Training (Restricted Access Permits Only)

No person shall work in or near a restricted access area without first attending VTA Roadway Worker Protection Training. Workers in restricted access areas shall wear VTA issued badges certifying training completion.

4.1.6 Track Allocation Meetings (Restricted Access Permits Only)

Permit holders working in a Restricted Access Area shall attend weekly track allocation meetings. The purpose of the meetings shall be to coordinate all planned traction power, train movement, construction and other activities.

4.2 Enforcement and Penalties

The General Manager shall implement procedures to enforce permit requirements and conditions and adopt penalties for failure to comply.

Original Date:	Revision Date:	Page 2 of 3
10/07/2004		

VTA PERMIT POLICY	POLICY	
	Document Number:	CO-PL-0001
	Version Number:	02

4.3 Copies of Procedures
Permit applicants shall be provided copies of all applicable rules and procedures.

4.4 Background Security Checks
The permit applicant will be required to have their employees undergo a background security check through a process determined by VTA at the permittee's cost. VTA reserves the right to decide all aspects of the background security check process, including, but not limited to all costs.

5.0 Definitions

Person: An individual, group of individuals, firm or firms, corporation or corporations, association or associations, the United States Government or any department or agency thereof, the state of California or any department or agency thereof, any city, county, town or any of their departments or agencies, a school district, any other governmental or public district or entity, or any other legal district, entity or entities, or any combination of the foregoing. "Person" shall not include the Santa Clara Valley Transportation Authority.

6. Summary of Changes:

- § Reformat policy in response to adopted Policies and Procedures – Development, Approval and Distribution of Process.
- § Section 1.0 revised including addition of "VTA property, services and assets".
- § Section 2.0 revised including addition of "and enforce rules and regulations that will".
- § Section 4.1.2 change duration of "project" to duration of "activities".
- § Add Section 4.4 Background Security Check.

7. Approval Information

<i>Prepared by:</i>	<i>Reviewed by:</i>	<i>Approved by:</i>
Bill Kindricks	Mark S. Robinson	

Original Date:	Revision Date:	Page 3 of 3
10/07/2004		

VTA Background Security Check Standards
(November 6, 2008)

Applicants can be denied if they have:

- A felony conviction within the last 7 years or misdemeanor conviction within 1 year.
- An active warrant.
- Any open court case, out on bail, or other court release.
- A fraud alert and/or release from incarceration within the last 5 years and/or a history of misdemeanors or other crimes of concern.
- A falsification or failure to disclose any and all related information.
- If currently on parole probation or other court required supervision. If individual has not falsified, they will permitted to reapply after their period of supervision is completed.
- If individual has a pending charge. If individual has not falsified and the charges are dropped, they will be OK to use.
- If court supervision was not completed successfully.
- Registered sex, narcotics or arson offender.

The individual may be allowed access to work at a VTA permit site or VTA property if:

- If the individual disclosed/admitted to the charge. The reviewer will look at the nature of the offense and when it was committed.
- If the Non Employee Questionnaire is completed correctly and no adverse criminal record was found.

VTA Permit Fee Schedule

Construction Access Permit Fees (Effective November 6, 2008)

	Minimum Fees
1. <u>Application Fee</u> <ul style="list-style-type: none"> • Administration, Processing and Plan Check Fee 	\$ 920
2. <u>Inspection Fee For Underground Utility Light Rail Crossing</u> <ul style="list-style-type: none"> • Directional Bore Method • Jack and Bore Method (Under 12" In Diameter) 	\$2,130
3. <u>Inspection Fee For Bus and Transit Facility Restorations</u> <ul style="list-style-type: none"> • Removing and restoring any portion of VTA Portland Cement • Concrete (P.C.C.) Bus Pad or a VTA P.C.C. Shelter Pad 	\$1,930

Restricted Access Permit Fees
(Effective: November 6, 2008)

	Minimum Fees
1. <u>Restricted Access Permit</u> <ul style="list-style-type: none"> • Application processing, administration, including weekly track allocation meetings, and inspection charges. 	\$ 955
2. <u>Roadway Worker Protection Training Fee</u> <ul style="list-style-type: none"> • Per participant based on attending a regularly scheduled class conducted at a VTA facility 	\$ 70
3. <u>Light Rail Traction Power Down and Power Up Fee</u> <ul style="list-style-type: none"> • For Traction Power Down and Power Up if permit activities require VTA to shut down light rail power. 	\$1,010
4. <u>Bus Bridge Fees</u> <ul style="list-style-type: none"> • For supplemental portal to portal bus service required because permit activities disrupt rail services. 	\$162.33 per hour/bus
5. <u>Modified Bus and/or Light Rail Services</u> <p>The following impact fees are intended to reimburse VTA for the impacts to normal VTA Bus and Rail Operations resulting from construction or other events.</p> <ul style="list-style-type: none"> • Hourly cost for each additional Bus required for service (regular or bus bridge) • Hourly cost for a one-car Train: • Hourly cost for a Train with at least 2 cars: 	 \$162.33 \$256.56 \$384.84
6. <u>Background Security Checks for VTA Permittees</u> <p>The permit applicant will be required to have their employees undergo a background security check through a process determined by VTA at the permittee's cost. VTA reserves the right to decide all aspects of the background security check process, including, but not limited to all costs. Currently the cost to permit applicant is estimated to be \$50 per person</p>	

Permit Related Rates
(November 6, 2008)

The services of VTA personnel will be charged in accordance with the following rates. If the services of others not specified herein are required those services will be billed at the existing allocated rates.

Classification/Type Service

Hourly Rate

Assistant Superintendent	\$145
Bus Stop Maintenance Worker	\$ 75
Construction Inspector	\$ 100
Permit Technician	\$ 84
Environmental H & S Supvr	\$145
Light Rail Power Supervisor	\$125
Light Rail Pass. Fac/Mtce/W-Side Supervisor	\$125
Light Rail Signal Supervisor	\$125
Light Rail Superintendent	\$167
Light Rail Track Supervisor	\$125
Maintenance Scheduler	\$ 97
Office Specialist II	\$ 77
Office Support Supervisor	\$ 93
Operations Manager	\$184
Overhead Line Worker	\$117
Principal Construction Inspector	\$139
Senior Construction Inspector	\$111
Senior Engineer	\$154
Senior Real Estate Agent	\$ 141
Sr. Environmental Planner	\$146
Senior Mechanical Engineer	\$160
Substation Maintainer	\$117
Technical Trainer	\$133
Transportation Supervisor	\$132
Way Power & Signal Superintendent	\$167
Non-Revenue Vehicle (Car or Pick Up Truck)	\$17.91

**Cost Basis for Permit Fee Schedule
(November 6, 2008)**

Construction Access Permit Fees

1. Permit Application Fee (minimum fee)

Additional fees may be assessed for applications requiring new or revised plan checks. The Application Fee includes processing and administration charges and shall be added to the appropriate Inspection Fee. The components of the inspection fee are listed in sections 2 and 3 below.

<u>Classification</u>	<u>Number Of Hours</u>		<u>Allocated Cost</u>	=	<u>Total Cost</u>
Construction Inspector	1 hr.	X	\$100	=	\$100
Sr. Engineer	1 hr	X	\$154	=	\$154
Permit Technician	3 hr	X	\$ 84	=	\$252
Environmental H & S Supvr	¼ hr.	X	\$145	=	\$ 36
Principal Construction Inspector	1 hr.	X	\$139	=	\$139
Sr. Construction Inspector	1 hr.	X	\$111	=	\$111
Sr Environmental Planner	¼ hr.	X	\$146	=	\$ 37
Sr Real Estate Agent	¼ hr.	X	\$141	=	\$ 35
Cars, Trucks ¾ Ton & Lighter	3 hr.	X	\$17.91	=	\$ 53.73

Total: \$917.73 adjusted to \$920.00

*Based on 3 Inspector Hours Above and Caltran's 2007/2008 Equipment Rental Rates

2. Inspector Fee For Underground Utility Light Rail Crossing

- Directional Bore Method
- Jack and Bore Method (Under 12" in Diameter)

<u>Classification</u>	<u>Number Of Hours</u>		<u>Allocated Cost</u>	=	<u>Total Cost</u>
Permit Technician	2 hr.	X	\$84	=	\$168
Principal Construction Inspector	1 hr.	X	\$139	=	\$139
Sr. Construction Inspector	14 hr.	X	\$111	=	\$1,554.
Cars, Trucks ¾ Ton & Lighter	15 hr.	X	\$17.91	=	\$268.65

Total: \$2,129.65 adjust to \$2,130

*Based on 15 Inspector Hours Above

3. Inspection Fees For Bus and Transit Facility Restorations

Removing and restoring any portion of a VTA Portland Cement Concrete Bus Pad or Shelter Pad. The estimated amount of inspection time is the same for a bus pad or shelter pad.

<u>Classification</u>	<u>Number Of Hours</u>		<u>Allocated Cost</u>	=	<u>Total Cost</u>
Permit Technician	2 hr.	X	\$84	=	\$168
Principal Construction Inspector	1 hr.	X	\$139	=	\$139
Sr. Construction Inspector	11 hr.	X	\$111	=	\$1221
Bus Stop Maintenance Worker	2 h4	X	\$ 75	=	\$150
Cars. Trucks ¾ Ton & Lighter*	14 hr.	X	\$17.91	=	\$250.74

Total \$1,928.74 adjust to \$1,930

*Based on 12 Inspector Hours and 2 Hours Bus Stop Maintenance Above

Restricted Access Permit Fees

1. Restricted Access Permit Fee

Includes administration, processing and inspection charges..

<u>Classification</u>	<u>Number Of Hours</u>		<u>Allocated Cost</u>	=	<u>Total Cost</u>
Assistant Superintendent	5 ¾ hr.	X	\$145	=	\$834
Permit Technician	1 hr	X	\$ 84	=	\$ 84
Cars. Trucks ¾ Ton & Lighter	2 hr.	X	\$17.91	=	\$35.82

Total \$953.82 to \$955

*Based on 2 Hours Field Review and Inspection

2. Roadway Worker Protection Training Fee*

<u>Classification</u>	<u>Number Of Hours</u>		<u>Allocated Cost</u>	=	<u>Total Cost</u>
Technical Trainer	6 hr.	X	\$133	=	\$798
Permit Technician	1 hr.	X	\$ 84	=	\$ 84
Office Support Supervisor	4.5 hr.	X	\$ 93	=	\$419
Cars, Trucks ¾ Ton & Lighter*	6 hr.	X	\$17.91	=	\$107.46

Per Training Class Total \$1408.46 adjust to \$1,410

Per Participant: \$70.00 adjust to \$ 70

*Based on a regularly scheduled class size of a twenty conducted at VTA facilities. Any special training will be charged on an actual cost basis.

3. Light Rail Traction Power Down and Power Up Fee

<u>Classification</u>	<u>Number Of Hours</u>	<u>X</u>	<u>Allocated Cost</u>	<u>=</u>	<u>Total Cost</u>
Overhead Line Worker	2 hr.	X	\$234	=	\$234
Overhead Line Worker	2 hr.	X	\$234	=	\$234
Substation Maintainer	2 hr.	X	\$234	=	\$234
Substation Maintainer	2 hr.	X	\$234	=	\$234
Cars, Trucks ¾ Ton & Lighter*	4 hr.	X	\$16.34	=	\$65.36

Per Substation Total \$1,007.64 adjust to \$1010

*Based on 2 Trucks at 2 Hour Each

4. Bus Bridging Fee

For supplemental bus service required because permit activities disrupt rail service.

Direct-Transit Operating Cost Per Hour For Bus Service \$162.33

5. Modified Bus or Light Rail Service

The following impact fees are intended to reimburse VTA for the impacts to normal VTA Bus and Rail Operation resulting from construction or other events.

- Hourly cost for each additional Bus required for service (regular or bus bridge): \$162.33
- Hourly cost for a one-car Train: \$256.56
- Hourly cost for a Train with at least 2 cars: \$384.84

6. Background Security Check

The permit applicant will be required to have their employees undergo a background security check through a process determined by VTA at the permittee’s cost. VTA reserves the right to decide all aspects of the background security check process, including, but not limited to all cots. Currently the cost to permit applicant is estimated to be \$50.00 per person.

The hourly labor rates for the various classification listed herein were rounded up to the nearest dollar and classification totals were rounded off to the nearest five-dollar increments, for ease of calculating fees.

Resolution No. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY ADOPTING AMENDED VTA PERMIT FEE SCHEDULE

WHEREAS, pursuant to Government Code Sections 66014 and 66016, which authorize a local agency to charge fees for various services, including the issuance of permits and inspections related thereto, not to exceed the estimated reasonable cost of providing the service for which the fee is charged, the Santa Clara Valley Transportation Authority (“VTA”) proposes to adopt an amended VTA Permit Fee Schedule (“Schedule”);

WHEREAS, the schedule sets forth fees for the issuance of permits by VTA to cover the costs of administration and processing, plan checking and inspection, material lab services, and other construction services, in amounts that do not exceed the estimated reasonable cost of providing such services;

WHEREAS, in accordance with Government Code Section 66016, at least 10 days prior to the regularly scheduled meeting of the Board of Directors on November 7, 2008, data, indicating the amount of cost, or estimated costs, required to provide the services for which the fees in the Schedule are to be levied and the revenue sources anticipated to provide the services, including Enterprise Fund revenues, were made available to the public;

WHEREAS, the proposed adoption of the Schedule was agendized for and considered by the Board of Directors at its regularly scheduled meeting on November 7, 2008, which meeting was an open and public meeting, at which oral or written presentations could be made concerning the Schedule; and,

WHEREAS, the Board of Directors has determined that the fees set forth in the Schedule do not exceed the estimated reasonable cost of providing the services for which such fees are to be charged, and the Schedule should be adopted to defray the costs to VTA of providing those services;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Santa Clara Valley Transportation Authority that the VTA Permit Fee Schedule attached hereto be and hereby is adopted effective November 6, 2008, and that the fees set forth therein shall be charged by VTA for those specified services provided on and after such date.

Resolution Adopting Amended VTA Permit Fee Schedule
Page 2 of 2

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley
Transportation Authority on November 6, 2008, by the following votes:

AYES:

NOES:

ABSENT:

Liz Kniss, Chairperson
Board of Directors

ATTEST:

Yolanda L. Cruz, Assistant Board Secretary

APPROVED AS TO FORM:

Kevin D. Allmand
Acting General Counsel



Date: October 7, 2008
 Current Meeting: October 16, 2008
 Board Meeting: November 6, 2008

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration and Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief CMA Officer, John Ristow

SUBJECT: Amend FY09 Budget to Include Funding for Advanced ZEB Demo Project

Policy-Related Action: No

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Amend the FY 2009 VTA Transit Enterprise Fund Capital Budget to add \$6.248 million for the Advanced Zero Emissions Bus Demonstration (ZEB Demo) project.

BACKGROUND:

The California Air Resources Board is requiring all large transit operators with exclusively diesel-powered bus fleets to participate in an Advanced Zero Emissions Bus Demonstration (ZEB Demo) project. The requirement applies to VTA, SamTrans, AC Transit and Golden Gate Transit.

At its August 7, 2008 meeting, the VTA Board adopted a strategy of partnering with the other Bay Area transit properties and designating AC Transit as the lead agency for procuring and deploying the Advanced ZEB Demo vehicles. VTA's participation will be primarily financial.

A total of twelve buses are required for the Advanced ZEB Demo program. AC Transit has ordered eight to date. AC Transit will order the final four following execution of funding agreements with VTA and Samtrans. VTA's initial payment will be due within fifteen days of the four-bus order, with the balance due upon final delivery and acceptance of the vehicles and fuel cells.

DISCUSSION:

The Metropolitan Transportation Commission has programmed \$8.9835M in grant funds to VTA for use in the Advanced ZEB Demo program. VTA will be able to draw \$6.248 million in fiscal

year 2009. The balance (\$2.7355 million) will be available in fiscal 2010.

Staff is recommending that the initial \$6.248 million be amended into the 2009 VTA Transit Enterprise Fund Capital Budget at this time in order to enable VTA to meet its financial commitments on the Advanced ZEB Demo project. The remaining grant funds and ongoing operating support requirements will be added to the project budget as part of the 2010-2011 budgets.

ALTERNATIVES:

There are no other practical alternatives in order to comply with California Air Resources Board requirements.

FISCAL IMPACT:

This action will add \$6.248 million to the 2009 Capital budget for the Advanced ZEB demonstration project. There will be no net effect on the Enterprise fund as \$6.248 million grant funds have been made available to VTA for the Advanced ZEB Demonstration project, and Measure A will provide \$500,000 to augment the existing ZEB Demonstration program.

Prepared by: Marcella Rensi



Date: October 6, 2008
 Current Meeting: October 16, 2008
 Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
 Administration and Finance Committee

THROUGH: General Manager, Michael T. Burns

FROM: Chief Financial Officer, Joseph T. Smith

SUBJECT: FY 2010 and FY 2011 Biennial Budget Assumptions

FOR INFORMATION ONLY

BACKGROUND:

In order to facilitate the preparation of the FY 2010 and FY 2011 biennial budget, several major assumptions relating to the economy, revenues, service levels, and other factors that affect costs are proposed. The biennial budget reflects the business plan of the organization and as such will be developed using a "modified zero-based" or "service-level budgeting" approach.

The FY 2010 and FY 2011 Recommended Budget will be published and distributed in April 2009 with Board of Directors' action scheduled for June 2009.

DISCUSSION:

Staff will use these budget assumptions as guidelines to develop the recommended FY 2010 and FY 2011 budgets. These assumptions also represent the financial constraints imposed on VTA's operations, and the service and expenditure levels planned for these two years.

1. Wages and Benefits:

- i All currently negotiated contracts expire before or during the next biennial budget cycle.
 - AFSCME-April 2009
 - SEIU-May 2009
 - TAEA-July 2009
 - ATU-February 2011
- i Currently negotiated contract provisions for wage increases will be reflected, including provisions for step increases for all employees in pay progression.

- i Funding of potential wage increases for represented employees upon expiration of current contracts and for merit increases for non-represented employees will be managed through vacancy savings.
- i Projected health insurance premium increase to be based on employee benefits broker's estimate.
- i All other benefits projected to increase at rate of inflation where appropriate.

2. Investment interest rate:

3.5% for FY 2010 and 4.0 % for FY 2011 (*source: Payden & Rygel fixed income money manager*)

3. Sales tax growth:

Percentage increase over FY 2009 projected Sales Tax Revenues at a rate consistent with assumptions used in the AECOM financial model.

4. Low sulfur diesel fuel price:

Diesel prices are highly unpredictable. Over the last two years, diesel prices have fluctuated wildly from a low of \$2.05 (including tax) to the recent high of \$4.54. The average price per gallon paid in FY 2008 was \$3.10, an increase of 30% over the previous year. Current year-to-date FY 2009 average through 9-22-08 is \$3.82, a 23% increase over FY 2008. Due to the volatility of the item, the price per gallon assumption for FY 2010 and FY 2011 will be determined as close to the publication of the Recommended Budget as possible.

5. Fares:

There are no plans to increase fares at this time. However there may be a potential need to revisit this area pending diesel fuel prices, state transit funding levels, and additional experience with the Community Bus Program.

6. Bus and Light Rail Ridership:

Overall, FY 2008 system ridership (bus and rail) increased by 3.9% from the previous year. Bus ridership totaled 33.1 million, a 4.6% increase; light rail ridership of 10.5 million boardings, a 1.7% increase, was the highest for light rail in VTA history.

Many factors will affect ridership levels in FY 2010 and FY 2011 including the price of gasoline and the overall state of the economy. In addition, potential service modifications resulting from the Annual Transit Service Plan, the Express Bus Study, the Light Rail Systems Analysis, and the completion of the South Line Platform Retrofit project will influence projected ridership. VTA Operations Division is currently monitoring and analyzing all of these factors and will finalize the ridership projections closer to publication of the Recommended Budget.

7. Total Miles & Hours for Bus & LR and Fleet Size:

Operations and Fiscal Resources Division staff are currently assessing VTA's resources and will determine the service level accordingly. The most likely scenario for FY 2010 and FY 2011 would be a slight increase over the current service level.

8. State Transit Assistance (STA) funding level:

State funding for transit has been redirected to other uses several times over the last few years as the State deals with declining revenues. For VTA's FY 2010 and FY 2011 recommended budget, STA will be reflected at the FY 2009 funding level.

9. Federal Operating Grants Preventative Maintenance funding level:

Although the Federal Transit Administration (FTA) Section 5307 grant program is designed primarily to fund capital acquisitions, funds can also be awarded for preventive maintenance activities. For FY 2010 and FY 2011, VTA will continue the practice of utilizing FTA 5307 funds to support preventive maintenance activities. In order to maintain VTA's capital infrastructure, balances in the Debt Reduction Fund will be used to backfill the application of FTA 5307 funds to preventive maintenance.

10. Capital Program funding level:

The FY 2010 and FY 2011 VTA Transit Capital Program will be funded based on the financially constrained Capital Improvement Program in the 2009 Short Range Transit Plan.

11. Operating Reserves funding level:

Operating Reserves will be designated at 15% of Recommended Budget expenditures. Any surplus revenues over expenses in excess of the 15% goal will be designated to the Debt Reduction Fund for funding of the local portion of future year capital expenditures.

Prepared By: Carol Lawson, Fiscal Resources Manager