

From: Crenshaw, Tracene
Sent: Monday, March 17, 2008 4:40 PM
To: Board.Secretary
Cc: Burns, Michael
Subject: VTA Ridership - February 2008

Attachments: Ridership Report for February 2008.pdf

VTA Board of Directors:

Attached is the Ridership Report for February 2008.

Tracene Y. Crenshaw
Acting Assistant Board Secretary
Office of the Board Secretary
(408) 321-5544

MEMORANDUM

Writer's Direct Telephone: (408) 321-7005

TO: VTA Board of Directors

THROUGH: Michael T. Burns
General Manager

FROM: Donald A. Smith, Jr.
Chief Operating Officer

DATE: March 13, 2008

SUBJECT: Ridership for February 2008

February 2008 total monthly system ridership for bus and light rail was 3,388,412, an increase of 9.2% over February 2007. The average weekday system ridership for February 2008 was 5.9% more than in February 2007 and the highest since February 2003. February 2008 had one more weekday compared to February 2007.

Average weekday bus ridership for February 2008 was 104,685, an increase of 5.6% compared to February 2007. February 2008 is the first full month of service of the new bus service plan. Fiscal year to date, bus ridership is up 4.6% compared to the same period last fiscal year. Average Saturday and Sunday ridership on bus decreased by 0.4% and 1.9%, respectively.

Light rail recorded an average weekday ridership of 32,155 for February 2008, an increase of 6.9% compared to February 2007. This is the highest February average weekday ridership for light rail in VTA history. Average Saturday ridership increased by 4% while average Sunday ridership decreased by 2.1%.

	February 2008	February 2007	Percent Change
SYSTEM BOARDINGS	3,388,412	3,101,989	9.2%
System Average Weekday	136,840	129,231	5.9%
System Average Saturday	72,733	72,273	0.6%
System Average Sunday / Holiday	55,960	57,073	-1.9%
BUS BOARDINGS	2,587,109	2,375,636	8.9%
Bus Average Weekday	104,685	99,143	5.6%
Bus Average Saturday	55,287	55,490	-0.4%
Bus Average Sunday / Holiday	41,894	42,704	-1.9%
LIGHT RAIL BOARDINGS	801,303	726,353	10.3%
Light Rail Average Weekday	32,155	30,088	6.9%
Light Rail Average Saturday	17,446	16,783	4.0%
Light Rail Average Sunday / Holiday	14,066	14,369	-2.1%

To: VTA Board of Directors
From: Kurt Evans, Government Affairs Manager
Date: March 18, 2008
Subject: General Information: Weekly Legislative Summaries

For your information, I am attaching the weekly legislative updates for the week of March 10, 2008.

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

FROM: Susan Lent
Akin, Gump, Strauss, Hauer & Feld

Kurt Evans, Government Affairs Manager
Santa Clara Valley Transportation Authority

DATE: March 17, 2008

SUBJECT: Weekly Federal Update: Week of March 10, 2008

TRANSPORTATION

- The safety problems at Southwest Airlines, which prompted a record fine against the carrier, are far more widespread than federal regulators have so far revealed, charged James Oberstar (D-MN), chairman of the House Transportation and Infrastructure Committee. He said Southwest was allowed by the Federal Aviation Administration (FAA) to operate 70 of its fleet of Boeing 737s without mandatory inspections of the jet rudders. These 70 jets are in addition to 46 aircraft that the FAA has acknowledged were flown in 2006 and 2007 without inspections for cracks on the fuselage. Southwest was fined \$10.2 million for those violations. Oberstar charged that an investigation by his committee had uncovered evidence that numerous FAA safety inspectors believed they could not bring enforcement cases forward because the agency had become too “cozy” with the airlines that it is supposed to oversee. “FAA needs to clean house from top to bottom,” Oberstar commented. “They need to take corrective action internally. They need to hire more inspectors. They need to install a new safety compliance attitude among their inspection workforce.” Oberstar said the problems of lax enforcement uncovered in a whistle-blower investigation were the “most serious lapse in safety” that he had seen in 23 years of experience.

- Traffic crashes cost American motorists more than \$160 billion a year, according to an AAA research report. The study, which was conducted by Maryland-based Cambridge Systematics, Inc., found that traffic crashes have a much more damaging impact on society than the bumper-to-bumper congestion that riles commuters in many metropolitan areas. The results show that crashes cost U.S. motorists \$164.2 billion a year, or about \$1,051 per person. (The figures for San Jose are \$1.125 billion a year or \$641 per person.) That is more than double the \$67.6 billion in annual costs from congestion, or about \$430 per person. To calculate the crash costs,

researchers took into account factors such as property damage, lost earnings, medical costs, emergency services, legal costs, and travel delays. To address these high costs, AAA recommends that lawmakers make safety more of a priority in their transportation planning, and pursue measures such as stiffer laws for drunken and impaired driving. The organization also recommends that all states pass primary enforcement seat belt laws, which allow law enforcement officers to stop motorists if their only offense is failing to buckle up.

ENERGY

In a speech to the Washington International Renewable Energy Conference, President Bush said the United States has to “get off oil” to reduce dependence on foreign suppliers and declared “it should be obvious” that high demand is creating painful gasoline prices. The President’s assessment, however, is at odds with that from the 13-nation Organization of Petroleum Exporting Countries (OPEC), which stated that it would not put more oil on the global market because crude supplies are plentiful.

President Bush’s speech also was aimed at touting his Administration’s efforts to increase the use of renewable energy sources. But Democrats roundly criticized the President’s record on energy policy. “The Bush/Cheney Administration has paid lip service to renewable energy and backed it up with inadequate and incremental funding support, favored old dirty and unsafe technologies, threatened vetoes of energy bills because they supported renewable energy incentives and mandates, and undermined the science of and the search for solutions to global warming,” Senate Democrats said in a written statement.

President Bush also addressed the ongoing global talks to find a new agreement to fight climate change. Many nations want firm—and big—greenhouse gas emissions reduction targets that are mandatory, but the President has opposed that. Instead, he favors voluntary targets set by each country for itself and steep reliance on energy efficient technologies to get there. The President also wants China, India and other developing countries that are growing energy guzzlers to be subject to any agreement. He repeated his calls for a clean technology fund to aid developing nations that are too poor to afford the kind of new technologies that can help them reduce emissions, and for the elimination of trade barriers on environmental technology.

BUDGET

Last year’s extended battle over spending priorities between President Bush and Democrats in Congress is about to get a sequel. Democrats in the House and Senate unveiled their proposed FY 2009 budget resolutions, and the differences with the White House are the same as last year. They want more domestic spending and fewer tax cuts. What is not the same this time is the likely outcome. President Bush was able to block most of the spending increases last year by refusing to go along. This time around, Democrats say they will wait until 2009, if necessary, for what they hope will be a Democratic presidency.

The President's proposed \$3.1 trillion budget would freeze spending in areas not related to defense and homeland security. Democrats once again are proposing somewhere in the range of \$22 billion more, including additional funds for police, veterans, homeland security, and programs that help the poor. They also want to reserve about \$35 billion for a second fiscal stimulus package that could include spending on food stamps, unemployment benefits, heating aid for low-income families, and infrastructure construction. That package, if agreed upon, would come on top of the two-year, \$168 billion package of tax rebates and business incentives signed by President Bush last month. In other areas of the budget, Democrats are:

1. Not proposing big savings in Medicare, as the President did.
2. Proposing energy tax cuts intended to reduce the nation's dependence on foreign oil, and education tax cuts intended to make college more affordable.
3. Projecting long-range surpluses large enough to pay for extending the President's tax cuts for middle-income taxpayers before they expire in 2011. Democrats also want to prevent a major increase in the estate tax.
4. Including the same \$70 billion to pay for the wars in Iraq and Afghanistan, as President Bush did. That amount is about enough to get from the start of FY 2009, which begins October 1, 2008, to the end of the President's term on January 20, 2009.

Though the congressional budget resolutions do not have the force of law, they set the parameters for the annual appropriations bills that follow. Last year, Congress and the President tangled over the domestic spending bills, ultimately approving 11 of them in one massive "omnibus" measure that was signed by the President the day after Christmas. The bill stuck to the President's overall spending limit, but Democrats shifted some funds to their priorities.

HOMELAND SECURITY

- Democrats and human rights advocates criticized President Bush's veto of a bill that would have banned the CIA from using simulated drowning and other coercive interrogation methods to gain information from suspected terrorists. The legislation would have limited the CIA to 19 interrogation techniques that are used by the military and spelled out in the Army Field Manual. President Bush said he vetoed the measure because it is important for the CIA to have a separate and classified interrogation program for suspected terrorists who possess critical information about possible plots against the United States. House Speaker Nancy Pelosi (D-CA), however, said the nation's ability to lead the world depends on its morality, not military might. "We will begin to reassert that moral authority by attempting to override the President's veto," she commented. Based on the margin of passage in each chamber, it may prove difficult for the Democratic-controlled Congress to turn

back the President's veto. It takes a two-thirds majority, and the vote was 222-199 in the House and 51-45 in the Senate.

- President Bush said the House Democrats' version of a terrorist surveillance bill, which would not give legal protection to telecommunications companies that helped the federal government eavesdrop on their customers without court permission after the 9/11 terrorist attacks, would undermine the nation's security. The President noted that if the bill reaches his desk, he would veto it. The surveillance law is intended to enhance the ability of the federal government to pursue suspected terrorists by making it easier to eavesdrop on foreign phone calls and e-mails that pass through the United States. A temporary law expired on February 16 before Congress was able to produce a replacement bill. President Bush opposed an extension of the temporary law as a tactic to pressure Congress into accepting the Senate version of the surveillance legislation, which, unlike the House bill, does provide retroactive legal immunity for telecommunications companies. President Bush said lawsuits against those companies would undermine the willingness of the private sector to cooperate with the federal government in trying to track down terrorists. He also claimed that the House bill "could reopen dangerous intelligence gaps by putting in place a cumbersome court approval process that would make it harder to collect intelligence on foreign terrorists."

PRESIDENTIAL POLITICS

New York Sen. Hillary Clinton rejuvenated her flagging Democratic presidential campaign and broke the long winning streak of her rival, Illinois Sen. Barack Obama, with victories in the Ohio and Texas primaries. The results mean that their nomination battle will continue at least to the next big primary in Pennsylvania—and perhaps longer. Meanwhile, Arizona Sen. John McCain clinched the Republican nomination with a sweep of primaries in Ohio, Texas, Rhode Island, and Vermont. Former Arkansas Gov. Mike Huckabee, calling his GOP campaign "the journey of a lifetime," dropped his challenge and pledged to work for McCain's election in the fall.

Obama had hoped that victories in Ohio and Texas might provide a knockout punch, persuading Clinton to end her campaign and clearing his path to a historical nomination at the party's August convention in Denver. However, the outcomes in Ohio and Texas signaled more weeks of campaigning until the April 22 Pennsylvania primary, the biggest delegate prize left on the horizon.

Clinton managed to curtail Obama's charge after two months of roller-coaster contests: Obama's stunning victory in Iowa, Clinton's unexpected rebound in New Hampshire, Obama's show of strength in South Carolina, the divided results in the "Super Tuesday" contests on February 5, and Obama's winning streak since then. Neither candidate is expected to end the primary season with enough pledged delegates to clinch the nomination. Therefore, the decisions of party officials known as "super delegates" may prove to be decisive.

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

FROM: Mark Watts
California Strategies and Advocacy

Kurt Evans, Government Affairs Manager
Santa Clara Valley Transportation Authority

DATE: March 17, 2008

SUBJECT: Weekly Sacramento Update: Week of March 10, 2008

STATE BUDGET

Democratic legislative leaders declared that they are prepared to delay the state budget this year if that is what it takes to get tax increases, which they called the only reasonable solution to California's multibillion-dollar shortfall. "This is going to be the fight of a lifetime," Senate President Pro Tem Don Perata (D-Oakland) declared at a news conference. He spoke on the steps of a Sacramento high school that faces layoffs and bigger classes under Gov. Arnold Schwarzenegger's plan to close the deficit with spending cuts, borrowing and deferrals. Perata said the Governor's proposal to cut school spending by 10 percent is unacceptable, and noted that Democrats will reject any budget that includes less for education next year than this year. Asked how Democrats propose to make up the difference, Perata said, "Raise taxes. That clear enough? Raise taxes."

Republicans, however, have repeatedly said they would not vote for any budget that includes new taxes. Almost every GOP lawmaker has signed a "Taxpayer Protection Pledge," vowing to "oppose and vote against any and all efforts to increase taxes." Although Republicans are the minority party in the Legislature, a state budget cannot be approved unless at least eight GOP lawmakers sign off on it. In fact, Republicans have used those votes to block past tax increase proposals. Last year, they delayed passage of a budget by 51 days until Democrats and the Governor agreed to hundreds of millions of dollars in additional program cuts.

Caught in the middle is Gov. Schwarzenegger, who is urging Democrats and Republicans to begin working toward a solution now. In January, he proposed a budget that reduces spending by 10 percent for all General Fund programs and includes no new taxes. But the Governor recently said he would support raising \$2.5 billion by closing some tax

“loopholes”—decreasing or eliminating various tax breaks available to individuals and businesses.

GOP lawmakers, however, contend that closing loopholes is essentially a tax hike. They say the only way to raise \$2.5 billion by eliminating tax breaks is to scale back credits and deductions that benefit millions of Californians, such as the mortgage interest deduction or the dependent care credit. Doing so, they argue, would have the same effect as a broad-based tax increase.

Meanwhile, Democrats say closing \$2.5 billion in tax loopholes would not go far enough. They want to raise taxes by double that amount, possibly by hiking sales taxes, tobacco taxes or taxes on the wealthy. Perata commented that Democrats will spend the next few months devising a specific plan.

Gov. Schwarzenegger warned that a late budget would have serious consequences—such as damaging the state’s credit rating, which could ultimately cost taxpayers hundreds of millions in increased borrowing costs. He noted that late budgets have other effects as well. For example, state payments to medical clinics, schools, community colleges, and others would stop; vendors would stop getting paid; and services for the poor, the elderly and the disabled would be affected, with some programs being forced to suspend operations until a state spending plan is in place.

ENERGY

With gasoline prices soaring, legislation to slap the oil industry with higher taxes died in the Assembly in the latest party-line battle over the state’s beleaguered budget. Republicans killed the two-pronged oil tax proposed by Assembly Speaker Fabian Núñez (D-Los Angeles), which they considered a threat to the state’s economy, as well as political gamesmanship meant more for public relations than problem-solving. In turn, Núñez said the GOP could not continue to push “knee-jerk, no-tax rhetoric” without coming to grips with its effect on schools and other public services. The vote came on the heels of a similar skirmish in which Republicans killed a proposal to close a sales tax loophole on the purchase of luxury boats, recreational vehicles and planes.

Núñez’s proposal, ABX3 9, would have levied a 6 percent tax on all oil produced within the state. It also would have imposed a 2 percent “windfall profits” tax on oil companies that earn more than \$10 million. It was unveiled just one day before the vote on the Assembly floor, and required a two-thirds majority for passage, meaning it needed 54 votes. It failed on a 45-30 vote, with no Republicans supporting it. The two taxes would have generated an estimated \$1.2 billion annually in an attempt to close a projected budget deficit that was recently trimmed but remains at \$8 billion. Núñez said the oil taxes would have forced an industry making enormous profits to pay its “fair share” to California. The measure would have prohibited the tax from being passed along to consumers and would have authorized the Board of Equalization to investigate price-gouging on the part of oil companies.

EDUCATION

Inevitably, every debate about California's deficit-riddled budget morphs into a fight over how much money the state should be spending on public schools and how that money should be spent. It is happening again as lawmakers wrestle with a deficit that is worse than usual and as Gov. Schwarzenegger proposes a 10 percent—or \$4.8 billion—cut in state aid to schools.

This month, as required by law, local schools are sending tentative layoff notices to thousands of teachers who would lose their jobs under the Governor's proposal. Democratic legislative leaders, however, insist that they will absolutely refuse to enact the Governor's education cuts.

Education is the budget battlefield not only because it is the state's largest single public program and consumes about 35 percent of the General Fund, but also because the state's schools are beset by low high school graduation rates and academic test scores, and California is near the bottom among states in per-pupil spending. All of these factors generate debate in academic, political and civic circles over whether schools need more money and if so, how that money should be raised and spent. Early last year, a 1,700-page series of studies overseen by Stanford University concluded that while the schools need billions of dollars, just spending more money without, as one study leader put it, "systemic and fundamental reform," would be useless. At that time, Gov. Schwarzenegger proclaimed that 2008 would be the "year of education" in which long-range policy and financial decisions would be made. However, with the deterioration of the state's fiscal situation, the battle has shifted to whether school money should be reduced to close the deficit.

GLOBAL WARMING

AB 32 (Núñez), California's landmark legislation to fight global warming, has been on the books for more than a year, but it still lacks stable, long-term funding to help meet its ambitious goal to cut greenhouse gas emissions in the state by about a third by 2020. Gov. Schwarzenegger wants to temporarily pay for AB 32 by borrowing from the state's recycling fund, which receives money from fees collected from the sale of beverage cans and bottles. The fund is supposed to be used to repay consumers who recycle those bottles and cans. The Governor wants to use \$32 million of that money to help pay for AB 32-related spending in FY 2009 and an additional \$35 million in FY 2010. The fund eventually would be repaid with interest.

However, Senate President Pro Tem Don Perata commented that Governor's plan is unacceptable. "The Administration is punting yet again on finding a reliable funding source for arguably one of the most important pieces of legislation the Governor has signed to date," he said in a written statement. "Taking money from the state's recycling fund is shortsighted, and I plan on discussing all funding options as part of the budget process."

Finding a dedicated source of money to meet the legal obligations of the global warming measure is essential, noted Assembly Budget Committee Chairman John Laird (D-Santa Cruz). “The bottom line for us is that we want to have stable funding for AB 32 and during the budget process, we’ll just look at the different alternatives on how to get there,” Laird said.

But Mary Nichols, the Governor’s appointee as chair of the California Air Resources Board (CARB), argued that it does not make sense to start looking at how to raise the money for AB 32 before having a blueprint for what programs and regulations would be needed to meet the measure’s goals. “The Air Resources Board is committed to developing a funding plan, including a fee on carbon emissions, that would cover the cost of administering the program,” she commented. “But we can’t do that in a responsible way until we develop the plan, because we need the plan to provide the technical basis for assessing the fee.”

CARB is working on an exhaustive blueprint on how to curb carbon emissions in California. A draft of the proposals, called a scoping plan, is scheduled to be released in June. CARB must complete the plan by January 2009.

To: VTA Board of Directors
From: Kurt Evans, Government Affairs Manager
Date: March 21, 2008
Subject: General Information: Federal Climate Change Legislation

For your information, I am attaching a summary of climate change legislation that currently is being considered by Congress.

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

FROM: Kurt Evans, Government Affairs Manager
Santa Clara Valley Transportation Authority

DATE: March 21, 2008

SUBJECT: Summary of Federal Climate Change Legislation

BACKGROUND

The United Nation's Intergovernmental Panel on Climate Change has found that a concerted and coordinated effort must be made to limit the effects of global warming. The United States is responsible for 22 percent of the world's total greenhouse gas emissions. The transportation sector produces approximately one-third of the greenhouse gas emissions in this country, primarily in the form of carbon dioxide (CO₂) emissions. Between 1990 and 2006, emissions in the transportation sector increased by more than 25 percent, representing almost half of the total national growth in greenhouse gas emissions during this period.

Public transit will play a key role in reducing greenhouse gas emissions from the transportation sector. Studies show that public transit cuts CO₂ emissions by 37 million metric tons annually by reducing the number of automobile trips, easing traffic congestion and supporting more efficient land-use patterns. These contributions are important because driving rates, as measured in vehicle miles traveled, are expected to double by 2030, which would negate the greenhouse gas emissions reductions resulting from recent changes in Corporate Average Fuel Economy (CAFE) standards and from new low carbon fuel requirements.

CURRENT FEDERAL CLIMATE CHANGE LEGISLATION

On December 5, 2007, the Senate Committee on Environment and Public Works approved S. 2191, the so-called America's Climate Security Act, sponsored by Sens. Joe Lieberman (I-CT) and John Warner (R-VA). The Lieberman-Warner bill utilizes a "cap-and-trade" approach to achieve greenhouse gas emissions reductions. Under the provisions of the legislation, certain large-scale emitters of greenhouse gases, such as utility companies and manufacturers, would be required to submit emissions allowances to the U.S. Environmental Protection Agency (EPA) every year. Allowances would be submitted in amounts corresponding to the level of emissions from each covered facility,

such as power plant. Under Lieberman-Warner, some allowances would be auctioned directly by the federal government, and other allowances would be distributed to recipients, such as public transit agencies, and could then be sold.

To achieve national emissions reductions goals, the total amount of emissions allowances available to emitters would decline each year under the Lieberman-Warner bill starting in 2012 and continuing through 2050. By reducing the amount of allowances available, Lieberman-Warner aims to return U.S. greenhouse gas emissions to 1990 levels by 2020, and to reduce emissions further to 65 percent below 1990 levels by 2050.

Public transit agencies would not be required to submit allowances to the EPA for emissions from their vehicles and facilities. Instead, public transit would receive emissions allowances that would then be sold to large-scale emitters who are required to submit allowances, thus generating new revenues for transit agencies. These allowances would be provided in recognition of the contributions that public transit makes toward reducing greenhouse gas emissions.

When the Senate Environment and Public Works Committee marked up the Lieberman-Warner bill, Chairperson Barbara Boxer (D-CA) added language proposed by Senator Benjamin Cardin (D-MD) that dedicates 1 percent of emissions allowances for funding public transit capacity, technology and operational improvements, thereby spurring a growth in ridership. Emissions allowance revenues for public transit in the Cardin Amendment would be distributed by the states, but this might change when the bill is considered on the Senate floor.

The value of emissions allowances, such as the 1 percent provided to public transit, would be determined by the proposed marketplace for the trading and sale of allowances that the Lieberman-Warner legislation would create. If a company like a power utility needs to procure emissions allowances, it would buy them at the marketplace. Researchers at Duke University have predicted a price of \$18 to \$23 per metric ton of CO₂ equivalent during the first 10 years of emissions reductions and trading. In that price range, the 1 percent annual emissions allowances provided to public transit agencies would be worth between \$800 million and \$1.5 billion per year.

In addition to the emissions allowances from the Cardin Amendment, public transit is one of 11 eligible uses for the 10 percent of emissions allowances provided to the states by the Lieberman-Warner bill. If this legislation is enacted, competition for state emissions allocation revenues would be intense. State allocations are one of the proposed sources of funds in Lieberman-Warner to mitigate the legislation's impact on low-income energy consumers.

The Lieberman-Warner bill could be considered on the Senate floor as early as May or June. However, consideration of the measure could be pushed later into the summer due to floor time constraints.

Meanwhile in the House, Rep. John Dingell (D-MI), chairman of the Energy and Commerce Committee is planning to release a draft climate change bill for comment in April. Dingell and Rep. Rick Boucher (D-VA), chairman of the Energy and Air Quality Subcommittee, have indicated their interest in passing climate change legislation through the House before the end of the year. The House Select Committee for Energy Independence and Global Warming, which is chaired by Rep. Ed Markey (D-MA), is also studying the issue. The select committee could issue its own policy recommendations in the coming months.