From: Board.Secretary
Sent: Tuesday, October 07, 2008 8:34 AM
To: Board.Secretary
Cc: Burns, Michael Subject: SB 28 (Simitian)

To VTA Board of Directors:

At the October 2nd Board of Directors meeting, Board Member Dominic Caserta asked about the effective date for SB 28 (Simitian): Prohibits text-messaging while driving. Attached is the response from Kurt Evans, Government Affairs Manager, to his inquiry.

Thank you.

Yolanda L. Cruz
Assistant Board Secretary
Voice: 408.321.5669 Fax: 408.955.0891

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

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

DATE: October 6, 2008

SUBJECT: SB 28 (Simitian)

During the Board of Directors' October 2 meeting, Director Dominic Caserta asked about the effective date for SB 28 (Simitian).

As background information, this legislation does the following:

- Prohibits a person from driving a motor vehicle while using an electronic wireless communications device to write, send or read a text-based communication.

- Allows a person to read, select or enter a telephone number or name in an electronic wireless communications device for the purpose of making or receiving a telephone call.

- Does not apply to an emergency services professional using an electronic wireless communications device while operating an authorized emergency vehicle in the course and scope of his or her duties.

- Imposes a base fine of $20 for the first offense and $50 for each subsequent offense, but does not result in a violation point on a person's license.

Since SB 28 was not an urgency bill and it does not specify an effective date, its provisions will take effect on January 1, 2009.

From: Board.Secretary
Sent: Tuesday, October 07, 2008 5:09 PM
To: Board.Secretary
Cc: Burns, Michael
Subject: Weekly Legislative Report

To VTA Board of Directors:

Attached is the weekly legislative update for the week of September 29, 2008.

Thank you.

Yolanda L. Cruz
Assistant Board Secretary
Voice: 408.321.5669   Fax: 408.955.0891

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

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

DATE: October 6, 2008

SUBJECT: Weekly Legislative Update: Week of September 29, 2008

FEDERAL

Economic Stimulus Bill: By a vote of 264-148, the House passed a $60.7 billion economic stimulus package that includes funding for "ready to go" infrastructure projects. Under the legislation, public transit agencies would receive $3.6 billion to purchase vehicles and improve facilities, as well as $1 billion in operating funds in order to meet the growing demand for service because of higher gas prices. The measure also sets aside $12.8 billion for improvements to highways and bridges. In addition, the bill provides funding for nutritional assistance, school facilities, water infrastructure, airports, and job training programs. Finally, it would extend unemployment benefits and increase funding for state Medicaid plans. The Senate, however, failed to take action on a comparable measure before adjourning for the November election.

Continuing Resolution: President George W. Bush signed into law a $634 billion spending bill that consists of the following key elements: (a) the FY 2009 defense, military construction, and homeland security appropriations bills; (b) a continuing resolution to fund the U.S. Department of Transportation and all other federal agencies and programs at their FY 2008 levels until March 6, 2009; (c) $22.9 billion in disaster relief funding for areas damaged by recent hurricanes and flooding; and (d) $25 billion in below-market loans for U.S. automakers to help them retool their plants to build cleaner, more fuel-efficient vehicles.

Highlights of the bill include the following:

- Appropriates $488 billion for the Pentagon in addition to the $70 billion that was provided this summer for operations in Iraq and Afghanistan.

- Provides $40 billion for the U.S. Department of Homeland Security. This amount includes $400 million for public transit security grants. In addition, there is a provision prohibiting the Homeland Security Department from imposing a local match requirement for public transit security grants for FY 2008 and FY 2009, as well as language directing the department to provide the grant funds directly to transit operators, rather than funneling the money through state administering agencies.

- Appropriates $73 billion for veterans' programs and military base construction projects.

- Eliminates the long-standing ban on oil and natural gas drilling off the Atlantic and Pacific coasts. However, this action does not mean that drilling is imminent. In fact, Democratic congressional leaders are likely to push to impose some limits next year, especially if the new occupant of the White House is Sen. Barack Obama (D-IL).

Rail Safety: On October 1, the Senate passed H.R. 2095, the Rail Safety Improvement Act of 2008, by a vote of 74-24, clearing the bill for the President's consideration. The House approved the legislation by a voice vote on September 24. The President has not yet indicated whether he will sign the bill into law.

The legislation follows the head-on collision between a Metrolink commuter train and a freight train that killed 25 people in Chatsworth on September 12. Those fatalities—the nation's worst toll in a train crash since 1993—spurred lawmakers to reach a consensus. The bill enacts the first major updates to rail safety rules since the passage of the Federal Railroad Safety Authorization Act of 1994. It also wraps in Amtrak, which has been operating without an authorization bill since 2002.

The rail safety portion of H.R. 2095 mandates the implementation of positive train control (PTC) technology on passenger and commuter rail lines by the end of 2015, authorizes $250 million in federal grants for PTC installation, and expands the federal loan guarantee program for PTC and other rail infrastructure. The legislation also changes the hours of service regulations for freight and intercity rail, but allows for separate considerations for commuter train crews. A federal study on the use of cell phones in locomotive cabs was authorized, and risk-based safety programs were mandated for all major railroads to prevent accidents.

The legislation also authorizes $12.9 billion in federal grants for Amtrak and passenger rail over the next five years for capital improvements, operating expenses and debt service. This funding includes $1.9 billion for a state grant program for intercity rail projects and $1.5 billion for the development of high-speed rail corridors. The bill requires a number of reforms at Amtrak, including a new board of directors and improved on-time performance, and outlines fines for freight railroads when their trains delay Amtrak service.

Financial Markets: After two weeks of anguishing debate, Congress passed and President Bush signed into law a massive plan that is intended to save the nation's financial industry and economy. Now the world holds its breath to see if it will work.

Enactment of the $700 billion financial rescue package came after Treasury Secretary Henry Paulson at a meeting last month shocked House and Senate leaders into action by warning of pending economic collapse without immediate congressional intervention. Paulson said after the climactic House vote last Friday that he already had staff working out the details and was lining up advisers from outside the federal government to get the money flowing.

President Bush was buoyed by the outcome, but nevertheless spoke cautiously about the economy's future. "While these efforts will be effective, they will also take time to implement," he said in his weekly radio address. "My administration will move as quickly as possible, but the benefits of this package will not all be felt immediately. The federal government will undertake this rescue plan at a careful and deliberate pace to ensure that your tax dollars are spent wisely."

The legislation gives the federal government broad authority to buy up mortgage-related investments and other distressed assets from shaky financial institutions. The hope is that it will restore confidence in the markets and thaw a near-freeze in credit availability that has begun to affect the ability of community banks to loan, businesses to obtain money for payrolls and investments, and individuals from getting credit to buy a home or a car. In an effort to help smaller banks with serious liquidity problems, the measure raises the ceiling on federally insured deposits from $100,000 to $250,000. It increases federal oversight over Wall Street transactions and assures that CEOs whose companies benefit from the bailout do not leave with huge golden parachute payoffs.

The political story preceding the House vote last Friday was nearly as dramatic as the financial and economic upheavals going on outside of Washington, D.C. On Monday, September 29, despite urgent pleas from President Bush and his senior financial advisers, and the support of congressional leaders, the House voted 228-205 to reject the rescue plan. Stock markets around the world plunged, and then recovered to some extent, as economists warned that not since the Great Depression had the United States faced such a crisis. But the 95 Democrats and 133 Republicans who voted against the bill were responding to a deluge of calls and messages from their constituents demanding that they defeat what many saw as a $700 billion giveaway to Wall Street when average Americans were getting no help.

On Wednesday, October 1, the Senate stepped in, voting 74-25 for a package that linked the rescue plan to a giant tax bill extending the research-and-development tax credit and other popular tax breaks, providing incentives for renewable energy resources, and giving tax relief to disaster victims. Those additions were enough to sway some House members who voted "no" the first time around to change their minds.

The two presidential candidates also weighed in. Obama spoke to many House members in the Congressional Black Caucus and helped persuade 13 to switch their votes. Nine freshmen Democrats also switch to "yes" votes after a conference call with Obama in which he promised that an economic stimulus bill would be a top priority if he is elected. Republican presidential contender John McCain (R-AZ) also lobbied for the measure, according to his campaign staff.

The enactment of the rescue plan is just the beginning of heightened congressional action. House committees have already scheduled hearings to examine the causes of the historical turmoil in the credit markets, to investigate whether oversight of sophisticated credit products is sufficient, and to start work on a plan to revamp the nation's financial regulatory system.

STATE

State Budget: Even as Gov. Arnold Schwarzenegger was signing a spending bill to end the state's record-long budget impasse, officials were saying a crisis of equal magnitude looms next year because of the weakened economy, uncertainties about the use of future lottery revenues and political gridlock in the Legislature. California lawmakers and their budget advisers estimate that the state will be looking at a deficit of at least $1.6 billion nine months from now. But that number could easily grow to $7 billion or more, particularly given the uncertainty over whether California voters will approve the Governor's plan to borrow against future lottery sales to generate $5 billion next year and the same amount the year after that. The issue will probably go to the voters in a special election next year.

Another big question is the state of the economy. The meltdown on Wall Street caught the attention of budget advisers and lawmakers who say the slowing economy, which already has taken a toll on the state's coffers, may create more havoc before revenues begin to turn around.

And like this year, finding a compromise in Sacramento will not be easy under the state constitutional requirement that two-thirds of the Assembly and Senate pass the budget. That means Democrats, who hold the majority in both houses but not the supermajority needed to approve a spending plan, will once again need to recruit some Republican support. This year, Republicans succeeded in holding the line on no new taxes, Democrats were able to rebuff GOP lawmakers' demands for a spending cap, and Gov. Schwarzenegger was criticized for losing his political influence over legislators in both parties.

For several years, such differences have scuttled long-term structural changes in the budget, resulting in lawmakers and the Governor having to resort to borrowing, accounting gimmicks and fiscal maneuvering to make one-time fixes to budget deficits. This year was no exception. The compromise budget includes an estimated $6 billion worth of new revenues by collecting some taxes earlier, removing some tax deductions for corporations, and increasing penalties on companies that underpay taxes. Next year, those sources are expected to bring in just $1.5 billion because much of the additional revenues this year come from one-time sources. Early collection of some taxes this year, for example, means less of those taxes to be collected next fiscal year.

Gov. Schwarzenegger told reporters last week that the system needs a fix. "We know that the system itself is not working, that it's flawed and, therefore, we should revisit it and come up with ways so that we can speed up this budgeting process and that when we say that there should be a budget, there is one," he commented. Some lawmakers agree that budget reforms are needed, but there is no consensus on specific changes. Assembly Republican Leader Mike Villines (R-Clovis) says a spending cap based on inflation and population growth is the fix. But Assembly Speaker Karen Bass (D-Los Angeles) has commented repeatedly that it is time to get rid of the two-thirds vote on the budget. California, Rhode Island and Arkansas are the only states with such a supermajority requirement.

In other budget-related news:

RANS: California must borrow as much as $10 billion this month to finance the budget that state lawmakers and Gov. Schwarzenegger finally enacted. However, because of the months-long delay and the financial industry crisis, that money could be difficult to obtain. Had the budget passed even a week or two earlier, state officials would have had little difficulty finding buyers of so-called "revenue anticipation notes," which the state uses almost every year to provide liquidity while awaiting the big surges of income, sales and corporate taxes later in the fiscal year. But now that there is a budget, the major Wall Street banking houses that would ordinarily snap up California paper are in turmoil, and state officials worry that they would not make loans of the size the state needs until the situation stabilizes.

Time is the state's financial enemy. With a budget in place, the state is cranking up check-writing machines to catch up on payments to local governments, schools, health care providers, and others. As a result, its cash reserves are melting away quickly. It is expected that the treasury will be depleted sometime around the end of October, meaning California's three financial authorities—the Department of Finance, state Treasurer Bill Lockyer and Controller John Chiang—must decide very soon how much to seek and solicit proposals from lenders. Even if the financial markets stabilize somewhat, it is evident that lenders will impose much tougher standards and conditions than they have in the past. The state's credit rating, which is already very low, then becomes an issue.

The RANs would have to be repaid by June 30, 2009. However, the new state budget is precariously balanced; it could fall apart if, for instance, the economy continues to deteriorate, and revenues dip significantly below expectations. This is not a theoretical problem. In 2004, the state had outstanding RANs that it could not repay, forcing Gov. Schwarzenegger to ask the voters for an emergency $15 billion bond to retire the RANs and stretch out repayment.

Voting Requirement: Democratic leaders are planning a ballot measure to end the two-thirds voting requirement for the Legislature to pass a budget. California voters, by a 2-to-1 margin, defeated a similar effort in 2004 that would have also lowered the voting threshold to raise taxes from two-thirds to 55 percent. Incoming Senate President Pro Tem Darrell Steinberg (D-Sacramento) and Assembly Speaker Bass commented that this year's budget, which was 85 days late, underscores the need to revisit the issue in 2010, or next year if there is a special election. But Assembly Minority Leader Villines opposes changing the two-thirds threshold because "it offers protection to taxpayers." He said, "It's too critical, especially when we have rampant overspending and they're trying to raise taxes."

How to make a ballot measure more palatable to tax-averse voters remains an obstacle that Democratic leaders hope to overcome in the coming months. Bass noted that one possibility would be to return to the threshold that was approved by the voters in 1933, which required a two-thirds vote of the Legislature only in years when spending was 5 percent higher than the previous year. Designed to hold down state spending during the Great Depression, the law was amended in 1962 when the voters removed the 5 percent formula and instituted a two-thirds majority every year. However, in recent years, the threshold has been more successful at holding up the budget than tamping down state spending, which has increased by 40 percent in the past four years as the deficit has crept to $15.2 billion.

Steinberg envisions "parallel tracks" in which possible ballot measures are debated in the Legislature at the same time signatures are gathered for a possible initiative. "I want to work with my colleagues in the Democratic caucus and on the other side of the aisle," he commented. "But I have no illusions about achieving a two-thirds supermajority to put something on the ballot, so we need an outside strategy as well."

State Employees: Although the budget is now done, state workers who lost their jobs during the stalemate probably will not be rehired any time soon. Finance Director Mike Genest said Gov. Schwarzenegger's July 31 executive order that cut thousands of part-time and temporary positions, curbed overtime, and suspended some outside service contracts will remain in effect through June 2009, thereby saving the state about $340 million.

Proposition 11: Gov. Schwarzenegger and other backers of an initiative to strip lawmakers of their authority to draw political districts are seizing ammunition from the record 85-day delay in passing a budget. Proposition 11 proposes a 14-member independent commission to draw political boundaries for the Legislature and Board of Equalization, but not for Congress, whose districts would continue to be drawn by legislators.

For the backers of Proposition 11, the challenge is to persuade voters that a map drawn many years ago affects legislative performance now. The last time legislative districts were drawn, in 2001, Republican and Democratic legislators struck a deal to create districts that protected incumbents of both parties. Only one of 53 congressional seats—and none of 120 legislative seats—has changed party hands in the past two elections. "This is a fixed system—a system that rewards legislators for rigid partisanship," the Governor said.

REGIONAL

Peninsula Corridor Joint Powers Board (JPB): In response to rising fuel prices, the JPB approved a series of changes to its fare structure at its October 2 meeting. The changes include an increase of 25 cents to the base fare, effective January 1, 2009, and a new eight-ride ticket at a discount rate of approximately 15 percent. It is anticipated that the increase to the base fare will generate an additional $943,500 in farebox revenues for FY 2009. The JPB also adopted the Caltrain Bicycle Access and Parking Plan. The key elements of this plan are more bike lockers at stations and a bike sharing program. In addition, Caltrain staff was directed to immediately begin studying ways to increase bicycle capacity on the trains.

NOTE: Also contributing to this report were Susan Lent with Akin, Gump, Strauss, Hauer & Feld; Mark Watts with California Strategies; and Scott Haywood, VTA's Policy and Community Relations Manager.