

From: Board.Secretary  
Sent: Monday, October 27, 2008 5:57 PM  
To: Board.Secretary  
Cc: Burns, Michael  
Subject: Weekly Legislative Update - week of October 20, 2008

#### MEMORANDUM

TO: Santa Clara Valley Transportation Authority  
Board of Directors

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

DATE: October 27, 2008

SUBJECT: Weekly Legislative Update: Week of October 20, 2008

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#### FEDERAL

Financial Markets: The Treasury Department's extraordinary announcement that it will buy as much as \$250 billion in stock to shore up the nation's banking system is designed not to undermine free-market capitalism, but to save it. Government officials, including President George W. Bush and Treasury Secretary Henry Paulson, expressed hope that the historic move would free up bank lending, quell a spreading financial panic, and send a message to vital foreign investors that the United States remains one of the most attractive places to put their money.

While the proposal is perhaps the most aggressive federal intervention in the banking sector since the Great Depression, it stops short of outright nationalization of banks and thrift institutions. The Treasury Department will not be involved in day-to-day bank management and will not exercise stock voting rights except in special cases. Participation will be voluntary, though the nine major banks that agreed to participate did so under pressure from Paulson. Treasury is financing the program with \$250 billion from the \$700 billion financial rescue law that was enacted on October 3.

The idea of buying stock in banks has been gaining momentum since September. According to Treasury officials, buying bank stock is a faster, more certain and more transparent way to inject capital into the banking system than buying bad assets. Because there is no market for the tainted assets, they are difficult to price correctly, putting taxpayers at risk if the government pays too much and not helping banks if it pays too little.

The new bank-stock plan is one of a series of government efforts during the past year to keep the nation's economy afloat, and it backs up Federal Reserve Chairman Ben Bernanke's pledge that the government "will not stand down" until the financial markets are repaired and reformed. It follows, among other things, the brokering by the Fed of the sale of investment bank Bear Stearns last March, and the government takeovers in September of insurer American International Group and mortgage giants Freddie Mac and Fannie Mae.

In other related news:

- The Federal Deposit Insurance Corporation (FDIC) will insure 100 percent of non-interest-bearing accounts through 2009. These accounts are mainly used by small businesses to process payroll. The move is aimed at shoring up confidence in small and regional banks, which have lost business accounts to larger competitors.
- The White House announced that world leaders will meet on November 15 in Washington, D.C., to address the global financial crisis—the first in a series of summits to resolve what economists predict could be a long and deep economic downturn. The first meeting will be held to discuss the underlying causes of the financial crisis, to review progress being made to address it, and to start developing reforms to ensure that it does not happen again. It will involve leaders from countries that participate in the G-20 finance process: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States, and the European Union.
- The Federal Reserve announced that it will boost the interest rate paid to commercial banks on excess reserves. The move is intended to encourage banks to keep excess reserves at the Fed because they will be earning higher interest on that money. That will give the Fed more control over interest rates and more leverage to battle the credit crisis.
- U.S. officials said they are weighing a plan to have the government offer guarantees for troubled mortgage loans to try to induce lenders to modify terms and slow a rising tide of home foreclosures. FDIC Chairwoman Sheila Bair told the Senate Banking Committee that current voluntary programs to urge loan modifications were not working well enough and commented that talks about a guarantee program were under way with Treasury.

**Homeland Security:** The U.S. Department of Homeland Security said it will not meet a 2012 deadline set by Congress to scan the contents of every cargo container headed to American ports. Instead, it plans to gather more information about who made the goods in the containers and who packed them. Under that proposal, only a small fraction of the 11 million containers shipped to the United States each year—those from unknown companies and countries known

to harbor terrorists—would be flagged to be scanned for nuclear or radiological materials.

Homeland Security Secretary Michael Chertoff said there are countless obstacles to the 100 percent scanning mandate passed by Congress in 2006, including: (a) some countries do not want U.S. Customs officers operating scanning equipment in their ports; (b) scans could slow trade; and (c) the program would be costly. However, House Homeland Security Committee Chairman Bennie Thompson (D-MS) countered that the only way to guard against deadly weapons being shipped to the United States is to scan every container before it is loaded on a ship overseas.

War in Iraq: The Bush Administration announced that U.S. and Iraqi negotiators have agreed on a draft security pact that would govern the presence of American troops in Iraq after January, but its final approval is far from certain. The draft calls for U.S. troops to pull out of Iraqi cities by the end of June 2009 and to leave Iraq by December 31, 2011, unless the Baghdad government asks them to stay. It also includes a compromise on the biggest bone of contention: legal immunity for American forces.

The draft, reached after months of halting and often tense talks, contains elements that are expected to further aggravate an already difficult effort to get the Iraqi government and parliament on board. It also may draw objections from U.S. lawmakers, whose support is not legally required but is considered essential to the eventual success of any deal. However, the negotiating teams have decided that they cannot improve on the proposal and have sent it to higher-ups for a political decision as time runs out on both the Bush Administration and the U.N. mandate under which U.S. troops now operate. That mandate expires on December 31. Without an agreement soon, the United States and Iraq will have to begin looking more seriously at alternatives, including extending the U.N. authority.

## STATE

State Budget: Barring an economic turnaround, Gov. Arnold Schwarzenegger intends to call a special session of the Legislature before November 30 to deal with a multibillion-dollar revenue shortfall. That would require sitting lawmakers whose terms end in December to deal with the latest budget problems.

But Assembly Speaker Karen Bass (D-Los Angeles) said she believes lawmakers should not return to Sacramento until the Governor and legislative leaders work out an agreement and line up enough votes for its approval. While she noted that Gov. Schwarzenegger plans to discuss economic stimulus proposals in his next meeting with Assembly and Senate leaders, Bass commented that Democrats want new revenues, such as a temporary sales tax increase, or higher taxes on corporations or wealthy earners. Republican leaders, however, said they are even more opposed to any new tax hikes because they believe the economy would

suffer further.

The Department of Finance earlier this month issued a rough projection estimating that the state will take in \$3 billion less in revenues through June 30 than the enacted budget anticipated. But Gov. Schwarzenegger wants the department to bounce its numbers off outside economists and forecasters before calling a special legislative session.

Political Reform: Gov. Schwarzenegger called the passage of Proposition 11 “the most important thing.” But he also hinted at what good government reform he might tackle next: open primaries. Under current law, Republican voters (plus independents except in presidential races) pick the GOP nominees, while Democratic voters (plus independents) pick the Democratic nominees. That is called a closed primary. In an open primary, voters from any party can vote for any candidate, with the top two voter-getters, regardless of party, moving on to the general election. Earlier this year, the U.S. Supreme Court ruled that such a system in the state Washington was constitutional. Political scientists generally believe open primaries lead to more moderate, centrist candidates.

During an appearance in San Diego, the Governor said, “We will change the way the district lines are drawn and we will change the performance in Sacramento and will create more performance. And, of course, the next thing is open primaries. That’s how we have to walk down that road and create the real change and not stay with the status quo.”

Governor Recall Bid: A campaign to recall Gov. Schwarzenegger was abandoned by the California Correctional Peace Officers Association (CCPOA). Democrat Gray Davis is the only California governor ever to be recalled, but the threat against Gov. Schwarzenegger sparked shock waves because CCPOA is one of the state’s most powerful unions, spending \$17 million on political campaigns since 2005.

Money, timing and the state’s rocky economy were key issues in CCPOA’s decision to shelve its bid before hitting the streets to gather more than a million signatures. The union would have had to spend an estimated \$2 million-\$3 million to force a special election next year, targeting a governor who would be termed out a short time later, in January 2011.

CCPOA is locked in a lengthy labor dispute with the state, having gone more than two years without a contract. The union turned down a 15 percent, three-year pay hike proposal from the state, saying it could not live with work-rule changes, seniority deprivations and other managerial givebacks that the Schwarzenegger Administration wanted.

REGIONAL

Metropolitan Transportation Commission (MTC): At its October 22 meeting, MTC approved a series of FY 2009 funding allocations throughout the region, including those for the State Transit Assistance Program (STA). It should be noted that the funding levels for STA have shrunk as a result of the state budget that was enacted in September. The statewide funding level for the STA Program in the final budget is only \$306 million statewide, including \$215 million from Proposition 42.

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.

**From:** Board.Secretary

**Sent:** Thursday, October 30, 2008 12:57 PM

**To:** Board.Secretary

**Cc:** Burns, Michael

**Subject:** VTA to Host Public Meetings for the Valley Transportation Plan 2035

**Attachments:** VTP2035\_Public\_Mtgs\_Notice.pdf

To VTA Board of Directors and Committee members:

The Santa Clara Valley Transportation Authority (VTA) is currently in the process of updating the Valley Transportation Plan 2035 (VTP 2035). VTA periodically updates this 25 year plan in its role as the appointed Congestion Management Agency (CMA) for the county. VTA will be displaying projects submitted by local agencies, cities and the community at a series of public meetings during the week of November 3 and November 10.

Community members are invited to a series of public meetings scheduled throughout Santa Clara County to view the Draft VTP 2035 plan, program areas, specific projects, and have questions and concerns answered by staff.

**Morgan Hill**

Wednesday, November 5, 2008 6 p.m. to 8 p.m.

Morgan Hill Community Cultural Center,  
Madrone Room

17000 Monterey Road

*This location is served by VTA Bus Line 68*

**Campbell**

Thursday, November 6, 2008 6 p.m. to 8 p.m.

Campbell Community Center, E-46 Activity Room  
1 West Campbell Avenue

*This location is served by VTA Bus Lines 26 and 60*

**Mountain View**

Wednesday, November 12, 2008 6 p.m. to 8 p.m.

Mountain View City Hall, Plaza  
Conference Room, 2nd Floor

500 Castro Street

*This location is served by VTA Bus Line 22, 35, 522 – within two blocks. Light Rail and Caltrain are within four blocks of this location.*

**San Jose**

Thursday, November 13, 2008 6 p.m. to 8 p.m.

San Jose City Hall, Committee Room W-120  
200 East Santa Clara Street

*This location is served by 22, 23, 63, 64, 72, 73, Dash, 522, HWY 17 Express. Light rail and all other downtown routes within 2 blocks.*

The plan provides a planning and policy framework for developing and delivering future transportation projects. The VTP 2035 organizes potential projects into the ten program areas: Highways, Local Streets and Roads, Expressways, Transit, Transportation Systems and

Management, Bicycle Projects, Pavement Management, Livable Communities and Pedestrian Program, Sound Mitigation, and Landscape Restoration and Graffiti Removal.

Please feel free to distribute or post the attached flyer through any community email lists or community posting boards. If you have additional questions please email *community.outreach@vta.org* or by calling (408) 321-7575.

Sincerely,

*Brandi Childress*

Marketing and Public Affairs Department  
Community Outreach Supervisor  
Santa Clara Valley Transportation Authority  
(408) 952-4297

**From:** Board.Secretary  
**Sent:** Friday, October 31, 2008 4:07 PM  
**To:** Board.Secretary  
**Cc:** Burns, Michael  
**Subject:** Funding Update for October 31, 2008  
**To VTA Board Members:**

I am forwarding to you an email from Sabrina Means, CTA Legislative and Regulatory Assistant, regarding Funding Update for October 31, 2008.

Thank you.

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

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**From:** Sabrina Means [mailto: Sabrina@shawyoder.org] **On Behalf Of** CTA  
**Sent:** Friday, October 31, 2008 3:39 PM  
**Subject:** Funding Update for October 31, 2008

Please [click here](#) to view the Funding Update for October 31, 2008.



Sabrina Means  
Legislative and Regulatory Assistant  
California Transit Association  
p: 916-446-4656  
f: 916-446-4318



## Funding Update

October 31, 2008

### Governor Calls Special Session on the Budget

The Governor has called for the Legislature to convene in Special Session for November 5th in order to tackle the State's \$10 billion deficit that has matriculated since the 2008-09 State Budget was signed on September 25<sup>th</sup>, and due to the fact that California's revenues were calculated at least \$8.5 billion less than anticipated. Association staff will keep you apprised on the developments related to the Special Session.

### Potential Suspension of Proposition 42

California Transit Association staff participated in a Special Session Budget briefing late yesterday afternoon with senior members of Governor Arnold Schwarzenegger's administration. The discussion on this call reaffirmed that Proposition 42 funding (\$1.42 billion) will be vulnerable to a potential suspension. This would have a devastating impact on public transportation funding as Proposition 42 makes up nearly 70% (\$214 million out of \$306 million) of the State Transit Assistance Program funding as signed by Governor in late September. The administration stated that at this point, with the dire fiscal situation that California is in, that "everything is on the table."

### Governor Creates Bi-Partisan Commission

The Governor also signed Executive Order S-12-08 yesterday, which creates the bipartisan *Commission on the 21st Century Economy* "to re-examine and modernize California's out-of-date revenue-gathering laws that contribute to our feast-or-famine state budget cycles." The commission will have 12 members, six of which are appointed by the Governor, and three appointed by the Assembly Speaker and three appointed by the Senate Pro Tempore. Furthermore, commission members will receive no compensation, and will be responsible for determining a more reliable revenue stream that is more reflective of today's economy – to be unveiled on or before April 15, 2009. The long term goal is to help avoid extreme revenue swings which cause crippling deficits.

Please contact Legislative Advocate Gus Khouri ([Gus@CalTransit.org](mailto:Gus@CalTransit.org)) or Legislative and Regulatory Assistant Sabrina Means ([Sabrina@CalTransit.org](mailto:Sabrina@CalTransit.org)) or call 916-446-4656 if you have any questions.



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**From:** Board.Secretary  
**Sent:** Wednesday, October 29, 2008 1:18 PM  
**To:** Board.Secretary  
**Cc:** Burns, Michael  
**Subject:** Silicon Valley Bicycle Coalition

To VTA Board Members:

Below is a copy of the letter from Silicon Valley Bicycle Coalition addressed to the General Manager regarding ballot arguments opposing Measures C and D.

Thank you.

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

# Silicon Valley Bicycle Coalition



www.svbcbikes.org

SVBC is a 501(c)(3) non profit organization with the mission of promoting the bicycle for everyday

VTA  
GENERAL MANAGER

2008 OCT 28 P 4: 06

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Mr. Michael Burns  
Valley Transportation Authority  
3331 No. First St.  
San Jose, CA 95134

Oct 27, 2008

Dear Mr. Burns:

We would like you and your staff to know that use of our name in ballot arguments opposing Measures C and D were not authorized by the Silicon Valley Bicycle Coalition.

We have sent the following letter to the editors of the Mercury News, the Community Newspaper Group, the Palo Alto Times and the Los Gatos News in the hope that they will print our disclaimer:

“One of the signers of ballot arguments opposing Measures C and D in Santa Clara County is Jim Stallman, who listed himself as ‘Former President, Silicon Valley Bicycle Coalition.’ SVBC would like to inform the voting public that, while Mr. Stallman was president of SVBC from 1996 to 2004, he is not currently a member of our organization, and is not authorized to speak on our behalf. In fact, SVBC has not taken a position on these two measures.”

We value our relationship with the VTA. We had no idea our name was being used until we saw it in our voter pamphlets.

Sincerely,

Corinne Winter  
Executive Director

Cc: Chris Augenstein