

From: Board.Secretary
Sent: Monday, March 02, 2009 10:31 AM
To: Board.Secretary
Cc: Burns, Michael
Subject: Ridership Information - January 2009

To VTA Board of Directors:

Attached is a memorandum containing Ridership information for the month of January 2009 from the VTA, Inter-Agency Partners and Contracted Services.

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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: February 26, 2009

SUBJECT: VTA, Inter-agency Partners, and Contracted Services Ridership for January 2009

January 2009 total monthly system ridership for bus and light rail was 3,617,595, an increase of 7.5% over January 2008. The average weekday system ridership for January 2009 was 9.4% more than January 2008 and the highest January average weekday ridership since 2002. January 2009 had one less weekday compared to January 2008.

Bus average weekday ridership for January 2009 was 108,762, a 10.4% increase compared to January 2008. Light rail recorded an average weekday ridership of 31,368 for January 2009, an increase of 5.9% compared to January 2008, and the highest light rail January average weekday ridership in VTA history.

With the exception of the ACE Express train, which recorded an average weekday ridership decrease of 5.4%, all of VTA's inter-agency partners experienced ridership increases for the month of January 2009 when compared to January 2008.

For contracted services, Paratransit and ACE shuttles recorded increases in average weekday boardings compared to last year. The IBM/Hitachi light rail shuttle service continues to experience ridership decline as a result of service reductions implemented in January 2008.

<u>VTA Ridership</u>	January 2009	January 2008	Percent Change
VTA System Boardings	3,617,595	3,364,583	7.5%
System Average Weekday	140,130	128,097	9.4%
Bus Boardings	2,791,032	2,575,442	8.4%
Bus Average Weekday	108,762	98,478	10.4%
Light Rail Boardings	826,563	789,141	4.7%
Light Rail Average Weekday	31,368	29,619	5.9%

<u>Inter-agency Partners Ridership</u>	January 2009	January 2008	Percent Change
Dumbarton Express Boardings	19,461	15,816	23.0%
Dumbarton Average Weekday	927	719	28.9%
Highway 17 Express Boardings	24,835	19,834	25.2%
Highway 17 Average Weekday	933	751	24.2%
Monterey-San Jose Express Boardings	2,392	1,738	37.6%
Monterey-San Jose Average Weekday	79	53	49.1%
Caltrain Boardings	981,438	924,736	6.1%
Caltrain Average Weekday	37,522	34,702	8.1%
Caltrain Shuttles Boardings	72,422	59,282	22.2%
Caltrain Shuttles Average Weekday	3,449	2,695	28.0%
Altamont Commuter Express Boardings	59,454	69,138	-14.0%
ACE Average Weekday	2,973	3,143	-5.4%
Capitol Corridor Boardings	128,684	127,448	1.0%
<u>Contracted Services Ridership</u>	January 2009	January 2008	Percent Change
Paratransit Boardings	84,463	85,566	-1.3%
Paratransit Average Weekday	3,541	3,503	1.1%
ACE Shuttles Boardings	18,469	19,409	-4.8%
ACE Shuttles Average Weekday	923	882	4.7%
IBM/Hitachi Light Rail Shuttle Boardings	2,069	3,021	-31.5%
IBM/Hitachi Shuttle Average Weekday	99	137	-28.3%

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

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

DATE: March 2, 2009

SUBJECT: Weekly Legislative Update: Week of February 23, 2009

FEDERAL

President Obama's First Address to Congress: President Barack Obama proclaimed that “the day of reckoning has arrived after an era of greed and instant gratification,” and he called on Americans to “take responsibility for our future once more.” In a sobering speech to a nation shaken by economic turbulence and stark predictions of more difficult times ahead, the President also sought to spark optimism and confidence in his plan for recovery. “We will rebuild, we will recover, and the United States of America will emerge stronger than before,” he told a joint session of Congress.

President Obama said the federal government must take unprecedented steps to halt the dizzying economic downturn, steps that go beyond the \$787 billion economic stimulus package that he signed into law. “Now is the time to jump-start job creation, restart lending, and invest in areas like energy, health care and education that will grow our economy, even as we make hard choices to bring our deficit down,” he commented. The President placed blame for the crisis on “collective irresponsibility”—politicians squandering surpluses to give tax cuts for the wealthy, regulators gutting rules in the name of quick profits, and people buying homes that they could not afford at the urging of reckless bankers. He pointed out that sacrifices will have to be made all-around, but new investments are key to recovery.

President Obama’s multifaceted plan for recovery includes:

- A budget blueprint that reflects “the stark reality of what we’ve inherited—a trillion dollar deficit, a financial crisis and a costly recession.” The President commented that Democrats and Republicans will have to “sacrifice some worthy priorities” because there is no money to pay for them. “And that includes me,” he noted.
- A plan to reduce the deficit in half in four years. President Obama informed the joint session of Congress that the White House has identified programs that could be cut to gain \$2 trillion in savings over 10 years.

- New spending on energy independence, education and health care. “The only way to fully restore America’s economic strength is to make the long-term investments,” he commented.

Federal Budget: President Obama presented his first budget to Congress, which differs dramatically from those of his Republican predecessor, George W. Bush. Perhaps the most significant change is the inclusion of a \$634 billion reserve fund to jump-start an overhaul of the nation’s health care system to be financed equally by savings in Medicare and tax increases on those earning more than \$250,000 a year. Other key elements of his budget plan include:

- Supporting up to \$750 billion in additional asset purchases from banks and other financial institutions, more than doubling the current \$700 billion effort.
- Extending the “Making Work Pay” tax cut of \$400 for individuals and \$800 for families that was included in the \$787 billion economic stimulus plan for at least the next decade at a cost of nearly \$1 trillion. He proposed paying for much of this tax cut with presumed revenues generated from a “cap-and-trade” system for industrial greenhouse gas emissions.
- Achieving nearly \$1.5 trillion in savings over 10 years from winding down the war in Iraq.
- Expanding the earned income tax credit and child tax credit for low-income Americans, and automatically enrolling people in IRAs and 401(k) plans.

Deficits would remain above \$500 billion annually for the next decade under the budget proposed by President Obama, sending the federal debt to \$23 trillion by 2019. However, the President noted that he “inherited” a deficit of more than \$1 trillion from the Bush Administration and has had to spend heavily to kick-start the nation’s struggling economy. “While we must add to our deficits in the short term to provide immediate relief to families and get our economy moving, it is only by restoring fiscal discipline over the long run that we can produce sustained growth and shared prosperity,” the President commented. “And that is precisely the purpose of the budget I’m submitting to Congress.” The deficit could be reduced later on by eliminating tax breaks for the wealthy and cutting unnecessary programs that are already being targeted by his administration, he noted.

President Obama pointed out that his budget plan addresses long-term structural problems, including the rising costs of health care and the nation’s dependence on foreign oil. Moreover, he commented that improving education will help Americans compete in the global economy.

Financial Markets: The White House’s plan to rescue the nation’s financial system that was recently announced by Treasury Secretary Timothy Geithner is far bigger than anyone predicted, and envisions a far greater federal government role in the markets and banks than at any time since the 1930s. Obama Administration officials have committed to flood the financial system with as much as \$2.5 trillion—\$350 million of that coming from the rescue plan approved by Congress last year, and the rest from private investors and the Federal Reserve. The centerpiece

of the plan calls for creating one or more so-called “bad banks” that would rely on taxpayer and private money to purchase and hold banks’ bad assets.

Another part of the plan envisions stretching the last \$350 billion in bailout funds by relying on the Federal Reserve’s ability to print money. The Fed’s money would enable the government to become involved in the management of the markets and banks in ways not seen since the Great Depression. In the credit markets, for instance, the Obama Administration and the Fed are proposing to expand a lending program that would spend as much as \$1 trillion to make up for the \$1.2 trillion decline between 2006 and last year through the issuance of securities backed primarily by consumer loans.

The plan’s third major component would give banks a new helping of capital with which to lend. Banks that receive new federal government assistance would have to cut the salaries and perks of their executives, and sharply limit dividends and corporate acquisitions. They also would have to make public more information about their lending practices.

In the short term, Geithner’s challenge is to quickly instill confidence that the Obama Administration has a coherent approach to the banking crisis, and that the transparency and oversight of the new program will differ markedly from the Bush Administration’s management of the first \$350 billion that Congress authorized last year for the so-called Troubled Asset Relief Program (TARP).

Auto Industry: General Motors and Chrysler, both operating in a virtual state of bankruptcy with the federal government overseeing their restructuring, announced that they will need an additional \$21.6 billion in emergency loans—\$5 billion for Chrysler and the rest for General Motors—in order to keep them from going belly-up in the next few months. In return, they promised the government that they would cut even more jobs and eliminate even more plants to reduce their costs, while still investing to develop and market fuel-efficient vehicles in the next two years that would bring buyers back to their showrooms. That would generate the revenues they would need to repay federal government loans, according to the two automakers.

The additional loan amounts are detailed in plans that the car companies were required to file with the federal government to avoid having to immediately repay the \$17.4 billion in emergency loans that they were granted in December—\$4 billion for Chrysler and the rest for General Motors. If the Obama Administration says yes to the new requests, it would bring the total in emergency loans to \$39 billion, more than doubling the price tag for rescuing the Detroit auto industry.

Vehicle Miles Traveled: Transportation Secretary Ray LaHood said he wants to consider taxing motorists based on how many miles they drive, rather than on how much gasoline they burn, an idea that was immediately rejected by the White House.

Gasoline excise taxes for nearly half a century have paid the federal share of highway and public transit construction. However, according to LaHood, they can no longer be counted on to raise enough money to keep the nation’s transportation system moving. He noted that the gap between money raised by the gas tax, and the cost of maintaining and expanding the nation’s

transportation infrastructure will continue to widen. Among the reasons for the gap is a switch to more fuel-efficient cars and a decrease in driving that many transportation experts believe is related to the economic downturn. Furthermore, electric cars and alternative-fuel vehicles that do not use gasoline are expected to start penetrating the market in greater numbers.

“One of the things I think everyone agrees with around reauthorization of the highway bill is that the Highway Trust Fund is an antiquated system for funding our highways,” LaHood commented. “It did work to build the interstate system and it was very effective, there’s no question about that. But the big question now is: we’re into the 21st century and how are we going to take care of our infrastructure needs with a Highway Trust Fund that had to be plused up by \$8 billion by Congress last year?” LaHood said he firmly opposes raising the gas tax in the current economic climate.

A VMT system would require all cars and trucks to be equipped with global satellite positioning technology and other equipment to record: (a) how many miles a vehicle was driven; (b) whether it was driven on highways or secondary roads; and (c) whether it was driven during peak traffic periods or off-peak hours. The devices would tally the tax amount owed by motorists based on their roadway use.

STATE

Infrastructure: Gov. Arnold Schwarzenegger said U.S. politicians need to do a better job of marketing if they want to spend more on fixing the nation’s highways, bridges and public transit systems. “The word infrastructure means nothing to the majority of people of America,” he said. “We have to come up with a sexier word than infrastructure.” Taking the national stage in Washington, D.C., just a day after signing off on California’s state budget, the Governor criticized the federal government for spending too little on infrastructure projects and for not doing enough planning to see them through.

Gov. Schwarzenegger skipped the state Republican Party Convention in Sacramento, where activists criticized the new budget for its reliance on tax increases. Instead, he appeared at the winter meeting of the National Governors Association, where he indicated that the United States should follow the lead of nations such as France, Germany and Japan in developing high-speed rail systems. “I think it is important for us to recognize that our infrastructure in this country is like a developing country, rather than a developed country because we’ve fallen behind,” the Governor commented. “One thing, for instance, is the rail system. When you think about it, our trains go the same speed today as they did a hundred years ago, so where’s the progress?”

Gov. Schwarzenegger offered California’s approach as a way to build public support for infrastructure projects. His \$42 billion strategic growth plan, which was approved by the voters in 2006, included money for levees, public transit, highways, classrooms, and housing. He noted that the plan represented “a big, big step forward” for California and suggested that it could serve as a national model.

Political Reform: Gov. Schwarzenegger will leave office the same way he entered it—challenging the party establishment in a high-stakes battle, with his legacy of political reform on

the line. As part of the budget package, the state will ask voters next year to consider an open primary system for future elections. The proposed open primary would operate similar to municipal elections in which the top two primary candidates face off in a general contest. The Governor plans to lead the campaign for the measure during his last full year in office. He is sure to draw fire from both major parties, as well as from minor ones.

After several false starts on political reform, Gov. Schwarzenegger was successful in convincing the voters last year to change how California draws its political districts, taking that process out of the hands of the Legislature. He sees independent redistricting and an open primary as a one-two punch to change the state's political system. The Governor expects an independent commission to create more competitive districts around the state, rather than gerrymandering regions to establish safe seats for one party or the other. He then hopes open primaries would force candidates in each district to appeal to all voters, rather than only to those belonging to their own party. The Governor believes this would force candidates to pursue a more moderate message, rather than having only Republicans who sign anti-tax pledges or Democrats who win only because of promises to labor unions dominate the Legislature.

Moving to an open primary will not be easy. Several Democrats angrily denounced the proposal during floor debate on the state budget, even though they ultimately voted for it to preserve a fragile compromise that allowed the budget to pass. Senate President Pro Tem Darrell Steinberg (D-Sacramento), who spent a considerable amount of energy persuading his caucus to vote for the open primary, signaled afterward that he is leaning against it. And former Senate leader John Burton, who is expected to become California Democratic Party chairman this year, said he would likely mount a serious fight against the proposal.

REGIONAL

Metropolitan Transportation Commission (MTC): At its February 25th meeting, MTC approved the following allocations for the Bay Area's share of federal economic stimulus money: (a) \$270 million to public transit operators for replacement bus procurements, transit rehabilitation projects and preventive maintenance; (b) \$70 million for the Oakland Airport Connector; (c) \$118 million to cities and counties for local streets/roads rehabilitation; (d) \$10 million for safety improvements along Vasco Road in Contra Costa County; (e) \$3 million for three roadway safety projects in Napa, Solano and Sonoma Counties; and (f) \$19 million for ramp meters in Santa Clara and San Mateo Counties. In the case of the Oakland Airport Connector, BART must demonstrate that it has a full funding plan for the project by June 30, 2009. If this deadline is not met, then the \$70 million would be reallocated to Bay Area transit operators for transit rehabilitation projects.

Santa Clara County will receive the following allocations: (a) \$25.6 million for local streets/roads rehabilitation; (b) \$47.2 million to VTA for transit system preservation; and (c) \$12 million for ramp meters along I-280.

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.

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

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

DATE: March 5, 2009

SUBJECT: Weekly Legislative Update: Week of March 2, 2009

FEDERAL

Federal Budget: President Barack Obama recently released a framework for his \$3.6 trillion federal budget for FY 2010. This framework proposes an ambitious agenda to reform health care, to implement policies to increase energy efficiency and conservation, to reduce greenhouse gas emissions through a cap-and-trade program, to increase education spending, and to cut the federal deficit in half by FY 2013. The President is hoping to pay for a number of these initiatives by repealing the Bush Administration's tax cuts for wealthy Americans and for U.S. businesses. All of this and more is contained in the President's 134-page budget request for FY 2010 and beyond that is unprecedented in size, breathtaking in scope and sure to have a major impact on millions of Americans, if he can get much of it through Congress.

Like Ronald Reagan for Republicans 28 years ago, the new Democratic President is staking out his party's position on spending and taxes. Whereas Reagan sought to limit the size and scope of the federal government, President Obama wants to expand its reach. And he is determined to tackle the nation's most pressing issues, despite setbacks suffered by fellow Democrats Bill Clinton and Jimmy Carter with similar efforts.

In little more than five weeks, the new President has shown that he intends to think big and act quickly. He has already agreed to spend nearly \$800 billion over two years to try to jump-start the struggling national economy. He has not only pressed Congress for the second half of the \$700 billion in bailout money for the financial industry, but he also is reserving the option for another \$750 billion on top of that. And rather than focusing solely on the immediate economic problems, President Obama has demonstrated that he wants to work simultaneously toward long-term goals, such as overhauling the nation's health care system and achieving energy independence.

Almost since 1993, when Clinton pushed through a major deficit reduction package replete with tax increases, Washington has been avoiding any more. As a result, spending has soared past revenues, and deficits have risen. Enter President Obama, who is proposing \$1.4 trillion in tax

increases in his budget, including more than \$600 billion in energy taxes. Starting in 2011, the President's plan would raise taxes for those in the highest income levels—\$250,000 for married couples and \$200,000 for individuals—by adding 36 percent and 39.6 percent tax brackets, phasing out personal exemptions, and limiting itemized deductions. The plan also calls for raising the capital gains tax rate from 15 percent to 20 percent. These changes represent a departure from the past eight years, during which tax rates fell for all income brackets, and the difference between the lowest and the highest narrowed.

On the other hand, President Obama wants to eliminate the sunset for the “Making Work Pay” tax credit, a focus of the recently enacted economic stimulus bill, so that the credit becomes permanent. This credit is \$800 for those filing jointly and \$400 for individuals. It phases out for single taxpayers with \$75,000 of adjusted gross income, \$150,000 for joint filers. Other tax breaks in the President's budget framework include expansions of the earned income tax credit and child tax credit for low-income Americans, an expanded saver's tax credit, and a plan to automatically enroll people in IRAs and 401(k) plans.

The most dramatic initiative in President Obama's budget plan is one that has not yet been fleshed out—overhauling the nation's health care system. The last major effort in 1994 fell victim to opposition from insurers and other interest groups. The President is determined to try again by setting aside \$634 billion over 10 years to be raised from tax increases on upper-income taxpayers and reductions in payments to Medicare providers. Unlike Clinton before him, President Obama is not proposing how to spend that money. He wants to reduce the number of uninsured from 46 million and reduce premiums for others, but he has not said how to get there, leaving it up to negotiations with Congress.

President Obama has emphasized the need to address global warming, and his budget plan signals his intention to do just that. The list of revenues includes \$646 billion that would be raised over the next decade by cutting greenhouse gas emissions through a cap-and-trade system.

Money to promote cleaner forms of energy is scattered throughout the President's budget plan—from \$250 million for biofuels and wind energy to \$50 million for renewable energy projects on property managed by the U.S. Interior Department.

In the case of education, President Obama's budget plan focuses on making college more affordable. It calls for saving \$4 billion a year by ending a longstanding government-subsidized college loan program, while at the same time, beefing up a direct loan program created by Clinton in 1993. This move would make the federal government the only source of federally supported college loans. In addition, the President wants to bump up the maximum Pell grant for low-income college students to \$5,550 a year and link future grant increases to inflation, as well as make the program a mandatory element of the federal government's annual budget in order to protect it from future political and fiscal pressures.

In the case of transportation, President Obama is proposing to provide \$72.5 billion in funding for the U.S. Department of Transportation in FY 2010. While lacking details, the President's budget framework states that the administration intends to develop policies that would put the nation's transportation system “on a sustainable financing path and to make investments in a

more sustainable future, enhancing transit options and making our economy more productive and our communities more livable.” The President’s budget plan also indicates that the administration wants to emphasize the use of economic analysis and performance measurement in transportation planning to ensure that taxpayer dollars are better targeted and spent.

In addition, President Obama is proposing to create a national infrastructure bank to support the expansion of the country’s transportation network. His budget plan calls for setting aside \$5 billion in FY 2010 to fund the bank and forecasts a total federal investment of \$25.2 billion by FY 2019. Finally, the President wants to spend \$1 billion a year over the next five years for high-speed rail development to complement the \$8 billion in passenger rail funding that was provided in the economic stimulus bill.

STATE

California’s Transportation Funding Quagmire: Transportation funding in California today is, in a word, complex. It was not always so. Just over two decades ago, excise taxes on motor vehicle fuels paid for operations, maintenance, rehabilitation, and improvements related to the state highway system, while local money paid for public transit. And something called the “spillover” was on the books, but few paid much attention to it because it rarely generated any money.

All in all, state transportation funding was insulated from the ups and downs in the economy. People tended to drive about the same amount regardless of whether the economy was good or bad, and so each year there was as much money available from the excise tax as the year before. Constitutional provisions protected excise tax dollars from being used to fill budget gaps elsewhere in the General Fund. A healthy cash balance in the State Highway Account kept construction projects going, regardless of whether a state budget was signed on time or not and, as a result, budget machinations rarely impacted ongoing construction projects directly.

In reality, transportation funding in California has probably never been simple. Traditional revenue sources such as the excise tax on motor vehicle and diesel fuel, truck weigh fees, and vehicle registration fees flow through a series of subventions, formulae and subaccounts before reaching any one of a dozen or more ultimate depositories. Even in a good year, understanding the intricacies of the differing colors of transportation money requires both science and art.

And these are not good years. Today, revenues from the excise tax on fuels barely pays for highway operations and maintenance. According to Caltrans, the State Highway Operation and Protection Program (SHOPP) is under-funded by \$3 billion annually. Exacerbating this chronic problem is the fact that since the current state gas tax of 18 cents per gallon went into effect in 1994, inflation has eroded the value of the revenues by 29 percent. In addition, hybrids and alternative-fueled vehicles increasingly generate less excise tax revenues without a corresponding decrease in the use of the infrastructure. Moreover, this past summer marked the first time in history that the overall revenues from the excise tax actually declined, due to higher-than-ever gas prices resulting in fewer miles traveled. The age-old mechanism for funding transportation programs—the excise tax—has become inadequate.

New funding streams have been added to the excise tax in an effort to keep state transportation programs alive. Today, a transportation project is more likely to be funded by revenues generated through self-imposed county sales taxes, the state sales tax on gasoline or voter-approved bonds, rather than through the excise tax. Despite these additional resources, state transportation funding remains sorely lacking, yet exponentially more complicated—and more volatile. Unlike in the past, individual transportation funding streams are now vulnerable to protracted budget negotiations, diversions to the General Fund, downturns in the economy, and nervous bond markets, resulting in delays and increased costs to projects. At some point in the future, lawmakers in Sacramento will likely find themselves in the position of having to make some tough decisions about how to sort this quagmire out, and how to provide dedicated, stable and consistent funding to support California’s rapidly deteriorating transportation infrastructure.

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.