

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

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

DATE: March 23, 2009

SUBJECT: Weekly Legislative Update: Week of March 16, 2009

FEDERAL

Federal Budget: President Barack Obama pushed back against criticism that he is trying to take on too many issues at once, defending a \$3.6 trillion budget that seeks to shore up the economy while also overhauling health care, energy and education. “To kick these problems down the road for another four years or another eight years would be to continue the same irresponsibility that led us to this point,” the President said in an appearance with the chairs of the House and Senate Budget Committees. “That’s not why I ran for this office. I didn’t come here to pass on our problems to the next president or the next generation.”

In particular, President Obama responded sharply to the idea, backed by some leaders in Congress, that he should be focusing on fixing the banking crisis first. The President said his team is working aggressively to free up frozen credit and to get people working again, but he noted that real economic recovery requires many actions at once. “The American people don’t have the luxury of just focusing on Wall Street,” he commented. “They don’t have the luxury of choosing to pay their mortgage or their medical bills. They don’t get to pick between paying their kids’ college tuition or saving enough money for retirement. They have to do all these things. They have to confront all these problems. And as a consequence, so do we.”

In a passage clearly aimed at his Republican critics, President Obama challenged lawmakers who oppose his budget plan to offer constructive alternatives. The President pointed out that he welcomed ideas from both parties, but would not accept another period of political tactics. “‘Just say no’ is the right advice to give your teenagers about drugs,” he commented. “It is not an acceptable response to whatever economic policy is proposed by the other party. The American people sent us here to get things done.”

President Obama said his budget sets the framework for real economic recovery, the kind that can create “lasting wealth, not the illusion of prosperity.” He is pushing lawmakers and the country to get behind a long-range economic model that is not build on bubbles like the now collapsed housing market.

Global Warming: California's top environmental officials appeared at a U.S. Environmental Protection Agency (EPA) hearing to urge President Obama to make good on his election-year pledge to approve the state's aggressive greenhouse gas emissions rules for motor vehicles.

Former President George W. Bush's EPA chief, Stephen Johnson, rejected the state's request in 2007 for a waiver under the federal Clean Air Act that would allow California to enforce its rules. But one of President Obama's first official acts was to order a review of the decision, and state officials believe his EPA administrator, Lisa Jackson, will overturn it. The public comment period for the review is scheduled to end on April 6, and a decision from Jackson is expected to be made shortly thereafter, perhaps by June.

While President Obama is seen as likely to back California and 14 other jurisdictions that have embraced its regulations, his aides are working behind the scenes on a new approach to fuel economy standards and greenhouse gas emissions that could someday supplant California's rules. The President's climate and energy czar, Carol Browner, recently said the administration is pursuing a national policy on auto emissions that could lead to tougher fuel efficiency standards. That policy is being worked out among the EPA, the U.S. Department of Transportation and the Treasury, which is trying to keep struggling American automakers afloat.

Automakers, who are reeling from a steep drop in vehicle sales and are seeking billions in federal aid, are shifting their stance. After long opposing efforts to regulate greenhouse gases, either by California or the federal government, they are now urging President Obama to craft a national policy that would supersede state rules. Automakers are hoping for federal action for two reasons. First, they hope federal emissions limits will be weaker than California's rules, which require a 30 percent cut in emissions by 2016. Second, the federal rules are expected to follow the "attribute-based" approach that the industry lobbied for when Congress adopted fuel economy standards in 2007. Those rules, which set different standards for vehicles based on their wheelbase and track width, favor Detroit's Big Three, which sell more SUVs and trucks, over foreign competitors that sell more compact cars. California's standards, by contrast, would force automakers to reduce greenhouse gas emissions across their entire fleet of cars and light trucks, thereby favoring automakers that produce smaller vehicles.

Small Businesses: President Obama announced a broad plan that aims to boost small-business owners by giving their companies increased tax breaks, better access to loans and reduced loan fees. The President's goal is to jump-start the economy by giving small businesses the ability to expand. Over the last decade, small businesses have created about 70 percent of all new jobs in the country.

As part of the President's plan, the Treasury will buy up to \$15 billion in securities backed by Small Business Administration (SBA) loans. President Obama hopes to grow the "secondary market," where lenders sell portions of loans to others to get capital to make additional loans. Many banks have stopped or slowed lending because the secondary market has dried up, and cash for loans is not available. Other elements of the plan are:

- Increasing the government guarantee on certain SBA loans from up to 85 percent to as much as 90 percent: Under this proposal, the federal government would have a greater

financial responsibility if a company defaults, reducing the risk for lenders and giving them a direct incentive to lend to small businesses.

- Providing more tax breaks: Small businesses will be able to write off \$250,000 on new capital equipment investments, nearly doubling the previous amount.
- Require more financial oversight: The 21 largest banks getting federal government financial help would be asked to report monthly on how much money they lend to small businesses.

STATE

State Budget: \$8 Billion Deficit: The problem just doesn't seem to want to go away. Scarcely a month after Gov. Arnold Schwarzenegger and lawmakers successfully enacted an intricate package of 33 bills that sought to close the massive \$40 billion gap between state revenues and spending over the next 17 months through a complex combination of budget cuts, revenue increases and loans, the Legislature Analyst's Office declared that the fix will fall short by \$8 billion because California's economy is continuing to falter.

In a sobering report recently issued to senators and Assembly members, the Legislative Analyst's Office wrote, "Unfortunately, the state's economic and revenue outlook continues to deteriorate. Even in the few weeks since the budget was signed, there have been a series of negative developments. Our updated revenue forecast projects that revenues will fall short of the assumptions in the budget package by \$8 billion. Consequently, the Legislature and Governor will need to adopt billions of dollars in additional solutions in the coming months to bring the 2009-10 budget back into balance."

State Budget: Ballot Measures: Last month's massive budget deal was really just a framework with many moving parts, contingencies and assumptions, all of which are subject to voter endorsement, the course of the economy, and the state receiving a projected amount of federal aid through the American Recovery and Reinvestment Act. A major hurdle will be the May 19 special election on six budget-related ballot measures, and the wording of the two most important proposals could make passage difficult.

One, Proposition 1A, would create a rolling state spending limit aimed at smoothing out future revenue and spending spikes. One catch, however, is that the duration of the income, sales and other new taxes in the budget package would depend on its passage. If it wins voter approval, the taxes would remain in place for as long as four years. If it is rejected, they would expire much earlier. The measure was drafted this way in order to induce the labor unions, especially the California Teachers Association (CTA), not to oppose it. The unions despise spending limits because they mean less money for state government and public education jobs, yet the cap was essential to winning Republican support for the budget package.

Fearing that the unions could mount a successful opposition campaign against Proposition 1A, Gov. Schwarzenegger and lawmakers crafted the budget deal so that the increased taxes would stay in place longer, generating as much as \$16 billion in additional state revenues. This strategy

assumed that the extra money would provide enough of an incentive for the unions to let Proposition 1A go unchallenged. However, at the same time, it creates an opening for the anti-tax groups, such as the Howard Jarvis Taxpayers Association, to short-circuit the new taxes by defeating Proposition 1A.

Meanwhile, Proposition 1B would give schools \$9.3 billion in state aid, beginning in FY 2012, offsetting a reduction in current payments that would be semi-automatic under current constitutional law because state revenues have declined so sharply. In effect, Proposition 1B represents a quid pro quo for the CTA for implicitly accepting steep school spending cuts in FY 2009 and FY 2010. But Proposition 1B also states that the money would not be appropriated if Proposition 1A fails, another attempt to induce the CTA to lie low on the spending cap.

Three other ballot measures have direct implications for the FY 2010 budget. If they are not approved by the voters, the budget will be short by \$6 billion. The biggest of these items is Proposition 1C, which allows the state to borrow \$5 billion and repay it with future revenues from the lottery. When California voters authorized the lottery in 1984, its sole purpose was to bring in extra money for public education. Proposition 1C would allow the state to use the lottery “to provide funds for other public purposes” and to borrow against its future proceeds for General Fund obligations.

Then there is Proposition 1D, which makes revisions to 1998’s Proposition 10, a measure by movie director Rob Reiner that placed a 50-cent-a-pack tax on cigarettes to fund new childhood development programs. Proposition 1D would divert \$600 million of this money between now and June 2010 to pay for other children’s health and social services programs that are currently obligations of the General Fund.

Meanwhile, Proposition 1E would impact 2004’s Proposition 63, which taxed the richest Californians to support new mental health programs. Proposition 1E calls for redirecting \$230 million of these funds in FY 2010 and another \$234 million in FY 2011 to cover the costs of the Early Periodic Screening, Diagnosis and Treatment Program for low-income children.

The final ballot measure, Proposition 1F, was placed on the ballot in order to entice Sen. Abel Maldonado (R-Santa Maria) to provide the critical 27th vote that was needed to pass the budget package in the Senate. Proposition 1F would prohibit lawmakers and the governor from getting pay raises whenever California is experiencing a budget deficit.

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: Monday, March 23, 2009 3:48 PM
To: Board.Secretary
Cc: Burns, Michael
Subject: VTA Appointment to CEMOF Advisory Committee

To VTA Board of Directors:

Attached is a letter from Chairperson Sandoval appointing Ben Tripousis, City of San Jose Transportation Manager, to the VTA seat on the Centralized Equipment Maintenance and Operations Facility Monitoring Committee.

Deborah Harrington
Board Secretary
Santa Clara Valley Transportation Authority
408.321.5773

March 19, 2009

Ms. Martha Martinez
Board Secretary
Peninsula Corridor Joint Powers Board
1250 San Carlos Avenue
San Carlos, CA 94070

Regarding: CEMOF Advisory Committee Membership

Dear Ms. Martinez:

I hereby appoint Ben Tripousis, Transportation Manager, Department of Transportation, City of San Jose to the Santa Clara Valley Transportation Authority (VTA) seat on the Centralized Equipment Maintenance and Operations Facility (CEMOF) Monitoring Committee for the two year term ending March 30th, 2011.

Mr. Tripousis has been deeply involved with this Committee since its inception. He is familiar with the history and technical issues associated with the facility and their impact on the surrounding community. He has the unique perspective of working directly with VTA's staff and policy makers on Caltrain related issues. He also enjoys the strong support of VTA's Caltrain Board Members.

Thank you for allowing us to appoint VTA's member to this important Committee. With best wishes for the Committee's success, I remain,

Yours truly,

Dolly Sandoval
Chair
Board of Directors

cc: Board of Directors
Ben Tripousis

From: Board.Secretary
Sent: Monday, March 23, 2009 4:20 PM
To: Board.Secretary
Cc: Burns, Michael
Subject: CEMOF Monitoring Committee Quarterly Report

To VTA Board of Directors:

Attached please find the 1st Quarter Report from the Centralized Equipment Maintenance and Operations Facility (CEMOF) Monitoring Committee. At this time there are two remaining issues of concern to the community. If you have any questions, please contact Jim Lawson, Senior Policy Advisor at 321.5516.

Jim Lawson via
Deborah Harrington
Board Secretary
Santa Clara Valley Transportation Authority
408.321.5773

Caltrain Centralized Equipment Maintenance and Operations Facility (CEMOF) Monitoring Committee - Quarterly Report

Date of Report	Q1/Q2 Meeting, March 10, 2009	Report Issued by	Michael Smith (Chair), Elizabeth Monley, Sally Logothetti
Notes			
<p>The CEMOF Monitoring Committee Quarterly Report supplements the official meeting minutes. It provides the community, the San Jose City Council, the Peninsula Corridor Joint Powers Board (JPB) and the Santa Clara Valley Transportation Authority (VTA) Board with a brief overview of unresolved issues. Each issue is assigned a tracking number when first added to the report and is removed from the report one quarter after being resolved.</p>			
Current Issues			
No.	Issue	Planned Action(s)	Comment
001	Screeching train wheels on track relocated by Caltrain for CEMOF project. Primary noise sources are Union Pacific (UP) freight trains. In violation of Shared Objectives, Goal A (Eliminate objectionable noise during nighttime hours).	Union Pacific to install rail lubricator. Equipment to be provided by Caltrain. Ongoing equipment maintenance to be provided by UP.	Opened 10/26/05. Equipment installed by UP in August 2006. Noise reduced, but not eliminated. Reports indicate UP not consistently maintaining lubricator and wants to switch to different type. Trial run will be made with top-of-rail "friction modifier" as recommended by consultant following noise assessment.
004	Approval of pending Bylaw changes. New committee "alternate" clause is urgently needed to obtain a quorum when City Council and VTA representatives cannot attend in person.	Bylaw changes to be written and approved by Committee, and then approved by City Council and JPB after review by City Attorney and JPB Counsel.	Opened 1/25/06. First draft approved by Committee 7/26/06; second draft approved 10/25/06; third draft approved 8/12/08. Third draft also approved by JPB on 8/7/08 and City Council on 10/28/08. Resolved.
010	Garden Alameda neighbors report excessive nighttime noise due to extended engine idling. Potentially in violation of Goal A (Eliminate objectionable noise during nighttime hours) and Shared Objective A-5 (Locomotives shall not be allowed to idle unnecessarily).	Caltrain will first evaluate situation, including discussion with Amtrak management and stepped up monitoring by Caltrain staff during nighttime hours.	Opened 10/22/08. Caltrain has re-emphasized procedural steps to minimize nighttime idling, instituted management reports to document anomalous occurrences and stepped up monitoring of nighttime activities. Extended idling noise appears to result from a succession of engines being serviced rather than individual engines idling for extended periods. Committee will continue to monitor status.

From: Board.Secretary
Sent: Friday, March 27, 2009 1:39 PM
To: Board.Secretary
Cc: Burns, Michael
Subject: February 2009 Inter-agency Partners and Contracted Services Ridership

To VTA Board of Directors:

Attached is a memorandum from the Chief Operating Officer regarding the Inter-agency Partners and Contracted Services Ridership for February 2009.

Thank you.

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



**MEMORANDUM**

Writer's Direct Telephone: 408-321-7005

**TO:** Michael T. Burns  
General Manager

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

**DATE:** March 26, 2009

**SUBJECT:** Inter-agency Partners, and Contracted Services Ridership for February 2009

February 2009 total monthly system ridership for bus and light rail was 3,400,266, an increase of 0.3% over February 2008. The average weekday system ridership for February 2009 was 4.5% more than February 2008 and the highest February average weekday ridership since 2002. February 2009 had one less weekday compared to February 2008.

Bus average weekday ridership for February 2009 was 109,494, a 4.6% increase compared to February 2008. Light rail recorded an average weekday ridership of 33,460 for February 2009, an increase of 4.1% compared to February 2008, and the highest light rail February average weekday ridership in VTA history.

With the exception of the ACE Express and Capitol Corridor trains, which recorded a ridership decrease of 10.3% and 6.7%, respectively, all of VTA's inter-agency partners experienced ridership increases for the month of February 2009 when compared to February 2008.

For contracted services, only Paratransit recorded an increase in average weekday ridership. The ACE shuttles service recorded a 4.7% average weekday ridership decrease compared to last year. The IBM/Hitachi light rail shuttle service continues to experience ridership decline as a result of service reductions implemented in February 2008.

The ridership decreases experienced by our partner agencies and contracted services is an indication that the weakened economy coupled with increased unemployment has impacted ridership.

| <b><u>VTA Ridership</u></b> | <b>February 2009</b> | <b>February 2008</b> | <b>Percent Change</b> |
|-----------------------------|----------------------|----------------------|-----------------------|
| <b>VTA System Boardings</b> | 3,400,266            | 3,388,412            | 0.3%                  |
| System Average Weekday      | 142,954              | 136,840              | 4.5%                  |
| <b>Bus Boardings</b>        | 2,597,580            | 2,587,109            | 0.4%                  |
| Bus Average Weekday         | 109,494              | 104,685              | 4.6%                  |
| <b>Light Rail Boardings</b> | 802,686              | 801,303              | 0.2%                  |
| Light Rail Average Weekday  | 33,460               | 32,155               | 4.1%                  |

| <b><u>Inter-agency Partners Ridership</u></b> | <b>February 2009</b> | <b>February 2008</b> | <b>Percent Change</b> |
|-----------------------------------------------|----------------------|----------------------|-----------------------|
| <b>Dumbarton Express Boardings</b>            | 18,512               | 16,211               | 14.2%                 |
| Dumbarton Average Weekday                     | 974                  | 811                  | 20.1%                 |
| <b>Highway 17 Express Boardings</b>           | 25,969               | 23,411               | 10.9%                 |
| Highway 17 Average Weekday                    | 1,066                | 931                  | 14.5%                 |
| <b>Monterey-San Jose Express Boardings</b>    | 2,305                | 1,884                | 22.3%                 |
| Monterey-San Jose Average Weekday             | 86                   | 62                   | 38.7%                 |
| <b>Caltrain Boardings</b>                     | 883,043              | 879,523              | 0.4%                  |
| Caltrain Average Weekday                      | 35,748               | 34,399               | 3.9%                  |
| <b>Caltrain Shuttles Boardings</b>            | 66,741               | 60,139               | 11.0%                 |
| Caltrain Shuttles Average Weekday             | 3,337                | 2,864                | 16.5%                 |
| <b>Altamont Commuter Express Boardings</b>    | 56,660               | 63,163               | -10.3%                |
| ACE Average Weekday                           | 2,833                | 3,008                | -5.8%                 |
| <b>Capitol Corridor Boardings</b>             | 115,721              | 124,086              | -6.7%                 |

| <b><u>Contracted Services Ridership</u></b>     | <b>February 2009</b> | <b>February 2008</b> | <b>Percent Change</b> |
|-------------------------------------------------|----------------------|----------------------|-----------------------|
| <b>Paratransit Boardings</b>                    | 83,131               | 85,245               | -2.5%                 |
| Paratransit Average Weekday                     | 3,697                | 3,662                | 1.0%                  |
| <b>ACE Shuttles Boardings</b>                   | 16,941               | 18,662               | -9.2%                 |
| ACE Shuttles Average Weekday                    | 847                  | 889                  | -4.7%                 |
| <b>IBM/Hitachi Light Rail Shuttle Boardings</b> | 2,375                | 2,977                | -20.2%                |
| IBM/Hitachi Shuttle Average Weekday             | 119                  | 142                  | -16.2%                |