

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

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

DATE: June 22, 2009

SUBJECT: Weekly Legislative Update: Week of June 15, 2009

FEDERAL

SAFETEA-LU Reauthorization: The chairman of the House Transportation and Infrastructure Committee, James Oberstar (D-MN), is facing internal Democratic resistance to raising federal taxes on gasoline and diesel fuel in order to pay for increased spending for surface transportation programs. Oberstar and other senior Democratic members of the committee recently held a series of meetings with the leadership of the House Ways and Means Committee to discuss financing options for the forthcoming federal surface transportation authorization bill. During these discussions, Ways and Means Committee Chairman Charles Rangel (D-NY) expressed reservations about enacting any kind of fuel tax increase this year and encouraged Oberstar to consider other revenue options that could not be construed as a tax increase.

Democrats on the Ways and Means Committee, as well as House leaders, are concerned about being burned on the issue by the Senate and President Barack Obama. The feeling is that if the House were to put its members on record in favor of an unpopular fuel tax increase, and then the Senate or the President were to kill it, many House Democrats would pay a political price. But waiting for the Senate to act first to test the political viability of a fuel tax increase in that chamber would not match up with the accelerated House timetable that Oberstar wants his bill to follow. Furthermore, House Democratic leaders are unlikely to push for a fuel tax increase unless President Obama first reverses course and advocates for such a move in order to give congressional Democrats political cover. This lack of consensus on a revenue title makes it unlikely that Congress would be able to enact a new surface transportation authorization bill this year.

Health Care: The fast-track timetable for health care reform calls for leaders of key congressional committees to unveil legislation this month, debate it next month and pass it before leaving for the summer recess in August. Final passage would follow in September or October, before next year's elections start to complicate things. While the prospects look promising, the pitfalls that have undermined efforts to reform health care since the Truman

Administration remain. Expanding coverage and controlling costs will require vaulting a series of hurdles. The following are the main ones:

Avoiding Detours: The tight timetable for congressional action leaves little room for detours or distractions. While President Obama wants the House and Senate to pass a health care reform bill by the August congressional break, he also has set that as a deadline for the Senate to confirm Sonia Sotomayor to the U.S. Supreme Court. The debate over her confirmation not only will consume some time, but it also could strain the bipartisan comity he hopes to forge on health care. And North Korea's recent nuclear test underscores how a foreign policy crisis can command instant attention. Congress rarely acts quickly on major legislation, but policymakers call the compressed schedule critical if health care reform is to become a reality during President Obama's first term in office.

Defining Roles: There is considerable agreement that the best path to universal coverage is for the federal government to require Americans to buy health insurance, just as drivers have to purchase car insurance. A sliding scale of subsidies would help those who would have trouble affording premiums. The biggest ideological debate is whether a government-run plan that would compete with those offered by private insurance companies should be among the options that Americans could consider. Insurance companies and liberal Democrats are on opposite sides of this issue, and both call it a deal-breaker. Several compromises have been floated to bridge the divide. For example, the insurance industry has suggested federal regulation of the insurance markets nationwide in order to replace a bewildering patchwork of state regulations. Meanwhile, several key Democrats in the Senate have proposed to level the playing field by requiring any government-run plan to comply with all of the rules that apply to private ones, including requirements that it be self-sustaining and establish a reserve fund.

Paying the Price: The cost of expanded health care coverage has been estimated at \$1.3 trillion to \$1.8 trillion over 10 years. Under congressional rules, the legislation cannot increase the deficit. That means other spending has to be cut or taxes have to be raised to offset the costs. Peter Orszag, the White House's budget director, has estimated that up to \$700 billion over 10 years could be saved by making the health care system work better—for example, eliminating duplicative treatments, changing the ground rules for how doctors and hospitals are reimbursed, and moving to more electronic record-keeping. However, the task of implementing new policies and systems would require significant spending up-front, with savings being realized somewhere down the road. And when it comes to raising money, all of the options being floated are controversial—from taxing soft drinks to imposing a national sales tax. In fact, senators from both parties balked when President Obama proposed limiting the amount that Americans could claim for charitable and other tax deductions as a way to boost revenues and help pay for health care reform.

Writing the Rules: Passing a bill is likely to be easier in the Democrat-controlled House than in the Senate. Senate rules enable Republicans to threaten a filibuster and force supporters to round up 60 votes to move forward. That leaves Democrats with no wiggle room. Since Pennsylvania Sen. Arlen Specter switched from the GOP, Democrats can count 59 senators. Al Franken would become the 60th if he wins the pending court case involving Minnesota's Senate contest. Just in case, Democrats have put in place rules that would allow parts of the health care proposal to be

included in a process called reconciliation—a procedure that cannot be filibustered and requires only a simple majority. That prospect upsets Senate Republicans, who argue that such an important issue as health care reform should not be enacted using a shortcut that limits debate, even though Democrats note that a GOP majority used reconciliation to pass President George W. Bush's tax cuts in 2001. While this issue may seem arcane, Republicans warn that if Democrats use reconciliation, nearly every GOP senator would vote against the plan.

Testing the Coalition: Making specific policy choices will test the coalition that has been built around the general idea of revamping health care. Fifteen years ago, strong objections from insurance companies, drug manufacturers, business owners, and others helped defeat President Bill Clinton's plan. Many of the players in the health care debate have concluded that some sort of bill is likely to pass this time around, and they want to be part of the discussions to protect their interests. The question is whether the groups will splinter when the most difficult trade-offs are decided.

STATE

State Budget: Democratic lawmakers proposed raising taxes on tobacco products and oil companies, and refused to cut state worker pay as the Conference Committee on the Budget wrapped up its work and put forth a plan to solve the state's \$24.3 billion deficit. The conference committee's proposal to raise taxes to add \$1.9 billion to the state's coffers is risky, as Republicans are united in their opposition to any tax hikes and Gov. Arnold Schwarzenegger has pledged to veto any budget that includes new taxes or fees. The conference committee's move could mean that lawmakers are headed into another protracted political fight over the budget as the clock ticks on the state running out of cash. The new taxes proposed by the Budget Conference Committee are as follows:

- A 9.9 percent tax on companies that extract oil from California, something the Governor proposed last December, though he has now taken a hard line against any taxes.
- An increase in the tobacco excise tax from 87 cents to \$2.37 per pack of cigarettes.
- Reversing two corporate tax breaks that were included in the deal last September that ended the stalemate over the FY 2009 budget.
- A \$15 increase in the vehicle license fee to keep open 219 state parks that otherwise would close under the Governor's budget plan.

As California's financial situation becomes more acute, lawmakers have been pleading with the federal government for help on the grounds that as the world's eighth-largest economy, the state is too big to fail. While the White House has not definitively ruled out assistance, so far it has been unwilling to embrace California's requests. And if any federal assistance were to be offered, it most likely would come with onerous conditions attached to it in order to scare away other states and to force California to look elsewhere. For his part, Gov. Schwarzenegger has been opposed to a federal government bailout for months.

In addition to its tax proposals, the Budget Conference Committee made cuts to an array of programs and services. However, in most cases, they were less than what the Governor had proposed. For example, conferees spared the state's In-Home Support Services Program from a major cut. That program provides services that allow people with disabilities to stay at home rather than in a hospital, nursing home or another kind of care facility. Gov. Schwarzenegger had recommended cutting the program by about \$765 million, which would have eliminated services for about 400,000 people, or 90 percent of those receiving assistance. But the conference committee voted to reduce it by only \$117 million, which would drop the rolls by just under 10 percent. In addition, conferees voted to cut \$10 billion from K-12 education this year and next, and about \$2 billion from the University of California and California State University systems. Other actions taken by the Budget Conference Committee include:

- Healthy Families Program: To save roughly \$300 million, Gov. Schwarzenegger proposed the wholesale elimination of this program, which provides health insurance to 1 million children from families who are just above the eligibility limit for Medi-Cal. But the conference committee rejected that idea, and instead chose to cut \$70 million in General Fund support for the program, which would result only in a waiting list for new enrollees to the program. Conferees are hoping that philanthropic organizations or other donors will make up the difference.
- Cal Grants: The conference committee mostly spared the Cal Grants Program, which offers financial assistance for low-income college students. The Governor had proposed eliminating it.
- HIV/AIDS: For people with HIV and AIDS, conferees reduced the Governor's proposed reduction of \$80.1 million, which would have eliminated all General Fund support for services and prevention programs. Instead, the committee voted to cut \$33.5 million, most of which would be made up by a special fund that collects rebates on AIDS medications.
- Local Governments: The conference committee rejected Gov. Schwarzenegger's recommendation to borrow as much as \$2 billion from local governments.
- Proposition 42: Conferees rejected the recommendation from the Legislative Analyst's Office to suspend Proposition 42, although they did agree to delay the October 2009 and January 2010 quarterly payments for local streets/roads until May 2010.
- Local Gas Tax Subventions: The conference committee approved using \$986 million of the annual gas tax subventions for local streets/roads for the next two fiscal years to pay debt service on transportation-related bonds, thereby relieving the General Fund of this obligation. However, there is a growing chorus that this action may not be legal.
- Local Streets/Roads Backfill: The committee appropriated \$700 million in Proposition 1B local streets/roads bond funds in an effort to "backfill" the loss of gas tax subvention revenues.

- Project Study Reports (PSRs): Conferees adopted a proposal to drastically reduce the staffing resources in Caltrans' Planning Department that are dedicated to PSRs. They then voted to shift the costs for future PSR preparation to local agencies on a reimbursable basis.
- Public-Private Partnerships: The conference committee adopted budget bill language that requires the California Transportation Commission (CTC) to review and approve public-private partnership agreements for transportation projects authorized under SBX2 4 (Cogdill), which was enacted as part of the February budget package. The committee's action is a departure from the negotiated deal under the SBX2 4.

The Budget Conference Committee plan now goes to the Assembly and Senate Floors, but it has little chance of being approved. And Gov. Schwarzenegger has told Democratic leaders that he would not sign it anyway, primarily because of the tax increases and because it does not include his proposal to cut state workers' pay by 5 percent.

REGIONAL

Metropolitan Transportation Commission (MTC): On June 9, the Programming and Allocations Committee held a public hearing to consider reassigning \$37 million in Regional Measure 2 funds to the Oakland Airport Connector Project. The money is available due to savings from the BART Tube Seismic Strengthening Project. The public testimony included both support and opposition to the Oakland Airport Connector Project. Those in favor of the project argued that it would provide a critical rail link to the Oakland Airport. Those opposed requested that MTC call for further study of the project to determine if a bus rapid transit alternative would generate more riders at a reduced cost. The commission is expected to take final action on this item in July.

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

From: Board.Secretary
Sent: Tuesday, June 23, 2009 3:08 PM
To: Board.Secretary
Subject: Response to Ross Signorino

To VTA Board of Directors:

Attached is a response letter with supporting information to Mr. Ross Signorino regarding the BART to Silicon Valley Project alignment and the Silver Creek Fault.

Deborah Harrington
Board Secretary
Santa Clara Valley Transportation Authority
408.321.5773



June 19, 2009

Mr. Ross Signorino
803 Cascade Drive
San Jose, CA 95129

Dear Mr. Signorino:

This information is being provided in response to your comments and questions at the Citizen's Watchdog Committee Hearing on Wednesday June 10, 2009 regarding the BART to Silicon Valley Project alignment and the Silver Creek Fault.

In 2001, VTA completed a Major Investment Study (MIS) of the I-880/I-680 Transit Corridor. The MIS was conducted to identify transportation solutions for one of the most congested and rapidly growing travel corridors in the San Francisco Bay Area region. In addition, transit service improvements are needed to relieve congestion on the regional roadway system by closing the 20-mile gap in the regional rail system between the BART system, which now terminates in central Fremont, and the Caltrain system in Downtown San Jose.

At the beginning of the MIS planning process, eleven preliminary alternatives were identified, including a Baseline Alternative which would expand existing service. The baseline alternative was used as a basis for comparison with the proposed "build" alternatives, which would implement a variety of major transit capital and operating improvements in the corridor. The 10 "build" alternatives were derived from recommendations from previous corridor transportation studies; an assessment of existing and projected transportation deficiencies in the corridor and the surrounding regional subarea; VTA and regional transportation planning priorities for the corridor; community advocacy and support, including approved voter initiatives; and local jurisdiction planning policy.

Six of the 11 alternatives were carried forward for further refinement and evaluation.

- Alternative 1: Baseline with Expanded Express Bus on I-880 and I-680
- Alternative 2: Busway on the Union Pacific Railroad (UPRR) Alignment
- Alternative 3: Commuter Rail on the UPRR's "Alviso" Alignment
- Alternative 5: Commuter Rail on the UPRR Alignment
- Alternative 9: Light Rail (LRT) on the UPRR Alignment
- Alternative 11: Bay Area Rapid Transit (BART) on the UPRR Alignment

The MIS provided decision-makers with technical information including: mode and alignment options; capital and operating cost estimates; engineering and environmental constraints; and alternative strategies to alleviate existing and future transportation problems in the corridor. As part of this process, a proactive community involvement program allowed decision-makers to understand the concerns and interests of the general public in resolving transportation issues in their communities.



Decision-makers used the community input as well as technical information and input from the SVRTC Policy Advisory Board and Technical Advisory Committee to determine the Preferred Investment Strategy, Alternative 11: BART on the UPRR Alignment.

Please refer to the attached information sheet and map regarding the Silver Creek Fault and the tunnel segment of the BART extension to the South Bay.

Thank you for your continued interest in enhancing mobility in Santa Clara County. Please contact me if you have any additional questions or need further clarification on the information provided.

Sincerely,

Bernice Alaniz
Deputy Director
SVRT Communications

cc: Citizen's Watchdog Committee

Attachment

Overview of Silver Creek Fault and its relation to the Central Area Guideway of the Silicon Valley Rapid Transit Project

The Silver Creek fault is described as a generally north-northwest trending oblique-reverse-slip fault that extends over a distance of about 50 to 70 km, subparallel to and west of the Hayward and Calaveras fault systems in the southeastern San Francisco Bay Area. As shown on the regional seismic fault map, the southern reach is a fault exposed at the surface, while the northern reach is an inferred fault that is buried beneath Quaternary sediments. Data from seismic reflection profiles suggest that, due to lack of fault or offset reflectors in the upper 400 meters (~1300 ft) of sediment, the actual depth of the buried fault would be at even greater depths. These depths are well beyond the planned tunnel depths in downtown San Jose (approximately 40 to 70 ft below surface).

The inferred northern reach of the fault extends from southeast San Jose northwest along the east side of San Francisco Bay to Milpitas or Fremont. Regional mapping indicates that the inferred buried trace of the Silver Creek fault would pass through the Central Area Guideway of the Silicon Valley Rapid Transit (SVRT) Project between the planned Downtown San Jose Station and Alum Rock station.

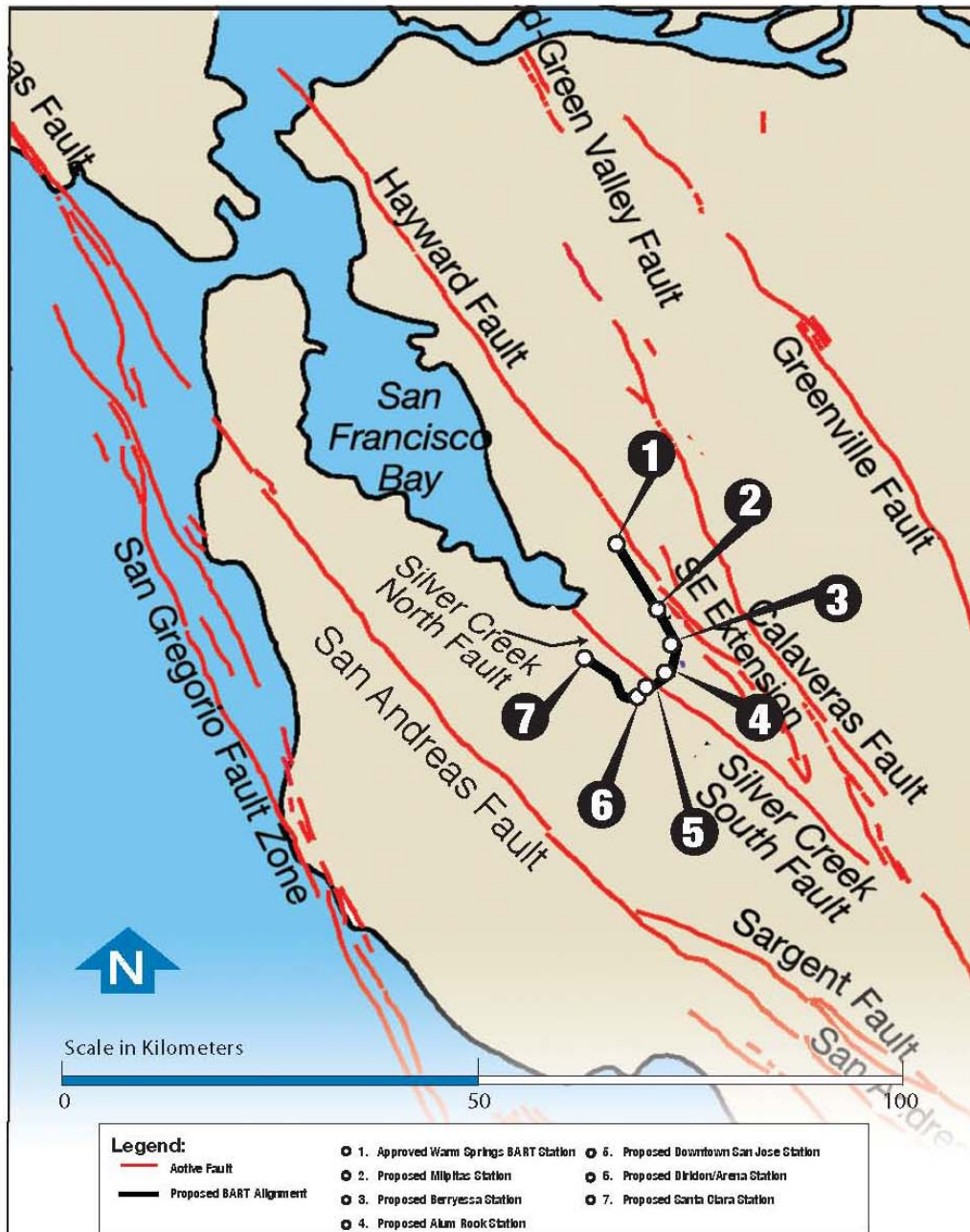
The original basis for the inferred buried trace of the northern reach of the Silver Creek fault was the apparent offset of buried creek channels noted in a 1975 study by the California Department of Water Resources. However, no direct estimates of rate of deformation (an indicator of fault activity) have ever been identified for this northern reach. In addition, no historic earthquakes of moment magnitude (**M**) 5 or larger have been associated with either portion of the Silver Creek fault. Because the seismicity in the area of the Silver Creek fault is more diffuse than the seismicity associated with other faults in the region, it does not provide strong constraints on the potential activity of the Silver Creek fault.

For the SVRT Project, earthquake engineering experts have performed a probabilistic fault displacement hazard analysis to evaluate the probability of exceeding various levels of fault displacement at the location of the northern segment of the Silver Creek fault. The result of this study confirmed that the fault hazard offset is considered to be negligible.

The result of this analysis is also consistent with the assessments of the California Geological Survey (as shown by Alquist-Priolo Fault Hazard Zone mapping), the California Department of Transportation, Santa Clara County, and the City of San Jose, none of whom consider the Silver Creek North fault, as defined above, a rupture hazard.

Historical evidence shows that underground tunnels are regularly designed and constructed to resist seismic demands, particularly if fault rupture is not of concern. In fact, since seismic design of tunnels is driven by displacement instead of force (because the tunnel moves with the ground), the impact from seismic loads are less significant than above ground structures. The SVRT tunnels are designed to current seismic standards, which require them to withstand severe earthquakes with very low probability of occurrence.

Regional Seismic Fault Map



Source: Jennings, 1994; VTA, 2008.

From: Board.Secretary
Sent: Friday, June 26, 2009 4:25 PM
To: Board.Secretary
Subject: VTA July Service Changes

To VTA Board of Directors:

VTA's July service changes will be implemented on Monday, July 13, 2009. Staff would like to ensure that your office and constituents are informed that this information is now available on the VTA website.

Please feel free to forward the link to interested citizens and co-workers.

To view our brochure that summarizes the bus and light rail service changes that would be implemented beginning on July 13, 2009, please click on the link below:

http://www.vta.org/news/service_changes/service_changes.html

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Deborah Harrington
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408.321.5773

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