MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

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

DATE: August 3, 2009

SUBJECT: Weekly Legislative Update: Week of July 27, 2009

FEDERAL

Highway Account: Both the House and Senate approved legislation that calls for transferring $7 billion from the General Fund to the Highway Account in order to allow funding to continue to flow to the states for federal-aid highway programs through the remainder of the current federal fiscal year. President Barack Obama is expected to sign the bill into law.

With the House and Senate scheduled to begin a month-long summer recess on July 31 and August 7, respectively, pressure on lawmakers to pass this legislation had been building. Without an immediate infusion from the General Fund, the Highway Account was expected to run out of money sometime in August.

Meanwhile, the House and Senate remain at odds over how to handle the authorization of federal surface transportation programs. The current law governing highways, public transit, passenger rail, and highway/motor carrier safety—the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)—is set to expire on September 30. The Senate and the White House have been pushing for an 18-month extension of SAFETEA-LU. In fact, three Senate committees with jurisdiction over surface transportation issues—Environment and Public Works; Commerce, Science and Transportation; and Banking, Housing and Urban Affairs— have already approved such a bill. In addition, Senate Finance Committee Chairman Max Baucus (D-MT) has introduced a measure that calls for transferring $26.8 billion from the General Fund to the Highway Trust Fund to cover surface transportation programs through the 18-month extension period.

In the House, however, Democrats and Republicans are lining up behind a $500 billion, six-year authorization bill that has been introduced by the leadership of the House Transportation and Infrastructure Committee. So far, House leaders have been reluctant to embrace any extension of current law in order to keep the heat on lawmakers to act on a long-term authorization bill.

Transportation Appropriations: On July 23, the House passed its version of the FY 2010 Transportation, Housing and Urban Development, and Related Agencies appropriations bill. Largely tracking the budget request submitted by President Obama, it provides $41.1 billion for highways, $10.3 billion for public transit, $1.5 billion for Amtrak, and $16 billion for aviation. All of these numbers are fairly close to the spending levels for FY 2009. The only departure from the President's budget submittal is a $4 billion appropriation for high-speed and intercity passenger rail. This figure represents a significant increase over the President's FY 2010 request of $1 billion. However, the House bill contains a provision that would allow Congress to authorize the transfer of up to $2 billion from high-speed and intercity rail to fund a National Infrastructure Bank, if one is created by Congress prior to the end of September.

Meanwhile, the Senate Appropriations Committee approved its version of the legislation on July 30. It recommends $42.5 billion for highways, which is $1.4 billion higher than the House number and the President's request. Under the Senate measure, public transit would receive $11 billion, roughly $700 million more than in the House legislation. It includes $1.2 billion for high-speed rail and $1.1 billion for a multi-modal program for "projects of national significance." Under this program, which is similar to the $1.5 billion Transportation Investment Generating Economic Recovery Program (TIGER) created in the federal economic stimulus bill, funding would be made available for large highway, public transit, freight rail, and port infrastructure projects.

The full Senate is expected to consider the bill in September. Once that occurs, leaders of the House and Senate Appropriations Committees will need to convene a conference to develop a compromise version for final passage by Congress and for the President's signature.

Health Care: The House leadership reached a shaky agreement with rank-and-file conservative "Blue Dog" Democrats, clearing the way for a vote in September on health care reform legislation. The "Blue Dogs" had been blocking the bill for weeks. The negotiated changes, which would cut the cost of the House bill by about $100 billion over 10 years, call for reducing the federal subsidies designed to help lower-income families afford health insurance, exempting more businesses from a requirement to offer insurance to their workers, and modifying the terms of a government insurance option. The House deal was worked out over hours of talks that involved not only the chamber's leaders, but also White House officials eager to advance the bill. Democratic leaders said the way was now clear for the Energy and Commerce Committee to approve its portion of the legislation, the last step before it goes to the floor for a vote.

Meanwhile, in the Senate, negotiators also reported progress on a bill that would extend coverage to 95 percent of all Americans without raising the federal deficit. Senate Finance Committee Chairman Baucus said preliminary estimates from the Congressional Budget Office showed that the cost of the emerging Senate plan was below $900 billion and would result in an increase in employer-sponsored insurance—conclusions that may reassure critics who fear that a bloated bill would prompt businesses to abandon the coverage that they currently provide to employees.

Baucus and Charles Grassley (R-IA), the senior GOP member of the Senate Finance Committee, have been negotiating for weeks in hopes of agreeing on compromise legislation. Both face considerable pressure from their respective parties—Baucus not to stray too far from Democratic objectives, and Grassley not to hand the President a political victory. Majority Leader Harry Reid (D-NV) has given Baucus time to see if a compromise across party lines is possible. Reid said he expects a bipartisan plan to emerge from the negotiations.

At their core, both the House bill and the plan under negotiation in the Senate are designed to meet President Obama's goals of spreading coverage to millions of Americans who now lack it, while slowing the growth in health care costs nationally. The President has placed the issue atop his domestic agenda and as recently as two weeks ago, was pressing the House and Senate to pass separate bills by the end of July or early August.

The United States is the only developed nation that does not have a comprehensive national health care plan for all of its citizens, and President Obama campaigned on a promise to offer affordable health care to all Americans. However, the recession and a deepening budget deficit have made it difficult to win support in Congress for costly new programs. About 50 million of the country's 300 million people are without health insurance. The government provides coverage for the poor, the elderly, military veterans, and many children, but most Americans rely on private insurance, usually received through their employers. However, not all employers provide insurance and not everyone can afford to buy it. With unemployment rising, many Americans are losing their health insurance when they are laid off from their jobs.

U.S. Supreme Court: By a vote of 13-6, the Senate Judiciary Committee approved U.S. Supreme Court nominee Sonia Sotomayor after two hours of debate. All Democrats on the committee voted to confirm Sotomayor, President Obama's first nominee to the high court, while all Republicans, except for Lindsey Graham of South Carolina, opposed. The nomination of Sotomayor, a 17-year veteran of the federal bench, now goes to the full Senate for a vote, which is expected to occur before the Senate leaves for its summer recess on August 7. Given that Democrats currently control 60 of the 100 votes in the Senate, Sotomayor's confirmation is not in doubt.

The tenor of the Senate Judiciary Committee debate had been foreshadowed by comments made by lawmakers since Sotomayor's four days of hearings concluded on July 16. "Judge Sotomayor is well-qualified," Committee Chairman Patrick Leahy (D-VT) noted. "One need look no further than her experience, ability, temperament, and judgment." However, leading committee Republican Jeff Sessions of Alabama said he was opposing Sotomayor because he believes her "personal biases" would taint her rulings. Focusing on statements that she has made off the bench, he commented that Sotomayor's judicial philosophy conflicts with "blind justice." In particular, Sessions referenced a speech that Sotomayor made a number of years ago, in which she remarked, "I would hope that a wise Latina woman with the richness of her experiences would more often than not reach a better conclusion that a white male who hasn't lived that life." Sessions said such sentiment would slant her rulings. But Sotomayor told the committee that the statement was meant to inspire her audiences to strive to pursue careers in the law and was not meant to reflect her approach to judging.

Community Colleges: President Obama announced a $12 billion proposal that would put the nation's community colleges front and center in his economic recovery plan. The President's goals are to: (a) modernize community college facilities; (b) increase the quality of online courses; and (c) ensure that more students complete their programs. The bulk of the money being proposed—$9 billion—would be spent on competitive challenge grants to community colleges and states. The grants would be aimed at encouraging two-year colleges to experiment with strategies to create programs that prepare students for good jobs and that improve completion rates. Other key proposals include $2.5 billion in federal seed money for renovating community college facilities and $500 million to develop online courses that would be available free to the public through community colleges. The White House said the plan could be funded, at least in part, with the $4 billion a year that it estimates could be saved by ending a long-standing government-subsidized college loan program.

STATE

State Budget: Gov. Arnold Schwarzenegger signed a 27-bill budget-balancing package for FY 2010, but only after making another $489 million in spending cuts. As a result, General Fund spending for the fiscal year that began on July 1 will amount to $85 billion, including a reserve. That number represents a 7.2 percent drop from FY 2009, and 17 percent less than two years ago. Some of the decline is the result of federal money filling in where state tax revenues have dropped, with no reduction in the level of services provided. Some of the decline reflects deferred payments or other accounting moves that are not real spending cuts. But much of the reduced spending is very real.

Under the package, California's welfare recipients will be getting grants that are equal to what recipients received in 1989, before adjusting for inflation. The blind, aged and disabled will see their stipends cut. Subsidized health insurance for children of working, low-income parents will be curtailed. Tuition at the state's universities will increase by 10-20 percent this year. K-12 schools will see their funding frozen, after accounting for new federal money, even as their costs have increased. The result will likely be larger classes, fewer school days, and less help for struggling students.

The Governor characterized the rebalancing effort as "kind of like the good, the bad and the ugly"—"good" because it contains no tax increases, makes state government "live within our means" and includes reforms of some programs; "bad" because it includes a total of $16 billion in cuts impacting almost all state programs, particularly those serving California's neediest residents; and "ugly" because the package that lawmakers sent to him lacked a reserve and was $156 million short of being balanced, causing him to make even deeper cuts than those agreed to earlier by legislative leaders.

To eliminate the $156 million deficit and create a $500 million reserve, Gov. Schwarzenegger made $489 million in extra cuts, borrowed $50 million from one of the state's special funds and found about $117 million in savings from money not spent in the last fiscal year. The biggest single cut was $80 million in funds allocated to counties to pay for programs that investigate and remediate cases of child abuse and neglect. The program had been spared in earlier rounds of budget cuts. Other new cuts include: (a) $60.6 million from funds used to pay for Medi-Cal eligibility workers at the county level; (b) $50 million from Healthy Families; (c) $52.1 million from the Office of AIDS Prevention and Treatment; and (d) $6.2 million from state parks.

Democratic legislators concurred with the Governor's characterization of the new cuts as "ugly," but disagreed that he has the legal authority to make them without legislative approval. Senate President Pro Tempore Darrell Steinberg (D-Sacramento) contended that while governors have the right to "blue-pencil" spending when a budget is sent to them, the package signed by Gov. Schwarzenegger was a revision of an existing budget and thus not subject to line-item vetoes. Administration officials, however, believe the Governor has all the legal standing he needs.

Finance Director Mike Genest said the new cuts made by Gov. Schwarzenegger represent almost all of the choices left without having to seek legislative approval to abolish programs. Genest and other state financial officials are banking on the budget-balancing package being enough to persuade Wall Street lenders to provide California with $8 billion to $10 billion in loans to help with its cash-flow needs. That would allow Controller John Chiang to stop paying many of the state's bills with IOUs. However, Genest also acknowledged that even if all of the budget's machinations work, the state has no unforeseen emergencies, and no one successfully sues the state to thwart some of the budget-balancing measures, California's books might still be $7 billion to $8 billion out of whack by the end of this fiscal year.

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, August 04, 2009 5:17 PM
To: Board.Secretary
Subject: Ridership Information for June 2009

To VTA Board of Directors:

Attached is a memo regarding ridership information for the month of June for VTA, Inter-Agency Partners and Contracted Services.

Deborah Harrington
Board Secretary
Santa Clara Valley Transportation Authority
408.321.5773

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: July 30, 2009

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

June 2009 total monthly system ridership for bus and light rail was 3,545,672, a decrease of 7.5% over June 2008. The average weekday system ridership for June 2009 was 10% less than June 2008 and the third consecutive month of average weekday ridership decrease. June 2009 had one more weekday than June 2008.

Bus average weekday ridership for June 2009 was 103,510, an 8.2% decrease compared to June 2008. Light rail recorded an average weekday ridership of 31,768 for June 2009, a decrease of 15.4% compared to June 2008.

All of VTA's inter-agency partners and contracted services also experienced average weekday ridership decreases in June 2009. This is an indication that the weak economy and increased unemployment in the Valley are impacting ridership across the region.

For fiscal year 2009, VTA bus ridership recorded 34.51 million, up 4.2% compared to FY 2008, while VTA light rail recorded 10.75 million boardings, up 2.9% compared to FY 2008.

VTA Ridership	**June 2009**	**June 2008**	**Percent Change**
VTA System Boardings	3,545,672	3,832,862	-7.5%
System Average Weekday	135,278	150,320	-10.0%
Bus Boardings	2,706,284	2,869,599	-5.7%
Bus Average Weekday	103,510	112,784	-8.2%
Light Rail Boardings	839,388	963,263	-12.9%
Light Rail Average Weekday	31,768	37,536	-15.4%

Inter-agency Partners Ridership	**June 2009**	**June 2008**	**Percent Change**
Dumbarton Express Boardings	23,337	22,618	3.2%
Dumbarton Average Weekday	1,061	1,077	-1.5%
Highway 17 Express Boardings	22,371	23,764	-5.9%
Highway 17 Average Weekday	825	903	-8.6%
Monterey-San Jose Express Boardings	2,335	3,105	-24.8%
Monterey-San Jose Average Weekday	78	96	-18.8%
Caltrain Boardings	1,032,309	1,146,194	-9.9%
Caltrain Average Weekday	38,979	44,079	-11.6%
Caltrain Shuttles Boardings	71,202	68,589	3.8%
Caltrain Shuttles Average Weekday	3,236	3,266	-0.9%
Altamont Commuter Express Boardings	62,214	79,983	-22.2%
ACE Average Weekday	2,828	3,809	-25.8%
Capitol Corridor Boardings	131,670	145,482	-9.5%

Contracted Services Ridership	**June 2009**	**June 2008**	**Percent Change**
Paratransit Boardings	88,704	87,486	1.4%
Paratransit Average Weekday	3,619	3,669	-1.4%
ACE Shuttles Boardings	16,560	23,482	-29.5%
ACE Shuttles Average Weekday	753	1,118	-32.6%
IBM/Hitachi Light Rail Shuttle Boardings	3,263	3,269	-0.2%
IBM/Hitachi Shuttle Average Weekday	148	156	-5.1%