Date: October 31, 2007
Committee Meeting Date: November 15, 2007
Board Meeting Date: December 6, 2007

BOARD MEMORANDUM ACTION ITEM

TO: Administration and Finance Committee
Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: Michael T. Burns
General Manager

FROM: Kurt Evans
Federal/State Government Affairs Manager

SUBJECT: 2008 Federal Legislative Program

Policy-Related Action: Yes **Government Code Section 84308 Applies: No**

RECOMMENDATION:

Approve the 2008 Federal Legislative Program for the Santa Clara Valley Transportation Authority (VTA).

BACKGROUND:

VTA annually adopts a Federal Legislative Program to provide direction for its legislative and policy activities in Washington, D.C., for the year.

The purpose of the Federal Legislative Program is to establish financial, statutory, regulatory, and administrative policies and principles to guide VTA's advocacy efforts at the federal level. The program is meant to be flexible in order to give VTA the ability to pursue unanticipated legislative and administrative opportunities that may present themselves during the course of the year, and to respond expeditiously to the dynamic political and policy processes in Washington, D.C.

The 2008 Federal Legislative Program is divided into the following 10 sections:

1. Federal Transportation Appropriations.
2. Highway Trust Fund.
3. SAFETEA-LU Reauthorization.
4. Public Transit Security.
5. New Starts Program.
6. Small Starts Program.
7. Public-Private Partnerships.
8. Energy and Climate Change.

9. Amtrak.
10. High-Speed Rail.

Each section of the program consists of a summary of the relevant issues and a series of advocacy principles.

DISCUSSION:

The highlights of VTA's 2008 Federal Legislative Program are summarized as follows:

- Support a minimum FY 2009 appropriations level for federal surface transportation programs equal to the guaranteed spending levels authorized in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

- Seek federal appropriations in FY 2009 for the following projects: (a) Highway 152; (b) Advanced Zero-Emission Bus Demonstration Program; (c) I-880/I-280/Stevens Creek Interchange Project; and (d) High-Occupancy Toll (HOT) Lane Project.

- Work with the American Public Transportation Association (APTA), American Association of State Highway and Transportation Officials (AASHTO), and other relevant stakeholder groups to communicate the need for sustained federal investment in public transit and additional highway capacity, and to address the projected shortfall in the Highway Trust Fund.

- Work with APTA and other relevant transportation stakeholder groups to develop policy principles and strategies in preparation for when the debate on SAFETEA-LU reauthorization begins in earnest in calendar 2009.

- Advocate for adequate funding to enhance the security and safety of the nation's public transit systems through the FY 2009 Department of Homeland Security appropriations bill.

- Partner with the New Starts Working Group on advocacy efforts to ensure that the Federal Transit Administration (FTA) is implementing the New Starts and Small Starts Programs consistent with the provisions of SAFETEA-LU and the intent of Congress.

- Support federal policies that encourage the use of innovative contracting methods and public-private partnerships for transportation infrastructure projects.

- Support federal policies that ensure that public transit is an essential partner in the establishment of a national strategy for achieving energy independence and addressing the problem of global warming.

- Support federal investment in Amtrak, so long as it does not come at the expense of funding for existing public transit programs under the federal transit title. At the same time, ensure the full consideration of the impact that any Amtrak reauthorization legislation may have on other public transit services.

- Support the enactment of legislation to create innovative financing tools for developing high-speed rail corridors in California and other parts of the country.

ALTERNATIVES:

It is necessary for VTA to have a Federal Legislative Program in place to be prepared to address the policy and legislative issues that may arise in Washington, D.C., during the coming year. The Board of Directors may elect to add other elements to VTA's 2008 Federal Legislative Program, or to modify or delete elements contained in the recommended program.

FISCAL IMPACT:

There is no fiscal impact directly related to this recommendation.

Prepared by: Kurt Evans, Federal/State Government Affairs Manager

SANTA CLARA
Valley Transportation Authority

2008 FEDERAL LEGISLATIVE PROGRAM

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Executive Summary

The Santa Clara Valley Transportation Authority (VTA) annually adopts a Federal Legislative Program to provide direction for its legislative and policy activities in Washington, D.C., for the year.

The purpose of the Federal Legislative Program is to establish financial, statutory, regulatory, and administrative policies and principles to guide VTA's advocacy efforts at the federal level. The program is meant to be flexible in order to give VTA the ability to pursue unanticipated legislative and administrative opportunities that may present themselves during the course of the year, and to respond expeditiously to the dynamic political and policy processes in Washington, D.C.

The 2008 Federal Legislative Program is divided into the following sections:

1. Federal Transportation Appropriations.
2. Highway Trust Fund.
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5. New Starts Program.
6. Small Starts Program.
7. Public-Private Partnerships.
8. Energy and Climate Change.
9. Amtrak.
10. High-Speed Rail.

Each section of the program consists of a summary of the relevant issues and a series of advocacy principles.

Federal Transportation Appropriations

Every year, Congress adopts 12 separate appropriations bills, including one for transportation. These measures provide the legal authority for federal agencies to spend money during the upcoming fiscal year for the programs they administer. In developing these appropriations bills, Congress may allocate funding for programs within a particular policy area up to the maximum amount included in the related authorizing legislation, but no more.

In the case of surface transportation, the annual appropriations process is guided by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which was enacted in August 2005. This legislation reauthorizes federal surface transportation programs for six years, covering FY 2004 through FY 2009. Under SAFETEA-LU, the overall funding level for highways, public transit, highway safety, motor carrier safety, and transportation research during the six-year reauthorization period is $286.4 billion.

Of particular importance to the annual appropriations process is the fact that SAFETEA-LU preserves the concept of "guaranteed" spending for federal surface transportation programs that was the hallmark of its predecessor legislation, the Transportation Equity Act for the 21st Century (TEA-21). The major changes in federal budget rules first enacted by TEA-21 in 1998 were retained in SAFETEA-LU, whereby a minimum level of spending for highways and public transit is guaranteed in each fiscal year during the reauthorization period.

SAFETEA-LU also respects the basic program structure that existed under TEA-21, as follows: (a) a core highway program that is primarily formula-based; (b) a core public transit program comprised of both formula and discretionary elements; and (c) flexible funding programs that allow states and metropolitan planning organizations to move funds around in a manner that best meets local and regional mobility needs. Annual appropriations for these programs must respect the guaranteed spending levels that are authorized in SAFETEA-LU.

Finally, given that a few federal surface transportation programs are discretionary in nature, there may be opportunities for VTA to secure earmarks for high-priority projects in Santa Clara County during the development of the FY 2009 transportation appropriations bill. Examples of discretionary public transit programs are New Starts, Small Starts and Bus/Bus Facilities. Funding for federal-aid highway programs is generally allocated to states by formula, though there may be a few limited opportunities to secure earmarks for high-priority highway projects.

<u>Advocacy Principles</u>: *In general, VTA's advocacy efforts with regard to the FY 2009 federal transportation appropriations bill will emphasize the following:*

- *Support a <u>minimum</u> appropriations level for federal surface transportation programs equal to the guaranteed spending levels authorized in SAFETEA-LU.*

- *Advocate for the highest possible levels of funding for individual programs within the highway and public transit titles of SAFETEA-LU. The key federal surface transportation programs for VTA are: (a) the Urbanized Area (UZA) Formula Program; (b) the New Starts, Small Starts, Fixed Guideway Modernization, and Bus/Bus Facilities Programs; (c) the Job Access/Reverse Commute and New Freedom Programs; (d) the Surface Transportation Program (STP); and (e) the Congestion Mitigation and Air Quality Improvement Program (CMAQ).*

- *Ensure that appropriations are allocated according to the program structure contained in SAFETEA-LU.*

- *Seek federal appropriations in FY 2009 for the following projects: (a) Highway 152; (b) Advanced Zero-Emission Bus Demonstration Program; (c) I-880/I-280/Stevens Creek Interchange Project; and (d) High-Occupancy Toll (HOT) Lane Project.*

HIGHWAY TRUST FUND

The Highway Revenue Act of 1956 established the Highway Trust Fund to provide a dedicated source of revenues for roadway construction. The Highway Trust Fund is intended to be a "pay-as-you-go" system that uses receipts from highway user excise taxes to fund surface transportation programs. In 1983, the Highway Trust Fund was divided into the Highway Account and the Mass Transit Account. Over the years, Congress has enacted multi-year legislation, such as SAFETEA-LU, authorizing federal spending for surface transportation programs, including highways and public transit, from the Trust Fund.

Receipts from highway user fees, including federal excise taxes on motor vehicle fuels (gasoline, diesel and special fuels) and truck-related taxes (truck and trailer sales, truck tires and heavy vehicle use), are transferred from the General Fund and deposited in the Highway Trust Fund. The current federal gas tax rate is 18.4 cents per gallon. Of this amount, 0.1 cent is deposited in the Leaking

Underground Storage Tank Trust Fund. Of the remaining 18.3 cents, 15.44 cents is deposited in the Highway Account and 2.86 cents in the Mass Transit Account.

Highway Trust Fund balances over the years have been robust, resulting in significant increases in surface transportation funding based on Trust Fund revenues. However, the Highway Account of the Trust Fund is projected to have a negative balance at the end of the SAFETEA-LU reauthorization period in FY 2009. Although the Mass Transit Account is expected to have a positive balance, it is projected to drop to zero six years later. A major driver of Highway Trust Fund receipts is the economy. Both receipts and outlays are affected by changes in economic conditions.

Congress and stakeholder groups, as well as various commissions established by SAFETEA-LU to examine surface transportation funding issues, all have begun considering options for addressing the Trust Fund shortfall. Such options include:

- ✓ Indexing the federal motor vehicle fuel tax to inflation.
- ✓ Increasing the gas tax rate.
- ✓ Selling tax credit bonds or other financial instruments.
- ✓ Increasing General Fund support for surface transportation.
- ✓ Encouraging more innovative financing, including toll roads and high-occupancy toll (HOT) lanes.
- ✓ Encouraging private investment in surface transportation.
- ✓ Imposing new user fees.

As we move closer to the reauthorization of SAFETEA-LU, this issue will grow in importance. Congress must address the Highway Trust Fund shortfall so as to ensure adequate funding for federal surface transportation programs in the future.

Advocacy Principles: As part of its 2008 Federal Legislative Program, VTA will:

- *Work with the American Public Transportation Association (APTA), American Association of State Highway and Transportation Officials (AASHTO), and other relevant stakeholder groups to communicate the need for sustained investment in public transit and additional highway capacity.*

- *Work with APTA and other relevant stakeholder groups to oppose any efforts to divert funding from the Mass Transit Account to address the projected shortfall in the Highway Account.*

SAFETEA-LU REAUTHORIZATION

SAFETEA-LU reauthorized federal surface transportation programs for a six-year period—from FY 2004 through FY 2009—and allowed federal dollars to be spent on these programs during that period. SAFETEA-LU is scheduled to expire on September 30, 2009. During 2008, it is expected that various congressional committees and the U.S. Department of Transportation will hold policy hearings and listening sessions in order to begin preparing for the next federal surface transportation reauthorization bill. However, it is not likely that actual legislation will get introduced until 2009, after the new presidential administration has had a chance to take office and submit its recommendations to Congress.

Under SAFETEA-LU, the overall funding level for highways, public transit, highway safety, motor carrier safety, and transportation research during the six-year reauthorization period is $286.4 billion. While this amount is greater than the $217 billion authorized in TEA-21, it falls short of the level of federal investment needed to keep up with the steadily growing demand for transportation and for improved maintenance of the nation's existing transportation infrastructure.

For example, a report compiled by the U.S. Department of Transportation indicates that the average annual cost just to maintain current conditions on highways and bridges across the country in the near term is at least $70 billion per year. However, under SAFETEA-LU, the current annual investment level of the federal government is only $40 billion. An assessment prepared by APTA estimates public transit capital needs from FY 2004 through FY 2009 at $253 billion, an average of $42 billion per year. Yet, annual appropriations for the federal transit title during the SAFETEA-LU reauthorization period have lingered in the range of $8 billion to $10 billion. Therefore, providing sustained federal investment in the nation's transportation infrastructure that is adequate to meet the significant needs of highways, public transit and all other transportation modes must be front-and-center in the SAFETEA-LU reauthorization debate.

<u>Advocacy Principles</u>: As part of its 2008 Federal Legislative Program, VTA will work with APTA, AASHTO and other relevant stakeholder groups to develop policy principles and strategies in preparation for when SAFETEA-LU reauthorization swings into high gear in 2009.

PUBLIC TRANSIT SECURITY

Public transit is a critical element of the nation's infrastructure, contributing greatly to the economic vitality of the United States. Public transit systems are, by design and necessity, an open environment. More than 9.7 billion trips are taken annually on all modes of public transit. People use public transit vehicles more than 32 million times each weekday—16 times the number of daily travelers aboard the nation's airlines and 450 times the number of travelers on Amtrak.

Security is a top priority for public transit agencies across the United States. Since the terrorist attacks of September 11, 2001, public transit agencies have spent more than $2 billion on security and emergency preparedness programs from their own budgets, receiving minimal federal assistance. Public transit agencies have upgraded and strengthened their emergency response and security plans, taken steps to protect their infrastructure, and increased the presence of security personnel on their vehicles and at their facilities to protect their patrons and employees.

These efforts are paying off. Many public transit systems are more secure now than they were prior to 9/11. However, more needs to be done. In a recent APTA survey, public transit agencies across the United States identified in excess of $6 billion in security investment needs. Although state and local governments, as well as public transit agencies, are doing what they can to improve security, it is important that the federal government become a full partner in the efforts to ensure the security of the nation's public transit users.

<u>Advocacy Principles</u>: As part of its 2008 Federal Legislative Program, VTA will advocate for funding to enhance the security and safety of the nation's public transit systems through the FY 2009 U.S. Department of Homeland Security appropriations bill, according to the following principles:

- *The federal government should increase its financial support for public transit security and safety improvements. However, such funding should not be provided at the expense of existing federal transit programs.*

- *Federal public transit security and safety funding should recognize the varying needs and nature of systems across the nation, and should be flexible in terms of use. Therefore, money should be made available for all types of public transit systems—bus, as well as rail; rural, as well as urban. Money also should be made available for both operating and all of types of capital needs in order to fit different public transit agency security and safety plans.*

- *While federal public transit security and safety funding should be allocated primarily based on risk, threat and vulnerability, a portion should be allocated by formula in order to provide a minimum level of money to all agencies for their operating and capital costs related to meeting federal security and safety requirements.*

- *Federal public transit security and safety funding should be provided at a 100 percent federal share with no match requirement.*

- *Federal public transit security and safety funding should be allocated directly to operators, rather than through State Administering Agencies (SAAs) to ensure that funding is made available in an efficient and timely manner.*

- *New public transit security and safety directives should not be proposed unless federal funds are provided to allow agencies to be able to comply.*

NEW STARTS PROGRAM

SAFETEA-LU authorizes a total of $52.6 billion in guaranteed funding over a six-year period for a variety of programs that provide financial assistance to states and localities to develop, operate and maintain public transit systems. Under one of these programs, the New Starts Program, the Federal Transit Administration (FTA) is responsible for identifying and recommending fixed guideway transit projects for federal funding.

New Starts projects presented to FTA for federal funding go through a lengthy and complicated process from planning to preliminary engineering and final design. This process culminates in the execution of a Full Funding Grant Agreement (FFGA) between the project sponsor and FTA, and the commencement of the actual construction phase of the project. By statute, the federal funding share for a New Starts project cannot exceed 80 percent of the project's net cost. FTA conducts management oversight for the project from the preliminary engineering stage through construction. All projects that do not have an existing or pending FFGA, and are in preliminary engineering or final design are considered to be in the New Starts pipeline.

To determine whether a New Starts project should be recommended for federal funding, FTA uses a complex evaluation process that assigns ratings based on a variety of financial and project justification criteria. These criteria are identified in SAFETEA-LU and reflect a broad range of benefits of a proposed New Starts project, such as capital and operating financing plans, mobility improvements, environmental benefits, operating efficiencies, cost-effectiveness, economic development effects, and transit-supportive land-use patterns. Based on these criteria, projects receive an overall rating as follows: *High, Medium-High, Medium, Medium-Low, or Low*. The ratings of New Starts projects that are in the pipeline are included in an annual New Starts Report, which FTA is required to submit to Congress. This report typically is presented to Congress in February, in conjunction with the President's budget proposal for the upcoming fiscal year.

Aside from being rated, a New Starts project must pass certain FTA milestones in order to be eligible for federal funding. These are: (a) approval for the project to enter into preliminary engineering; (b) issuance of a record of decision (ROD) upon completion of federal environmental work; and (c) approval for the project to enter into final design. If a project does not pass these milestones, it is not eligible to receive federal New Starts appropriations for those phases of work.

Once a New Starts project has been issued its ROD and has been approved to enter into final design by FTA based on its overall project rating, the project sponsor and FTA begin negotiating an FFGA for the project. The FFGA establishes the terms and conditions for federal participation in the project, and spells out the roles and responsibilities of the project sponsor and FTA during the construction phase of the project. It also represents the commitment of the federal government to provide its share of construction funding for the project. A funding schedule is included in the FFGA, which spells out the amount of New Starts dollars that should be appropriated by Congress in each fiscal year for the project. A project cannot receive a New Starts appropriation for construction without an FFGA.

FTA has initiated a formal rulemaking process, as required by SAFETEA-LU, for the New Starts Program. This rulemaking is intended to implement statutory changes made to the New Starts Program by Congress in SAFETEA-LU, as well as other modifications to the program suggested by FTA. It is expected that FTA will complete this rulemaking sometime in 2008.

<u>*Advocacy Principles*</u>*: As part of its 2008 Federal Legislative Program, VTA will partner with the New Starts Working Group, a coalition that represents New Starts project sponsors in Washington, D.C., on advocacy efforts to ensure that FTA is implementing the program consistent with the provisions of SAFETEA-LU and the intent of Congress. Among the relevant issues are the following:*

- *Providing consistency to what historically has been an ever-changing evaluation/rating process so that New Starts project sponsors have a clear understanding of what it would take to successfully navigate that process.*

- *Ensuring that FTA is utilizing a multi-measure approach with regard to evaluating New Starts projects consistent with congressional intent, and not an approach under which a single criterion can determine a project's overall rating or whether it is recommended for funding.*

- *Enhancing FTA's evaluation process for New Starts projects in a way that rewards those communities that step forward with significant local and non-federal resources for their projects.*

- *Streamlining the process to: (a) expedite FTA's turn-around time for reviewing project sponsors' New Starts submittals and federal environmental documents; and (b) ensure that project-related issues are being brought to closure in an expeditious manner.*

- *Opposing any efforts to link the New Starts evaluation and National Environmental Protection Act (NEPA) processes, such as conditioning the issuance of a ROD under NEPA based on a project's rating under the New Starts evaluation process or financial plan.*

- *Ensuring that transit-supportive land use and economic benefits are treated as separate and distinct criteria on par with financial and project justification criteria.*

- *Supporting modifications to the cost-effectiveness measure to: (a) reflect the benefits of the New Starts project for <u>all</u> users in the relevant transportation corridors, not just for public transit users; (b) account for differences in mode so as not to prejudice or bias the local alternatives analysis* *process; and (c) provide a true indication of what the federal investment in a particular New Starts project actually would buy by basing cost-effectiveness on the federal contribution to the project rather than on the total project cost.*

SMALL STARTS PROGRAM

SAFETEA-LU created a new capital investment program called "Small Starts" to accommodate New Starts-eligible projects seeking less than $75 million in federal funding. Projects that may receive money under the Small Starts Program include streetcars, trolleys, commuter rail, and bus rapid transit. In the case of bus rapid transit, a substantial portion of the project must operate in a separate right-of-way in a defined corridor dedicated for public transit use during peak hours, or the project must have other characteristics of a fixed guideway system. In order to be eligible for Small Starts funding, a project's total cost must be less than $250 million. The program is funded through a $200 million takedown from the annual New Starts apportionment.

FTA has initiated a formal rulemaking process, as required by SAFETEA-LU, to develop guidance, evaluation criteria, a rating methodology, and reporting instructions for project sponsors seeking Small Starts dollars. FTA is scheduled to complete this rulemaking in 2008. As an initial step, FTA issued interim guidance and reporting instructions in 2006 to: (a) allow eligible Small Starts projects to move into project development; (b) enable FTA to evaluate and rate projects as part of the Annual New Starts Report; and (c) enable FTA to make funding recommendations until the final rulemaking is completed and put into effect.

<u>*Advocacy Principles*</u>*: As part of its 2008 Federal Legislative Program, VTA will partner with the New Starts Working Group to ensure that FTA is implementing the Small Starts Program consistent with the provisions of SAFETEA-LU and the intent of Congress. Among the relevant issues are the following:*

- *Encouraging FTA to create a simplified and streamlined planning, project development and evaluation/rating process for Small Starts projects. This process should be simpler, less costly and less time-consuming than New Starts for both project sponsors and FTA.*

- *Opposing a segregation of the program into "Very Small Starts" and "Small Starts" to ensure that all Small Starts projects are subjected to a simplified and streamlined process.*

- *Supporting a reinstitution of the exemption from the evaluation/rating process for projects seeking $25 million or less in New Starts or Small Starts money.*

- *Preventing Small Starts from evolving into a "bus-only" program by ensuring that funding is distributed across different public transit modes, levels of investment and project goals.*

- *Ensuring that the evaluation/rating process places an emphasis on transit-supportive land use and impact on local economic development, as well as cost effectiveness.*

PUBLIC-PRIVATE PARTNERSHIPS

Interest in public-private partnerships as a way to supplement traditional transportation funding has grown dramatically in the United States over the past several years, principally because: (a) traditional transportation revenue sources are in short supply; and (b) the emergence of "intelligent technology" solutions for traffic management and toll collection has made them far more practical. Public-private partnerships are being embraced by communities as ways to solve traffic congestion problems and meet corridor travel needs.

Structured in multiple forms, public-private partnerships generally contemplate a single private entity, typically a consortium of private companies, being responsible and financially liable for performing all or a significant number of functions in connection with a transportation project. In transferring responsibility and risk for multiple project elements to the private partner, the transportation entity provides the private partner with the opportunity to earn a financial return commensurate with the risks it has assumed.

Advocacy Principles: As part of its 2008 Federal Legislative Program, VTA will support federal policies that:

- *Encourage the use of innovative contracting methods.*
- *Enable transportation agencies to undertake congestion pricing programs.*
- *Allow transportation agencies to build and operate high-occupancy toll (HOT) lanes.*
- *Provide opportunities for public transit agencies to implement transit-oriented joint development.*
- *Encourage private investment in transportation infrastructure.*

ENERGY AND CLIMATE CHANGE

Americans use more energy for transportation than any other activity. Nearly 43 percent of America's energy resources are used in transportation compared to industrial use (39 percent), residential use (11 percent) and commercial use (7 percent). Public transit offers one of the most effective strategies to reduce energy consumption. New research suggests the following:

- ✓ Current levels of public transit service reduce petroleum consumption by 1.4 billion gallons of gasoline each year. This figure is the equivalent of 34 supertankers leaving the Middle East, one every 11 days.

- ✓ For every passenger mile traveled, public transit is twice as fuel efficient as private automobiles.

- ✓ If Americans used public transit at the same rate as Europeans—for roughly 10 percent of their daily travel needs—the United States would reduce its dependence on imported oil by more than 40 percent, nearly the amount of oil the nation imports from Saudi Arabia each year.

Similarly, research indicates that significantly increasing passenger loads on public transit vehicles would result in air quality improvements, including reductions in greenhouse gas emissions. When compared to private vehicles, public transit produces 95 percent less carbon monoxide, 92 percent fewer volatile organic compounds, and nearly half as much carbon dioxide and nitrogen oxides for every passenger mile traveled.

Therefore, public transit must be an essential partner in the establishment of a national strategy for achieving energy independence and addressing the problem of global warming by providing mobility choices and leadership in the use of green technologies.

Advocacy Principles: As part of its 2008 Federal Legislative Program, VTA will generally support the following:

- *Creating a separate and distinct Clean-Fuels Bus Program, so long as it does not come at the expense of funding for existing public transit programs under the federal transit title of SAFETEA-LU.*

- *Allowing clean-fuel public transit projects to be eligible for funding through programs administered by the Department of Energy.*

- *Providing increased federal investment in research and development of clean-fuel technologies for public transit.*

AMTRAK

In 2003, the Bush Administration submitted an Amtrak reauthorization plan to Congress. In general, this plan called for ending Amtrak's national route network and, instead, creating a system in which states and local communities would be given the responsibility for determining the rail services that would be operated within their areas, using state funds. Amtrak's federal subsidy payments would be replaced with direct federal matches for capital investments to be paid directly to states and multi-state compacts. In the meantime, Amtrak would transition over time into three entities:

1. A private passenger rail company, which would operate trains under contract to states and multi-state compacts, similar to how Amtrak now operates trains under contract to commuter rail agencies.

2. A private rail infrastructure company, which would maintain and operate the infrastructure on the Northeast Corridor under contract to a multi-state compact.

3. The National Passenger Rail Corporation, which would continue as a government corporation. The National Passenger Rail Corporation would retain Amtrak's current right to use the tracks of the freight railroads, as well as the Amtrak corporate name. Both the track-access rights and the Amtrak brand would be provided under contract to states and multi-state compacts for qualifying passenger rail service that they sponsor.

In addition to the Administration's plan, various other bills to reauthorize Amtrak have surfaced in Congress during the past several years, all of which have embodied some reforms. In a number of cases, these reforms have dramatically differed from those offered by the Administration. So far, no consensus has been reached. In the meantime, Amtrak continues to be heavily subsidized by federal resources and is still operating without the support of authorizing legislation.

Regardless of what shape an eventual Amtrak reauthorization bill might take, the federal government must, in the near term, provide sufficient funding for Amtrak. Moreover, the current Amtrak system is an essential network that supports the development and operation of intercity rail, high-speed rail, commuter rail, and other passenger rail services. Many passenger rail operators, including the Caltrain Joint Powers Board and the Capitol Corridor Joint Powers Authority in the San Jose-Oakland-San Francisco Bay Area, rely on Amtrak facilities and contract services. Such arrangements must continue without disruption. Any changes to Amtrak's institutional structure must protect the integrity of this network, as well as honor existing contracts, commitments and financial arrangements, including existing service contracts executed with passenger rail operators.

<u>Advocacy Principles</u>: As part of its 2008 Federal Legislative Program, VTA will support federal investment in Amtrak, so long as it does not come at the expense of funding for existing public transit programs under the federal transit title of SAFETEA-LU. At the same time, Congress must give full consideration to the impact that any Amtrak reauthorization legislation would have on other public transportation services.

HIGH-SPEED RAIL

In 1996, the California High-Speed Rail Authority was created to plan, design, construct, and operate a high-speed train system connecting California's major metropolitan areas. According to the authority's adopted business plan, the intent is to run the first leg of this system between Los Angeles and San Francisco through San Jose. Ultimately, the line would be extended to Oakland, Sacramento and San Diego. Funding to build the system is anticipated to be provided through a bond measure that has been placed on the November 2008 ballot for voter approval, federal funding, and private sector investment.

With initial planning work having been completed, the High-Speed Rail Authority is now: (a) preparing a more detailed project financial plan; (b) outlining project management activities; (c) identifying critical right-of-way acquisitions; and (d) initiating detailed project design and related environmental studies. In addition, the authority is in the process of completing a program-level environmental document to help identify a preferred corridor, general alignment and station locations to connect the Bay Area to the Central Valley segment of the high-speed rail line.

Given severe constraints on airport and airspace capacity, as well as the need to develop highway alternatives, federal public policy must steer passenger trips in the 200- to 500-mile range to high-speed rail, with adequate connections to other public transit services. There needs to be a federal capital program to support high-speed rail efforts in California and other states across the country, so long as it does not compete with traditional federal funding for public transit. Federal tax credit instruments should be explored as a potential tool for financing high-speed rail projects. Other funding and financing mechanisms also should be considered to encourage public-private partnerships, including tax-exempt bonding, federal loan guarantees, carbon credits, and other innovative instruments.

<u>Advocacy Principles</u>: As part of its 2008 Federal Legislative Program, VTA will support the enactment of legislation that would create innovative financing tools for developing high-speed rail corridors in California and other parts of the country.