

**SANTA CLARA**  
**Valley Transportation Authority**

**2010 LEGISLATIVE**  
**PROGRAM**



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# **EXECUTIVE SUMMARY**

The Santa Clara Valley Transportation Authority (VTA) annually adopts a Legislative Program to provide direction for its legislative and policy activities for the year. The purpose of the Legislative Program is to establish financial, statutory, regulatory, and administrative policies and principles to guide VTA's advocacy efforts. 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., Sacramento and the Bay Area.

The 2010 Legislative Program is divided into the following sections:

1. Federal.
2. State.
3. Regional & Local.

Each section of the program consists of a summary of the key policy issues and a series of related advocacy principles.

## **FEDERAL**

The Federal Section of VTA's 2010 Legislative Program is divided into the following policy areas:

1. Surface Transportation Authorization.
2. FY 2011 Federal Transportation Appropriations.
3. Climate Change.
4. High-Speed Rail.
5. Economic Stimulus.
6. SILO/LILO Transactions.
7. Public Transit Security.

### **SURFACE TRANSPORTATION AUTHORIZATION**

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) authorized 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 timeframe. Although SAFETEA-LU expired on September 30, 2009, Congress has kept its provisions intact through a series of short-term extensions in the absence of an agreement on a new six-year authorization bill.

As part of its 2010 Legislature Program, VTA will urge Congress to act on a longer term surface transportation authorization measure to replace SAFETEA-LU as quickly as possible to ensure that much-needed transportation capital investments are initiated and critical infrastructure improvement projects are advanced. A six-year authorization bill for highways, public transit and other federal surface transportation programs will provide the guidance and predictability that VTA, other project sponsors across the nation and our private sector partners need in order to do long-range planning and to make multi-year financial commitments. In addition, VTA's

advocacy platform regarding the form, content and funding provisions of a new federal surface transportation authorization bill will embrace the following principles.

**General Principles:** VTA endorses the California Consensus on Federal Transportation Authorization, which was developed through a collaborative process involving Gov. Arnold Schwarzenegger; the Business, Transportation & Housing Agency; Caltrans; and transportation stakeholders from across California. These principles, which are intended to provide a unified California position to Congress and the President on the future of the nation's surface transportation policies, are summarized as follows:

1. **Ensure the financial integrity of the Highway Trust Fund:** The financial integrity of the Highway Trust Fund is at a crossroads. Current user fees are not keeping pace with needs or even the authorized funding levels in current law. In the long-term, the per-gallon taxes now charged on motor vehicle fuels will not provide the revenues or stability needed, especially as new fuels enter the marketplace. This authorization must stabilize the existing revenue system and prepare the way for a transition to new methods for funding the nation's transportation infrastructure.
2. **Rebuild and maintain transportation infrastructure in a good state of repair:** Conditions on California's surface transportation network are deteriorating while demand is increasing. This situation adversely impacts the operational efficiency of the state's key transportation assets, hindering mobility, commerce, quality of life, and the environment. The successor bill to SAFETEA-LU must give top priority to the preservation and maintenance of the nation's existing system of roads, highways, bridges, and public transit.
3. **Establish goods movement as a national economic priority:** Interstate commerce is the historic cornerstone defining the federal role in transportation. The efficient movement of goods across state and international boundaries enhances the nation's ability to remain globally competitive and to generate jobs. A new federal program and funding sources dedicated to relieving growing congestion at America's global gateways need to be created.
4. **Enhance mobility through congestion relief within and between metropolitan areas:** California is home to six of the 25 most congested metropolitan areas in the nation. These mega-regions represent a large majority of the population affected by travel delays and by exposure to air pollutants. Funding should be increased to enhance the capacity of all modes aimed at reducing congestion and promoting mobility in the nation's most congested areas. In addition, increased state flexibility to implement performance-based infrastructure projects, public-private partnerships and innovative finance programs should be provided.
5. **Strengthen the federal commitment to safety and security:** Traffic safety involves saving lives, reducing injuries and optimizing the uninterrupted flow of traffic on the nation's transportation network. Increased funding should be provided for safety projects aimed at reducing fatalities and for a national program to enhance the security of the nation's transportation systems, including public transit.
6. **Strengthen comprehensive environmental stewardship:** Environmental mitigation is part of every transportation project and program. The federal role is to provide the tools that will help mitigate future impacts and to cope with changes to the environment. The successor legislation to SAFETEA-LU should strive to integrate the consideration of climate change and land-use/transportation linkages into the planning process. In addition, funding should

be provided for the planning and implementation of measures that have the potential to reduce emissions and improve public health, such as new vehicle technologies, alternative fuels, clean public transit vehicles, transit-oriented development, ride-sharing, and bicycle and pedestrian travel.

7. **Streamline project delivery:** Extended processing time for environmental clearances, permits and reviews adds to the cost of projects. Given constrained resources, it is critical that these clearances and reviews be kept to a minimum, consistent with good stewardship of our natural resources. The successor legislation to SAFETEA-LU should: (a) increase the opportunities for state stewardship through delegation programs for National Environmental Policy Act (NEPA) and air quality conformity; (b) increase state flexibility for using innovative contracting methods, such as construction management-general contractor and design-build; (c) ensure that federal project oversight is commensurate with the amount of federal funding; and (d) require federal permitting agencies to engage actively and collaboratively in project development and approval.

**Finance Principles:** Under SAFETEA-LU, the overall funding level for highways, public transit, highway safety, motor carrier safety, and transportation research during the legislation's six-year life was \$286.4 billion. While this amount was greater than previous authorizations, it fell far short of the level of federal investment needed to maintain the nation's existing transportation infrastructure, as well as to expand its capacity in order to keep up with the steadily growing demand for transportation. Therefore, providing sustained federal investment in the nation's transportation infrastructure that is adequate to meet the significant needs of highways, public transit and other transportation modes must be front-and-center in the debate concerning the successor legislation to SAFETEA-LU.

According to a report issued by the National Surface Transportation Policy and Revenue Study Commission in January 2008: "Any effort to address the future transportation needs of the United States must come to grips with the sobering financial reality of such an undertaking. Estimates indicate that the U.S. needs to invest at least \$225 billion annually for the next 50 years to upgrade our existing transportation network to a good state of repair and to build the more advanced facilities we will require to remain competitive. We are spending less than 40 percent of this amount, and the current fuel-tax-based revenue mechanisms probably cannot be relied upon alone to raise the needed sums."

As part of its 2010 Legislative Program, VTA endorses the following finance principles for federal surface transportation authorization:

- Authorize a significant increase in federal surface transportation funding sufficient to meet the needs. In the case of public transit, the American Public Transportation Association (APTA) is advocating for a total investment of no less than \$123 billion over the six-year authorization period in order to: (a) meet at least 50 percent of the estimated \$60 billion in annual critical public transit capital needs by the end of the authorization period; and (b) support a projected doubling of ridership over the next 20 years.
- Authorize individual programs within the highway and transit titles at increasing funding levels that are sufficient to address current and future surface transportation infrastructure needs.

- Maintain and strengthen the current budgetary protections and funding guarantees for surface transportation programs to ensure that authorized spending levels are actually appropriated each fiscal year.
- Preserve the General Fund contributions to the Mass Transit Account to support federal public transit programs.
- Restore and increase the purchasing power of the federal gas tax in order to support a significant increase in the level of federal investment in surface transportation programs.
- To diversify and augment Highway Trust Fund resources, authorize the implementation of innovative financing mechanisms, such as public-private partnerships, tolling, congestion pricing, tax-exempt/tax-credit bonds, express lanes, and freight user fees.
- Provide an appropriate balance between highway and public transit investments by continuing to credit the Mass Transit Account with, at a minimum, 20 percent of each future increase in the gas tax or any successor tax.
- Ensure that the Highway Trust Fund is appropriately credited for ethanol fuels, as well as other new and currently exempt alternative fuels.
- Restore the earning of interest income to the Highway Trust Fund.
- Support longer-term efforts to transition the Highway Trust Fund from motor fuel taxes and fees to a vehicle mileage tax or a vehicle weight/mile tax.

**Program Structure Principles:** For the most part, SAFETEA-LU respected the basic program structure that existed previously. This program structure consists of a core highway program that is primarily formula-based, a core public transit program comprised of both formula and discretionary elements, and flexible funding programs that allow the states and metropolitan planning organizations (MPOs), such as the Metropolitan Transportation Commission (MTC) in the Bay Area, to move funds around in a manner that best meets local and regional mobility needs. While this basic, overall program framework should remain in place, VTA supports the following modifications:

- Explore opportunities to consolidate similar program categories under the highway title.
- Create a new multimodal “metropolitan mobility program” dedicated to funding large-scale transportation infrastructure projects that would reduce congestion and improve mobility in the nation’s major metropolitan areas.
- Re-evaluate current federal surface transportation law regarding the definition, designation, structure, and composition of MPOs.
- Support APTA’s proposal to modify the Bus/Bus Facilities Program from a discretionary to a formula-based program.
- Create a separate and distinct Clean-Fuels Bus Program for the purchase of alternative-fuel buses, and the construction of fueling facilities and other related infrastructure.

- Continue allowing Urbanized Area (UZA) Formula Program funds to be used for preventive maintenance costs. In addition, support providing all public transit agencies, regardless of size, with the flexibility to choose to use a portion of these funds for general operating expenses.
- Support APTA’s proposal to restructure the Fixed Guideway Modernization Program by replacing the current, complicated seven-tier structure with a simpler two-tier formula distribution that, at a minimum, holds all current recipients harmless.
- Support the following reforms to the New Starts Program: (a) strengthening the language in existing law to ensure that a multi-measure approach is used to evaluate a New Starts project and to determine whether it should be recommended for funding; (b) either eliminating cost-effectiveness as a criterion or, at a minimum, restructuring it to evaluate the federal investment in a New Starts project, to utilize a composite rating that takes into consideration other factors besides travel time savings, to differentiate between transit modes so as not to prejudice or bias the local alternatives analysis process, and to reflect the benefits of the project to all travelers in the transportation corridor, not just transit users; (c) ensuring that the New Starts evaluation/rating process considers in a meaningful way situations where local communities have stepped forward with significant local and non-federal resources to fund their projects; and (d) streamlining the process to shorten the length of time it takes for meritorious New Starts projects to progress from preliminary engineering to a Full Funding Grant Agreement (FFGA).
- Support the following reforms to the Small Starts Program: (a) creating a simplified and streamlined planning, project development and evaluation/rating process for Small Starts projects; (b) opposing the segregation of the program into “Very Small Starts” and “Small Starts” to ensure that all Small Starts projects are subjected to the same simplified and streamlined process; (c) reinstating the exemption from the evaluation/rating process for projects seeking \$25 million or less in New Starts or Small Starts funding; and (d) ensuring that the evaluation/rating process utilizes a multi-measure approach that does not overemphasize one particular criterion.
- Support APTA’s proposal to combine the Job Access/Reverse Commute, New Freedom, and Elderly and Disabled Formula Programs into one program that provides funding for transportation services for seniors, the disabled and other populations with specialized mobility needs.
- Clarify current law to allow public transit operators to specifically design routes to accommodate the needs of schools so long as those routes are open to the public and are part of an operator’s regularly scheduled service.
- Provide funding to promote workforce development and career opportunities in the public transit industry.

## **FY 2011 FEDERAL TRANSPORTATION APPROPRIATIONS**

Every year, Congress adopts at least 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 SAFETEA-LU until successor legislation is enacted.

In general, VTA's advocacy efforts with regard to the FY 2011 federal transportation appropriations bill will emphasize the following:

- Support a minimum appropriations level for federal surface transportation programs equal to the guaranteed spending levels authorized in SAFETEA-LU or its successor.
- Advocate for the highest possible levels of funding for individual programs within the highway and transit titles of SAFETEA-LU or its successor. The key federal surface transportation programs for VTA are: (a) the 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 or its successor.

### CLIMATE CHANGE

The United Nation's Intergovernmental Panel on Climate Change has found that a concerted and coordinated effort must be made to limit the effects of global warming. The United States is responsible for 22 percent of the world's total greenhouse gas emissions. The transportation sector produces approximately one-third of the greenhouse gas emissions in this country, primarily in the form of carbon dioxide (CO<sub>2</sub>) emissions. Therefore, as Congress considers climate change legislation, it must address the challenge of reducing transportation-related emissions.

Public transit will play a key role in reducing greenhouse gas emissions from the transportation sector. Studies show that public transit cuts CO<sub>2</sub> emissions by 37 million metric tons annually by reducing the number of automobile trips, easing traffic congestion and supporting more efficient land-use patterns. These contributions are important because driving rates, as measured in vehicle miles traveled, are expected to double by 2030, which would negate the greenhouse gas emission reductions resulting from recent changes in Corporate Average Fuel Economy (CAFE) standards and from new low-carbon fuel requirements.

In partnership with APTA, VTA will advocate on issues related to federal climate change legislation according the following four principles:

1. Use revenues from federal climate change legislation to expand public transit services: To achieve the increases in public transit ridership that will significantly reduce greenhouse gas emissions from the transportation sector, federal climate change legislation must begin to address the large annual capital funding shortfall for public transit, as well as allow public transit agencies to address service levels, fare strategies and the cost of carbon under a cap-and-trade program. Revenues from the auction or sale of emission allowances under a cap-

and-trade program or from an emission reduction program should be used to supplement—not supplant—public transit funding provided through SAFETEA-LU and its successor.

2. Increase the availability of fixed guideway transit: Fixed guideway transit investments help create energy efficient land-use patterns, which produce greenhouse gas emission reductions beyond the immediate benefit of increased public transit use. These investments have the potential to significantly improve the way people live and travel, reducing individual carbon footprints while preserving and enhancing mobility.
3. Promote energy efficient technologies: Federal climate change legislation should encourage new investment in energy efficient technologies that can increase the annual CO<sub>2</sub> savings from current public transit services. Federal support for such investment would speed up the deployment of advanced technologies, thereby freeing up resources to support expanded service.
4. Support local, regional and state efforts to increase mobility while reducing emissions from the transportation sector: As part of a comprehensive strategy to reduce greenhouse gas emissions, a new source of funding should be created for local, regional and state governments to advance mobility in ways that reduce vehicle miles traveled. New funding could be linked to efforts that will capture emission reductions through energy efficient land-use patterns, expanded public transit service and transit-oriented development.

## **HIGH-SPEED RAIL**

Rapid population growth, congested highways and constrained airports prompted California leaders to consider building a high-speed train system in the state along the lines of those that have been in operation for decades in Europe and Asia. In 2000, the California High-Speed Rail Authority, the agency currently responsible for planning, building and operating the state's high-speed train system, unveiled a plan for an 800-mile system that would link all of the state's major population centers, including the Bay Area, Los Angeles, Sacramento, the Inland Empire, Orange County, and San Diego. Through a subsequent program-level environmental document, the High-Speed Rail Authority recommended using an alignment over the Pacheco Pass to enter the Bay Area. This alignment would maximize service to Silicon Valley and dramatically improve the Caltrain commuter rail corridor.

The High-Speed Rail Authority projects that trains operating at speeds of up to 220 miles per hour would be able to transport riders from downtown San Francisco to Los Angeles in just under two and a half hours. The steel-wheel-on-steel-rail, electrically powered high-speed trains would rely on proven technology employed by systems in use in Europe and Asia. Supporters of the state's proposed high-speed train system contend that it would relieve highway and air traffic congestion between Northern and Southern California, and significantly reduce transportation-related greenhouse gas emissions.

To fund the core segment of the state's proposed high-speed train system, SB 1856 (Costa) was enacted in 2002 to provide for the submission of the Safe, Reliable, High-Speed Passenger Train Bond Act for the 21<sup>st</sup> Century to the voters of California for their approval. The bond act calls for the issuance of a total of \$9.95 billion in general obligation bonds, \$9 billion of which would be used in conjunction with federal and private funds for the planning and construction of the first phase of the system—from Anaheim through Los Angeles to the Bay Area. The remaining \$950 million would be made available for capital projects on other passenger rail lines in

California to provide connectivity to the high-speed train system, and for capacity enhancements and safety improvements to those lines. Under the provisions of SB 1856, the bond act was initially scheduled for the 2004 general election. However, two subsequent bills postponed its consideration until November 2008, at which time it was approved by the voters as Proposition 1A.

In 2009, the Obama Administration unveiled a long-term strategy intended to build an efficient, high-speed passenger rail network of 100- to 600-mile intercity corridors as one element of a modernized national transportation system. In the near term, the proposal lays the foundation for this network by investing in intercity and high-speed rail infrastructure, equipment and intermodal connections, beginning with an \$8 billion down payment provided under the American Recovery and Reinvestment Act (ARRA), and continuing with a grant program of \$1 billion per year over the next five fiscal years. California, as well as Silicon Valley, will benefit from this federal commitment.

In 2010, VTA will work with the California High-Speed Rail Authority, MTC, Caltrain, and other regional partners to pursue actions at the federal level that advance the San Francisco/Silicon Valley Corridor Investment Strategy for High-Speed Rail. In addition, VTA will support efforts to fund and implement improvements to the Diridon Station Area consistent with plans developed by the city of San Jose and Caltrain.

### **ECONOMIC STIMULUS LEGISLATION**

If the Obama Administration and Congress consider a second economic stimulus bill, VTA will advocate for the inclusion of substantial funding for transportation infrastructure in such legislation. Public transit and other types of transportation infrastructure projects yield considerable benefits to the economy in terms of job creation and revenue generation. In addition, VTA will work to ensure that the legislative parameters defining how any federal economic stimulus funding would be provided for transportation infrastructure projects allow VTA to take advantage of such funding for high-priority projects in Santa Clara County.

### **SILO/LILO TRANSACTIONS**

Throughout the 1990s and up until 2003, the Federal Transit Administration (FTA) encouraged public transit agencies to enter into Sale-In/Lease Out (SILO) and Lease-In/Lease-Out (LILO) transactions. As a result, VTA entered into six such transactions. The benefit to public transit agencies for entering into these transactions was to provide additional resources to increase their capital budgets and allow them to make critical investments in their infrastructure.

In 2004, however, the Jobs Creation Act was enacted, which prohibited SILO/LILO transactions. As a result, the Internal Revenue Service (IRS) began denying the benefits claimed by investors under these transactions. After successfully defending its position in at least two major court cases, the IRS made a settlement offer to the investor community, under which investors would be allowed to keep 20 percent of the tax benefits that they had originally anticipated while agreeing not to litigate the matter any further. This settlement was accepted by the vast majority of the investors.

As part of a SILO/LILO agreement, it was necessary for a public transit agency to retain a third-party guarantor to distribute lease payments over the life of the transaction. In many cases, AIG,

Ambac and FSA provided this guarantee. During the period that these transactions were undertaken, AIG, Ambac and FSA were considered to be extremely reliable parties to play this role, and they were three of a handful of financial institutions that were eligible to meet the credit standards of the contractual requirements.

However, during the recent financial crisis, AIG, Ambac and FSA saw their credit ratings reduced below the contractual requirements of most SILO/LILO agreements. Under such a circumstance, the duty to replace the guarantor with a like party that met the credit standards rested solely with the public transit agency. Because the marketplace has been and continues to be in such disarray, and no other financial institutions exist that could meet the contractual standards, banks and other investors could claim a technical default and attempt to dissolve the transactions. Such an early termination would expose public transit systems to significant liability for earnings and unrealized tax benefits of the investors.

As part of its 2010 Legislative Program, VTA will continue to work with other public transit agencies from across the country on administrative and/or legislative remedies that would prevent investors from taking advantage of the credit ratings of the third-party guarantors in order to seek an early termination of SILO/LILO transactions and secure unrealized tax benefits that were denied to them by Congress and the IRS.

### **PUBLIC TRANSIT SECURITY**

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. As a result, many public transit systems are more secure now than they were prior to 9/11. However, more needs to be done. Although state and local governments, as well as public transit agencies, are doing what they can to improve security, it is important for the federal government to be a full partner in efforts to ensure the security of the nation's public transit users.

As part of its 2010 Legislative Program, VTA will advocate for funding to enhance the security and safety of our nation's public transit systems through the FY 2011 U.S. Department of Homeland Security appropriations bill, as well as for the following policies:

- 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.
- Federal public transit security and safety funding should be provided at a 100 percent federal share with no match requirement.
- Consideration should be given to transferring the responsibility for administering federal transit security and safety grants from the Homeland Security Department to the U.S. Department of Transportation. In addition, the process should be streamlined to decrease the length of time between when grant applications are submitted to the federal government and when a public transit agency actually receives its grant funding.

- 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.

## **STATE**

The State Section of VTA's 2010 Legislative Program is divided into the following policy areas:

1. FY 2011 State Budget.
2. Transportation Finance.
3. Transportation Program Structure.
4. Transportation and the Environment.
5. Transit-Oriented Development.
6. Project Delivery.
7. High-Speed Rail.

### **FY 2011 STATE BUDGET**

Transportation funding in California has been plagued by uncertainty, unpredictability and instability. Throughout this decade, significant amounts of transportation dollars have been loaned or transferred to the General Fund to help address state budget deficits. This loss of revenue has negatively impacted the ability of Caltrans and local agencies to deliver capital improvement projects funded through all of the state's transportation programs, including the Traffic Congestion Relief Program (TCRP), the State Transportation Improvement Program (STIP), and the State Highway Operation and Protection Program (SHOPP). It also has interrupted the flow of dollars for transit operations and capital projects through the Public Transportation Account (PTA), and for local roadway projects through Proposition 42.

Given the state's worsening fiscal condition, protecting transportation dollars for their intended purpose will once again be a top priority for VTA and the transportation community in 2010. Although the passage of Proposition 1A was an important step, it does not completely close the door on the possibility of Proposition 42 gasoline sales tax revenues being loaned for non-transportation uses. Moreover, PTA revenues continue to remain vulnerable to diversion to the General Fund. Finally, transportation revenues that were loaned to the General Fund in prior fiscal years still need to be repaid. Therefore, as part of its 2010 Legislative Program, VTA will advocate for the following:

- Support the full transfer of gasoline sales tax revenues from the General Fund to the Transportation Investment Fund (TIF) pursuant to Proposition 42. Furthermore, oppose the loaning or diversion of Proposition 42, PTA and other state transportation dollars to the General Fund or to pay for General Fund obligations.
- Support the constitutional amendment being proposed by the League of California Cities, the California Alliance for Jobs and the California Transit Association that seeks to permanently protect local government and transportation funding for their intended purposes.
- Support the California Transit Association's efforts to reclaim PTA revenues for public transit purposes, including the State Transit Assistance Program (STA), that were used to

cover General Fund obligations over the past three fiscal years, pursuant to the Association's successful lawsuit.

- Ensure that all previous loans from the various state transportation accounts to help with prior-year General Fund deficits are repaid in full and as expeditiously as possible, using General Fund and tribal gaming revenues as originally specified in state law. Oppose attempts to repay these loans with PTA or other transportation dollars.
- Support appropriating the full amount of funding for STA as part of the FY 2011 state budget.
- Continue to partner with the California Transportation Commission (CTC) and the TCRP Working Group to implement the commission's adopted TCRP Allocation Plan, which includes a payment schedule for the remaining TCRP funding for the BART Extension to Silicon Valley.
- Support appropriating the highest possible level of Proposition 1B bond revenues as part of the FY 2011 budget. Monitor discussions within the Schwarzenegger Administration and the Legislature concerning the distribution of these revenues among the various Proposition 1B program categories. Oppose efforts to use Proposition 1B bond funds to supplant existing revenues for other state transportation programs.
- Partner with other transportation stakeholders to advocate for the timely issuance of bonds by the Treasurer's Office to ensure that Proposition 1B projects are not delayed.
- Work with the CTC to ensure the approval of any allocation requests submitted in FY 2011 for Santa Clara County Proposition 1B and STIP projects.

### **TRANSPORTATION FINANCE**

California is suffering from an overall underinvestment in transportation infrastructure. The gas tax, the historic foundation of transportation funding, has substantially eroded in value. California last approved a gas tax increase in June 1990 under Proposition 111, which raised the rate up to the current level of 18 cents a gallon. However, statistics indicate that the state's gas tax rate has not kept pace with the growth in population, licensed drivers, registered vehicles, and vehicle miles traveled. At the same time, automobile fuel economy has more than doubled, resulting in drivers using less gas and paying less gas taxes for each mile they drive. Furthermore, while the cost of constructing transportation projects increases each year, the gas tax stays constant. The result is an erosion of purchasing power.

In May 1999, the CTC published a report suggesting that the magnitude of California's unfunded transportation needs over 10 years was close to \$120 billion. Although the CTC has not done a comprehensive update of this 1999 assessment, the commission recently reported that the number has actually grown to roughly \$200 billion since that time.

VTA supports legislative proposals and policies that ensure that adequate levels of funding are available for operating, maintaining, rehabilitating, and improving California's transportation infrastructure, including state highways, public transit, local streets and roads, bicycle and

pedestrian facilities, transportation corridor management strategies, and intelligent transportation systems. In 2010, VTA's advocacy efforts in this regard will emphasize the following:

- Support legislation that would require the state gas and diesel fuel tax rates to be adjusted annually for inflation. In addition, explore the possibility of changing how the gas tax is collected at the pump from a per-gallon rate to a percentage of the purchase price.
- Support efforts to place a constitutional amendment before the voters of California to allow them to decide whether the two-thirds voting requirement for local transportation sales tax measures should be lowered.
- Support legislation that would provide the necessary authorization in state law to implement the proposed Bay Area regional express lane network predicated on the following: (a) such legislation must ensure that the regional express lane network will be implemented through a partnership between MTC and the Bay Area congestion management agencies (CMAs); (b) it must ensure that individual corridors retain at least 95 percent of their net revenues for transportation improvements within those corridors; and (c) it must maintain the ability of the CMAs to manage the development and construction of express lane projects within their counties, as well as any improvements in express lane corridors within their counties that generate net revenues.

### **TRANSPORTATION PROGRAM STRUCTURE**

**STIP:** SB 45 (Kopp), which was enacted into law in 1997, brought about various changes to the process for programming transportation dollars through the STIP. In general, this legislation simplified the programming process by consolidating nine separate state transportation funding pots into two broad categories: (1) the Regional Transportation Improvement Program (RTIP); and (2) the Interregional Transportation Improvement Program (ITIP). SB 45 also devolved a significant amount of programming responsibility from the CTC to regional transportation planning agencies (RTPAs), such as MTC in the Bay Area.

VTA will work with other transportation stakeholders on possible reforms to the STIP process, including: (a) eliminating the four-year county share period, thereby allowing county shares and programming capacity to be calculated based on the STIP Fund Estimate; (b) strengthening the language in current law that states that the CTC can only accept or reject RTIPs in their entirety; (c) establishing clear criteria as to when the CTC may reject an RTIP; and (d) allowing local agencies to bond against their STIP county shares.

**PTA:** Revenues in the PTA are derived primarily from the following four sources: (1) sales tax on diesel fuel; (2) sales tax on 9 cents of the state excise tax on gasoline; (3) Proposition 42; and (4) spillover. On the expenditure side, how PTA revenues are allocated varies by funding source, causing a certain amount of confusion.

The PTA is in need of some restructuring. In 2010, VTA will work with the California Transit Association and other transportation stakeholders on the following: (a) providing adequate constitutional protections for all PTA revenue sources to ensure that they cannot be used to shore up the General Fund; (b) determining whether to allocate spillover through Proposition 42; (c) clarifying the definition of public transit to ensure that PTA dollars cannot be used for expenditures that historically have been covered by the General Fund; (d) determining whether to distribute PTA revenues that are currently allocated through the STIP process by some other

method; and (e) establishing the same method of distribution for PTA revenues, regardless of funding source.

## **TRANSPORTATION AND THE ENVIRONMENT**

Transportation is an environmental issue. How the transportation system is planned and developed can have either positive or negative environmental consequences. Improving air and water quality, protecting wildlife habitats, preserving open and green spaces, sensibly managing energy and resource consumption, and preventing sprawl are among the environmental objectives that directly impact the quality of life of California's communities. Creating a more balanced transportation system is central to preserving the environment as a whole.

***Climate Change:*** In 2006, Gov. Schwarzenegger signed into law AB 32 (Nunez), the Global Warming Solutions Act, which made California the first state in the nation to attempt to cap its greenhouse gas emissions. This legislation sets the ambitious goal of cutting greenhouse gas emissions throughout the state to 1990 levels by 2020. This translates into an estimated 25 percent reduction, or 174 million metric tons per year. To achieve this goal, AB 32 empowers the California Air Resources Board (CARB) to adopt rules and regulations to "achieve the maximum technologically feasible and cost-effective greenhouse gas emissions reductions from sources or categories of sources" according to a series of benchmarks and timetables specified in the legislation.

Two years later, SB 375 (Steinberg) was enacted into law. This extremely complex piece of legislation attempts to put in place a framework for cutting vehicle miles traveled as a strategy for reducing greenhouse gas emissions from the transportation sector. In general, SB 375 requires MPOs in California, including MTC, to include a "sustainable communities strategy" in their regional transportation plans (RTPs) that would consist of development patterns and transportation measures designed to achieve regional greenhouse gas emission reduction targets provided by CARB. In addition, the bill requires the allocation of regional housing needs assessment (RHNA) shares to cities and counties to be consistent with a particular region's sustainable communities strategy. Finally, SB 375 provides California Environmental Quality Act (CEQA) incentives for certain types of development projects in order to encourage local governments to undertake their planning activities in a manner that is consistent with the sustainable communities strategy, and to entice developers to build high-density housing near public transit stations.

As part of its 2010 Legislative Program, VTA will advocate at the state level on issues related to the implementation of AB 32 and SB 375 according the following four principles:

1. **Recognize the role of public transit:** Given that the AB 32 scoping plan includes multiple policies directed at reducing vehicle miles traveled and increasing the use of alternative modes of transportation, reliable funding for public transit is needed to build capacity to accommodate the resulting growth in ridership. Public transit operators across the state already are experiencing financial pressures due to the loss of PTA funding and steep reductions in local sales tax revenues resulting from California's struggling economy. The significant role that public transit will play in meeting the goals of AB 32 and SB 375 must be recognized, and new revenues must be dedicated for transit capital and operating needs.
2. **Ensure that AB 32 and SB 375 actions do not erode the existing transportation funding base:** Significant transportation funding is derived from state and federal gas taxes. Incentives to

reduce consumption of taxable fuels will cut greenhouse gas emissions, but run the risk of reducing a major funding source that California relies on to develop and maintain its transportation infrastructure. CARB should evaluate the impact of AB 32 actions on transportation funding levels and develop a plan to supplement any lost revenues.

3. Dedicate revenues from market mechanisms implemented under AB 32 for transportation: Future policies directed at reducing greenhouse gas emissions present challenges and opportunities for the transportation sector. Therefore, CARB should develop a framework for the use and allocation of new revenues created under AB 32 for multimodal transportation projects and programs that provide greenhouse gas emission reductions.
4. Incorporate greenhouse gas adaptation in CEQA: CARB should work with the Office of Planning and Research and other key stakeholders to address how greenhouse gas emissions would be analyzed under CEQA, and allow transportation projects to be evaluated for greenhouse gas emissions at the programmatic level.

In addition, VTA will work with local agencies and the business community in Silicon Valley to develop a coordinated response to any legislation that may be introduced that seeks to reform parking policies.

**Urban Transit Bus Fleet Rule:** As part of its 2010 Legislative Program, VTA will continue to monitor the implementation of CARB's Urban Transit Bus Fleet Rule to ensure that these efforts: (a) are consistent with VTA's environmental policies and clean-fuels strategies, as well as with the regional Zero-Emission Bus Demonstration Program; and (b) do not impose any unnecessary financial and administrative burdens on public transit operators. In addition, VTA will work with the California Transit Association to ensure the certification of diesel hybrid engines to meet the diverse needs of the state's public transit operators.

### **TRANSIT-ORIENTED DEVELOPMENT**

Transportation and land use are inextricably connected. Land use determines commute patterns by influencing mode choices, travel routes and trip distances. At the same time, the transportation system shapes land-use patterns as development tends to occur along major transportation corridors. To maximize mobility, land-use planning should encourage alternatives to the automobile. Policies that promote the clustering of high-density housing and mixed-use developments at existing or planned public transit hubs result in more effective utilization of the transportation system. Specifically, they help reduce sprawl and encourage more efficient use of public transit services.

As part of its 2010 Legislative Program, VTA will support legislative proposals and policies that encourage transit-oriented development and other smart growth initiatives that enhance the effectiveness of public transit and other alternative modes of transportation.

### **PROJECT DELIVERY**

Project delivery continues to be an area of focus. Oftentimes, transportation projects can take a considerable amount of time to complete. Project sponsors must maneuver through a multi-stage development and review process that includes design and engineering, right-of-way acquisition, environmental impact review and mitigation, financing, construction, and other related

requirements at various levels of government. As a result, delays are common. Therefore, it is important to explore different and innovative ways to expedite the delivery of transportation projects in order to control costs and provide the benefits of transportation improvements to the system's users quicker.

In general, VTA supports legislative proposals and policies that enhance the ability of local project sponsors and Caltrans to effectively manage and expedite project delivery. In 2010, VTA's efforts in this regard will emphasize the following:

- Support legislation that would allow project sponsors to utilize design-build contracting, construction management-general contractor and other innovative contracting methods for delivering state highway and other types of transportation projects. In addition, ensure that adequate flexibility is provided in state procurement law to allow project sponsors to do advanced purchases of materials and supplies for construction projects when it would result in expediting project delivery.
- Support legislation that would enhance the ability of VTA to engage in public-private partnerships to deliver transportation projects.
- Preserve the flexibility for local transportation organizations to be designated as the lead agency for the preparation of environmental documents and the management of construction work for state highway projects.
- Support the continued use of Grant Anticipation Revenue Vehicle (GARVEE) bonds and AB 3090 arrangements by the CTC for STIP projects that are programmed in the out-years, but are ready to go now. In addition, work with the CTC to encourage the use of pre-award authority for projects programmed in the current year of the STIP.
- Monitor legislative proposals regarding eminent domain to ensure that: (a) the authority for local transportation entities to use eminent domain for transportation projects is not jeopardized; and (b) any changes to eminent domain law do not adversely impact the delivery schedules and cost of transportation projects.

### **HIGH-SPEED RAIL**

VTA has historically supported the concept of building and operating a high-speed rail line to provide a competitive, long-distance travel option between Northern and Southern California as a way to relieve air traffic and highway congestion. In fact, several years ago, VTA partnered with four other organizations to establish the Silicon Valley High-Speed Rail Coalition to advocate not only for high-speed rail in general, but also for a Pacheco Pass alignment into the Bay Area. As part of its 2010 Legislative Program, VTA will continue to participate in the Silicon Valley High-Speed Rail Coalition to:

- Support full funding for the activities of the High-Speed Rail Authority in the FY 2011 state budget.
- Support the implementation of a Pacheco Pass alignment into the Bay Area for high-speed rail as proposed in the California High-Speed Rail Authority's program-level environmental document.

## **REGIONAL & LOCAL**

The Regional & Local Section of VTA's 2010 Legislative Program is divided into the following sections:

1. MTC Discretionary Allocations.
2. Transit for Livable Communities Program.
3. Regional Bicycle Program.
4. Climate Change Program.
5. Express Lanes.
6. Sustainable Communities Strategy.
7. Vehicle Registration Surcharge for Transportation.
8. Caltrain Commuter Rail Service.
9. Capitol Corridor Intercity Rail Service.
10. Dumbarton Rail Project.
11. Other Regional Transit Services.

### **MTC DISCRETIONARY ALLOCATIONS**

MTC allocates more than \$1 billion per year in federal, state and toll revenues to operate, maintain and expand the Bay Area's transportation network. While many of these allocations are based on formulas, MTC does distribute discretionary money. Historically, Santa Clara County has not fared well with regard to MTC's allocation of discretionary funding. Based on population, Santa Clara County should receive approximately 25 percent of all regional discretionary funding.

As part of its 2010 Legislative Program, VTA will:

- Support efforts to distribute MTC discretionary funding by population at every opportunity.
- Seek to direct any unanticipated regional highway funding to high priority projects in Santa Clara County. Such priorities include the I-280/I-880/Stevens Creek Boulevard Interchange Project, improvements in the U.S. 101 Corridor, the SR 85/SR 237/El Camino Real Interchange Project, the U.S. 101/SR 25 Interchange Project, and the Silicon Valley Express Lane Program.
- Seek to direct any unanticipated regional public transit funding to high priority projects in Santa Clara County, which include the BART Silicon Valley Project, and light rail extensions to Eastridge and Vasona Junction.
- Support efforts to have decision-making authority regarding project selection and program implementation occur at the county level.
- Promote VTA projects in competition for regional discretionary funding.

### **TRANSPORTATION FOR LIVABLE COMMUNITIES PROGRAM**

The Transportation for Livable Communities Program (TLC) provides planning and capital assistance to promote transit-oriented development throughout the Bay Area. MTC is in the

process of re-evaluating this program in order to make it more effective and to encourage more transit-oriented development projects. Currently, 75 percent of all TLC funding is distributed at the regional level and 25 percent at the county level. VTA plans to distribute its share of TLC money through its Community Design and Transportation Program, which promotes the same goals as the TLC Program.

As part of its 2010 Legislative Program, VTA will advocate according to the following principles with regard to the TLC Program:

- The distribution of TLC funding should be reflective of each county's population in the Bay Area.
- MTC should set the vision for the program in collaboration with the CMAs. The criteria for project scoring should be equitable for all counties.
- The TLC Program should be administered and implemented entirely at the county level.
- The TLC Program should recognize that the nine counties in the Bay Area are at different stages in terms of pursuing transit-oriented development. Therefore, the program needs to be flexible in order to be effective throughout the Bay Area.
- The TLC Program should be simple and should not duplicate the efforts of other agencies.

### **REGIONAL BICYCLE PROGRAM**

MTC is planning to spend \$1 billion over the next 25 years to complete the Regional Bikeway Network, which is comprised of a list of bicycle projects that are regionally significant. This list of projects was compiled with the intent of creating a regional bicycle network that would allow for long-distance bike travel throughout the Bay Area.

Since the drafting of the Regional Bikeway Network, many Bay Area counties have developed countywide bicycle plans that include both local and regional projects. These plans were put together by the CMAs using an extensive public process to identify the most important needs of bicyclists in their counties.

With regard to the Regional Bicycle Program, VTA will advocate according to the following principles:

- The program should allow maximum flexibility for counties to determine which local projects will provide the highest public benefit.
- The program should focus on developing county-based networks and facilitate the development of intra-county, short-distance bicycle connections.
- MTC should allocate regional bicycle funding by population to each county. This funding should support both local and regional projects as determined through the Regional Bikeway Network, or based on countywide bicycle or long-range transportation plans.

## **CLIMATE CHANGE PROGRAM**

The Climate Change Program is a new MTC effort designed to identify cost-effective methods for using transportation funding to reduce greenhouse gas emissions in the region. The Climate Change Program will likely be comprised of a number of smaller programs, such as: (a) Safe Routes to School/Transit, which would provide funding to promote walking or bicycling to schools and public transit centers; (b) Outreach Campaign to educate the public about how it can reduce its greenhouse gas emissions on an everyday basis; and (c) Transit Priority Program, which would support the implementation of transit priority measures to maintain and improve the speed and on-time reliability of bus transit.

As part of its 2010 Legislative Program, VTA will advocate according to the following principles with regard to MTC's Climate Change Program:

- Non-Regional Measure 2 funding for Safe Routes to School/Transit should be distributed to the counties by population.
- Funding for the Transit Priority Program should be distributed to the counties by population.
- MTC should work closely with the CMAs in developing the Climate Change Program. The CMAs should be included early in the process.

## **EXPRESS LANES**

Express lanes allow solo motorists to drive in the carpool lanes for a fee. Revenues generated from express lanes would be used to pay for the operation and maintenance of the express lanes. Any additional revenues would pay for transportation improvements in the express lane corridor. VTA currently has the authority to build express lanes in two transportation corridors within Santa Clara County.

MTC is planning to implement a regional express lane network throughout the Bay Area, but it currently does not have the necessary statutory authority to do so. MTC and the CMAs have pledged to work collaboratively to seek the necessary authority by securing the passage of AB 744 (Torrico). Assuming that this legislation is enacted into law, VTA's Express Lane Program would be integrated into the regional network.

At the regional level, VTA will advocate for a Bay Area express lane network that:

- Utilizes a corridor-based structure that recognizes commute-sheds and geographic communities of interest as being the most effective and user-responsive model for express lane implementation. Therefore, each individual corridor working group must be organized in a manner that reflects actual commute sheds.
- Recognizes that popular, political and legislative support will rest on demonstrating that the revenues collected in a particular corridor are used to benefit travelers in that corridor. Therefore, any net revenues generated by a particular corridor must be allocated to the appropriate local agency in a timely manner in order to fund the improvements that are identified in the corridor's investment plan.

## **SUSTAINABLE COMMUNITIES STRATEGY**

Under the provisions of SB 375 (Steinberg), MTC is required to include a “sustainable communities strategy” as part of the Bay Area’s RTP. This strategy will document development patterns and transportation measures that are designed to achieve regional greenhouse gas emission reduction targets. MTC, the Association of Bay Area Governments (ABAG), the Bay Area Air Quality Management District (BAAQMD), and the Joint Policy Committee (JPC) will be working with regional and local agencies throughout the Bay Area to develop policies and procedures for crafting this strategy.

As part of its 2010 Legislative Program, VTA will advocate for a Bay Area sustainable communities strategy that:

- Is generated through a “bottoms-up” process, rather than being imposed from the top down.
- Includes the CMAs extensively in the planning process.
- Recognizes the unique needs, opportunities and travel patterns of the Bay Area’s nine counties.

## **VEHICLE REGISTRATION SURCHARGE FOR TRANSPORTATION**

SB 83 (Hancock), which was enacted into law in 2009, authorizes a “countywide transportation planning agency,” including VTA, to place a measure before its voters to impose an annual surcharge of up to \$10 on each motor vehicle registered within its county to fund transportation-related programs and projects. The legislation requires the governing board of the countywide transportation planning agency to adopt an expenditure plan that details the programs and projects that would be funded with surcharge revenues. The expenditure plan must demonstrate that the programs and projects to be funded with surcharge revenues provide benefits to persons paying the surcharge.

As part of its 2010 Legislative Program, VTA will explore the opportunities and challenges related to placing a vehicle registration surcharge measure before the voters of Santa Clara County at some future election.

## **CALTRAIN COMMUTER RAIL SERVICE**

Caltrain is a 76.8-mile daily commuter rail service that runs between San Francisco and Gilroy. It operates on railroad track owned by the Peninsula Corridor Joint Powers Board (JPB) between San Francisco and the Tamien Station in San Jose, and on Union Pacific Railroad track between the Tamien Station and Gilroy. Currently, Caltrain runs a total of 98 weekday trains.

Caltrain is administered through a Joint Powers Agreement (JPA) that was executed by the City and County of San Francisco, the San Mateo County Transit District (SamTrans), and VTA. Three JPB members are appointed from each of the three counties, and SamTrans serves as the managing agency. Currently, Caltrain is partnering with the California High Speed Rail Authority on the Peninsula Rail Program, which proposes to build the necessary infrastructure to electrify the Caltrain service and provide the facilities that are needed for future high-speed rail along the Peninsula Corridor.

Funding for Caltrain operations and capital projects comes from the three partner agencies. Given that all three member agencies are experiencing financial hardships that impact the public transit service that they provide to their local communities, it is important that they work closely together to determine how to best meet future ridership demand for Caltrain with the limited resources available.

As part of its 2010 Legislative Program, VTA will:

- Work collaboratively with San Francisco Muni and SamTrans to fund Caltrain system improvements that provide cost-effective benefits for current and future passengers.
- Advocate on behalf of Santa Clara County Caltrain passengers to ensure that they receive high quality service.
- In light of VTA's operating budget situation, be open to the possibility of pursuing options related to changing the way the Caltrain service is funded.

### **CAPITOL CORRIDOR INTERCITY RAIL SERVICE**

The Capitol Corridor is a 170-mile intercity rail service that runs between Auburn/Sacramento and San Jose. Service consists of 32 weekday trains between Sacramento and Oakland, and 14 daily trains between Oakland and San Jose. The Capitol Corridor Joint Powers Authority consists of two representatives from each of the eight counties that the Capitol Corridor serves. Funding is provided by the state, and the Bay Area Rapid Transit District (BART) serves as the managing agency.

As part of its 2010 Legislative Program, VTA will advocate for improvements to the Capitol Corridor service as identified by the Joint Powers Authority.

### **DUMBARTON RAIL PROJECT**

The Dumbarton Rail Project calls for providing commuter train service from the East Bay to the Peninsula over the existing Dumbarton Railroad Bridge. The current schedule contemplates three trains during the morning peak hours and three trains during the evening, with a transfer at the Redwood City Caltrain Station. VTA is one of four project partners, along with Alameda County, San Mateo County and MTC. However, the project faces several obstacles, the most significant of which is a \$400 million capital funding shortfall.

As part of its 2010 Legislative Program, VTA will:

- Advocate for providing enhanced express bus service in the Dumbarton Bridge Corridor. The plan should include direct service to the Stanford Research Park in Palo Alto and the Shoreline Area of Mountain View.
- Work collaboratively with MTC and the project's other partners to identify revenue sources to close the capital funding shortfall.

## **OTHER REGIONAL TRANSIT SERVICES**

VTA's transportation network includes other regional public transit services that provide travel options for passengers requiring longer trips through multiple counties. VTA participates in these partnerships through JPAs, not through direct representation on a board of directors. Through these partnerships, VTA is able to provide Santa Clara County residents and workers with a wealth of transportation alternatives. These services include: (a) the Dumbarton Express, which provides bus service from the East Bay over the Dumbarton Bridge to northern Santa Clara County; (b) the Highway 17 Express, which provides bus service between Santa Cruz County and downtown San Jose; (c) the Monterey-San Jose Express, which provides bus service between Monterey County, Gilroy, Morgan Hill, and downtown San Jose; and (d) the Altamont Commuter Express (ACE), which provides commuter rail service between San Joaquin, Alameda and Santa Clara Counties. VTA's long-term commitment to these services is reflected in its 2000 Measure A Expenditure Plan, which includes capital funding for ACE and the Highway 17 Express.

As part of its 2010 Legislative Program, VTA will work collaboratively with its partners in these regional public transit services to identify any cost-effective capital and operational improvements that would provide benefits to their passengers. In addition, similar to Caltrain, VTA will be open to the possibility of pursuing options related to changing the way these regional public transit services are funded. Finally, VTA will work to ensure that the other Amtrak trains that serve Santa Clara County, such as the Coast Starlight, are as efficient as possible and provide benefits to the residents of our communities.