

**SANTA CLARA
Valley Transportation Authority**

**2012 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 2012 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 2012 Legislative Program is divided into the following policy areas:

1. Surface Transportation Authorization.
2. FY 2013 Federal Transportation Appropriations.
3. High-Speed Rail.
4. Public Transit Safety Oversight.
5. Public Transit Security Funding.

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. 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 authorization bill.

As part of its 2012 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 new 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 the Governor's Office; the Business, Transportation & Housing Agency; Caltrans; and transportation stakeholders throughout 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:

1. Ensuring the financial integrity of the Highway Trust Fund.
2. Rebuilding and maintaining transportation infrastructure in a state of good repair.
3. Establishing goods movement as a national economic priority.
4. Enhancing mobility through congestion relief within and between metropolitan areas.
5. Strengthening the federal commitment to safety and security.
6. Strengthening comprehensive environmental stewardship.
7. Streamlining project delivery.

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 surface transportation modes must be front-and-center in the debate concerning the successor legislation to SAFETEA-LU. In addition, it is important to ensure that federal funds that are due to flow to Santa Clara County and to VTA are protected and not diverted elsewhere.

As part of its 2012 Legislative Program, VTA endorses the following finance principles for federal surface transportation authorization:

- Continue a strong federal role in funding surface transportation programs.
- Authorize a significant increase in federal surface transportation funding. 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 a 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.
- 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 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. As part of its 2012 Legislative Program, VTA endorses the following modifications to this program structure:

- Explore opportunities to consolidate similar program categories under the highway and transit titles.
- Create a new multimodal “metropolitan mobility program” dedicated to funding transportation infrastructure projects that would reduce congestion and improve mobility in the nation’s major metropolitan areas. Under this program, both highway and public transit projects should be eligible for funding. Moreover, the program should not be discretionary through the U.S. Department of Transportation, and the funds should be allocated on a formula basis directly to metropolitan areas, rather than to states and regional MPOs.
- Create mechanisms to provide meaningful financial resources for large-scale highway and public transit projects that cannot be accommodated under current federal funding structures and programs. One promising approach to consider would be to evolve the Projects of National and Regional Significance Program into a multimodal program modeled after the best features of the discretionary New Starts Program, with funding being allocated to those projects that perform well against a set of federal investment criteria.
- Create mechanisms to allow transportation agencies that raise significant local dollars through voter-approved tax measures to leverage those dollars to maximum advantage. Along these lines, support the proposal offered by the Los Angeles Metropolitan Transportation Authority (LA Metro) to establish a new category of qualified tax-credit bonds for surface transportation projects. In addition, support the creation of a “Federal-Local Partnership Program” modeled after California’s “State-Local Partnership Program” to reward those local agencies that have voter-approved tax measures for transportation purposes.

- Increase the authorization levels for the Transportation Infrastructure Finance and Innovation Act Program (TIFIA). In addition, support modifications to TIFIA offered by LA Metro to: (a) increase the maximum share of projects costs that could be covered from 33 percent to 49 percent; (b) allow TIFIA to be used to support both a single project and a program of projects; and (c) allow for upfront commitments of future TIFIA dollars to be made through the use of master credit agreements, thereby providing more flexibility to project sponsors in terms of when they would receive their loans under the program.
- Seek to reduce the federal review process for surface transportation projects by: (1) expanding the use of innovative contracting methods; (2) encouraging early coordination between relevant federal agencies to avoid delays later in the review process; (3) providing incentives for accelerating federal project delivery decisions within specified deadlines; (4) reducing hurdles for projects with no significant environmental impacts; and (5) allowing for early right-of-way acquisitions.
- Extend and consolidate the various SAFETEA-LU pilot and demonstration programs relating to the use of tolling and public-private partnerships for transportation projects.
- Re-evaluate current federal surface transportation law regarding the definition, designation, structure, and composition of MPOs. Among the issues that should be discussed are: (a) the roles and responsibilities that are appropriate for an MPO to perform; (b) the extent to which MPOs are an efficient form of government, as well as the extent to which they add value to transportation planning, programming and decision-making; (c) whether the process for designating/redesignating MPOs needs to be restructured; (d) whether additional federal statutory guidance is needed with regard to how MPOs distribute federal funding within their regions; and (e) population-based representation on MPO governing boards.
- Support the continuation of the Transit Investments for Greenhouse Gas and Energy Reduction Program (TIGGER) to fund public transit projects that either reduce greenhouse gas emissions or improve energy efficiencies. However, change TIGGER from a competitive grant program to a formula-based program to allow public transit agencies to make long-term investments in new technologies to reduce energy use and emissions.
- 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 proposals to: (a) modify the Bus/Bus Facilities Program from a discretionary to a formula-based program; (b) 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; and (c) establish a new program to provide federal operating funds on a temporary "emergency" basis to assist public transit agencies during challenging economic times so that they can avoid crippling service cuts, fare increases and job layoffs
- Support the following reforms to the New Starts Program: (a) ensure that a multi-measure approach that weighs all project benefits comparably is used to evaluate a New Starts project and to determine whether it should be recommended for funding; (b) either eliminate cost-

effectiveness as a criterion or, at a minimum, restructure it so that it evaluates only the federal investment in a New Starts project, utilizes a composite rating that takes into consideration other factors besides travel time savings, accounts for differences in cost of living so as not to disadvantage high-cost urban areas, and reflects the benefits of the project to all travelers in the transportation corridor, not just transit users; (c) ensure 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; (d) build the consideration of job creation and other economic benefits into the New Starts evaluation/rating process; and (e) streamline 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) create a simplified and streamlined planning, project development and evaluation/rating process for Small Starts projects; (b) oppose the segregation of the program into “Very Small Starts” and “Small Starts” to ensure that all Small Starts projects follow the same simplified and streamlined process; (c) reinstitute the exemption from the evaluation/rating process for projects seeking \$25 million or less in New Starts or Small Starts funding; and (d) ensure that the evaluation/rating process utilizes a multi-measure approach that does not overemphasize one particular criterion.
- If necessary, ensure that the El Camino Real Bus Rapid Transit Project is authorized for Small Starts funding.
- 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 for programs that promote workforce development and career opportunities in the public transit industry, such as VTA’s Joint Workforce Investment Program.
- Seek parity between the pre-tax transportation fringe benefit allowed for public transit and vanpooling, and that which is allowed for parking.

FY 2013 FEDERAL TRANSPORTATION APPROPRIATIONS

Every year, Congress considers appropriations bills for all federal agencies, departments and programs, 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 will continue to be guided by short-term extensions of SAFETEA-LU until successor legislation is enacted.

In general, VTA's advocacy efforts with regard to the FY 2013 federal transportation appropriations bill will emphasize the following:

- Advocate for the highest possible levels of overall funding for highways and public transit, as well as for individual programs within the highway and transit titles. 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).
- Pursue an FY 2013 New Starts appropriations for the BART Silicon Valley Project, consistent with the project's FFGA.

HIGH-SPEED RAIL

Rapid population growth, congested highways and constrained airports prompted California policymakers 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 network 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 improve the Caltrain Commuter Rail Corridor.

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 21st Century to the voters of California for their approval. The bond act calls for the issuance of a total of \$9.95 billion in 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 urban, commuter and intercity rail projects that: (a) provide connectivity to the high-speed train system; or (b) enhance the capacity, or improve the safety of urban, commuter or intercity rail services. 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 California 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. This proposal lays the foundation for this network by investing in intercity and high-speed rail infrastructure, equipment and intermodal connections.

In 2012, VTA will:

- Support the creation of a separate high-speed rail title, funding source and account in the surface transportation authorization bill, provided that it does not come at the expense of funding for existing public transit programs.
- Work with the California High-Speed Rail Authority, MTC, Caltrain, and other regional partners to pursue actions at the federal, as well as at the state, level to advance the San Francisco/Silicon Valley Corridor Investment Strategy for High-Speed Rail.
- Support efforts at the federal and state levels to fund and implement improvements to the Diridon Station.

PUBLIC TRANSIT SAFETY OVERSIGHT

Spurred on by several accidents involving public transit systems, the Obama Administration and Congress have taken some initial steps in developing legislation to grant the federal government oversight authority with regard to public transit safety. Concepts that have been discussed include: (a) providing the U.S. Department of Transportation with the authority to establish and implement safety standards for all modes of public transportation, including rail fixed guideway systems, buses and waterborne transit; (b) requiring the Department of Transportation to develop a national safety plan; (c) requiring each public transit agency to create an assets management program to be used as a tool to help it achieve a “state of good repair” for all of its assets; and (d) requiring the Department of Transportation to take steps to improve the effectiveness of State Safety Oversight Agencies (SSOAs).

Consistent with APTA, VTA will advocate on public transit safety issues at the federal level according to the following key principles:

- Effective public transit safety oversight requires a collaborative effort between federal, state and local agency partners.
- Any new federal safety standards should build on consensus-based industry standards and should be further developed with input from public transit agencies.
- The existing state safety oversight framework should be retained. Current SSOAs should be improved and provided with the tools necessary to ensure the performance of adequate safety oversight functions. States should be provided with a 100 percent federal cost share to carry out a federally mandated, public transit safety program.
- Federal preemption of state and local standards is necessary to preclude the adoption of differing standards and to allow the Federal Transit Administration (FTA) to properly apply its expertise to the priorities of a national safety program.
- Public transit agencies must be allowed adequate time to be brought into compliance without penalty. Furthermore, an appeals process should be established to ensure fairness in the dispensation of violations.
- Enforcement should be provided in the form of “grant conditions,” whereby FTA requires a public transit agency to correct significant safety issues prior to allowing the agency to use its federal grant funds for other purposes.

PUBLIC TRANSIT SECURITY FUNDING

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 billions of dollars on security and emergency preparedness programs from their own budgets. They 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. Although state and local governments, as well as public transit agencies, are doing what they can, it is important that the federal government become a full partner in efforts to ensure the security of the nation's public transit users.

As part of its 2012 Legislative Program, VTA will advocate for sufficient funding to enhance the security of our nation's public transit systems through the FY 2013 U.S. Department of Homeland Security appropriations bill.

STATE

The State Section of VTA's 2012 Legislative Program is divided into the following policy areas:

1. FY 2013 State Budget.
2. Transportation Finance.
3. Climate Change.
4. Project and Transit Service Delivery.
5. Regional Governance.

FY 2013 STATE BUDGET

Transportation funding in California has been plagued by uncertainty, unpredictability and instability. Since 2000, significant amounts of transportation dollars have been loaned or transferred to the General Fund to help address state budget deficits. This loss of money has delayed numerous 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.

In 2010, Gov. Arnold Schwarzenegger signed into law a three-bill "swap" package whose primary objective was to enable transportation revenues to be used to help close General Fund shortfalls. Through the complicated restructuring of state transportation funding sources, lawmakers were able to circumvent voter-approved restrictions that applied to gasoline sales tax revenues, as well as create a revenue stream that could be used to pay for debt service on highway-related general obligation bonds and to make loans to the General Fund.

Specifically, the swap package eliminated the state sales tax on gasoline and replaced it with a 17.3-cent increase in the per-gallon gasoline excise tax. The revenues from the gas tax increase were dedicated to: (a) pay for debt service for highway bonds; (b) backfill the STIP, and local

streets/roads for the loss of gasoline sales tax dollars; and (c) provide new money for the SHOPP. In the case of public transit, the swap retained the sales tax on diesel fuel for the PTA in order to provide ongoing funding for the State Transit Assistance Program (STA).

In November 2010, California voters approved two ballot measures that impacted the swap. Proposition 22 put in place stronger protections to prevent the state from taking, diverting or borrowing local government and transportation money to address General Fund deficits. Proposition 26, among other things, prohibits the Legislature from engaging in the practice of using a simple majority vote to raise one tax while simultaneously reducing another, an approach that lawmakers used to enact the transportation funding swap. Under Proposition 26, such “revenue-neutral” tax swaps require a two-thirds vote.

In March 2011, the Legislature passed and Gov. Jerry Brown signed into law AB 105, which contained several key provisions that address the impacts of Propositions 22 and 26 on the transportation funding swap. First, AB 105 re-enacted the swap’s increases in both the gas tax and the diesel sales tax in order to prevent Proposition 26 from eliminating billions in revenues for state highways, local streets/roads and public transit. Second, it designated vehicle weight fees, rather than the gas tax, as the revenue source for making debt service payments on transportation-related general obligation bonds, allowing the state to realize the General Fund savings that were anticipated from the swap. This switch became necessary because Proposition 22 prohibits the use of gas tax revenues for general obligation bond debt service. Finally, AB 105 made the necessary statutory revisions to ensure that: (a) the distribution of revenues from the swap’s gas tax increase will achieve the same results that were anticipated for state highways and local streets/roads when the swap was enacted; and (b) STA reaches a minimum funding level of \$350 million per year as contemplated by the swap and grows thereafter.

Given that California’s economy continues to struggle, it is likely that the Legislature and the Governor will once again be faced with an FY 2013 General Fund deficit. Therefore, VTA and the transportation community as a whole will need to be mindful of how any solutions developed by lawmakers to address any budget shortfall impact state funding for transportation.

With regard to FY 2013 state budget issues, VTA will advocate along the following lines:

- Fend off any FY 2013 budget proposals that would disadvantage state transportation funding, including appropriations for STA.
- Ensure that state transportation funds that are due to flow to Santa Clara County and to VTA are protected and not diverted elsewhere.
- 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.
- Ensure that the FY 2013 state budget includes the appropriate flexibility to allow the California Transportation Commission (CTC) to manage STIP allocations in a manner that is mode-neutral and that is consistent with the priorities identified in regional transportation improvement programs (RTIPs).
- Oppose efforts to require local agencies to reimburse Caltrans for its costs related to the preparation and/or review of project initiation documents (PIDs) for locally sponsored

projects on the state highway system. In addition, support the efforts of the Self-Help Counties Coalition to streamline and provide uniformity with regard to Caltrans' process for developing, reviewing and approving PIDs.

- Support appropriating the highest possible level of Proposition 1B and 1A bond revenues as part of the FY 2013 budget. Monitor discussions within the Governor's Office and the Legislature concerning the distribution of these revenues among the various Proposition 1B program categories.
- Partner with other transportation stakeholders to advocate for the timely issuance of bonds by the Treasurer's Office to ensure that Proposition 1B and 1A projects are not delayed.
- Ensure that the \$950 million in Proposition 1A funds made available for urban, commuter and intercity rail projects is appropriated and administered in a manner that is consistent with the language in the ballot measure, particularly with regard to project eligibility.
- Continue to partner with the 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 Silicon Valley Project.
- Work with the CTC to ensure the approval of any allocation requests submitted in calendar 2012 for Santa Clara County projects.

TRANSPORTATION FINANCE

California is suffering from an overall underinvestment in transportation infrastructure. Statistics indicate that transportation funding has not kept pace with the state's growth in population, licensed drivers, registered vehicles, and vehicle miles traveled.

In general, 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/roads, bicycle and pedestrian facilities, transportation corridor management strategies, and intelligent transportation systems. In 2012, VTA's advocacy efforts in this regard will emphasize the following:

- Actively work with others in the transportation community on legislative opportunities that would provide new funding for meeting California's growing transportation infrastructure needs.
- 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 authorizing any "fee" or "charge" to be imposed for transportation purposes at the regional/local level only if it does either of the following: (a) enables the fee or charge to be imposed by countywide transportation agencies such as VTA; or (b) includes a return-to-source provision if imposed at the regional level.

- Support the California Transit Association’s efforts to reform the eligibility requirements for using STA funds for operations and the farebox recovery ratio requirements of the Transportation Development Act (TDA).

CLIMATE CHANGE

In 2006, AB 32 (Nunez), the Global Warming Solutions Act, was signed into law, making 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 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). Under the provisions of this legislation, the sustainable communities strategy must consist of development patterns and transportation measures that are 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 2012 Legislative Program, VTA will advocate at the state level on issues related to the implementation of AB 32 and SB 375. First and foremost, given that the AB 32 scoping plan adopted by CARB 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. 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 public transit capital and operating needs.

Other key advocacy principles are as follows:

- Ensure that AB 32 and SB 375 actions taken at the state level do not erode the existing transportation funding base.
- Ensure that a portion of the revenues from market mechanisms implemented under AB 32 are dedicated to transportation.
- Ensure that the critical role that congestion management agencies (CMAs) play in the development and implementation of sustainable communities strategies is recognized and enhanced.

- 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. Specifically, VTA will support legislation that allows for the use of tax increment financing to advance transit-oriented development efforts.

PROJECT AND TRANSIT SERVICE 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 improvements to the public 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 2012, VTA's efforts in this regard will emphasize the following:

- Work with Caltrans and others, as necessary, to develop and implement improved and creative methods for delivering transportation projects and services that would save time and reduce costs, as well as provide the focus that Santa Clara County needs, given its significant amount of project work. This effort could result in a new and innovative Caltrans project delivery structure, including a Caltrans District Office for Santa Clara County.
- Preserve the flexibility for local transportation organizations such as VTA to be designated as the lead agency for project development work and construction management for state highway projects.
- Support legislation that would enhance the ability of VTA and other project sponsors to implement express lanes and public-private partnerships, as well as utilize design-build contracting, construction management/general contractor and other innovative contracting methods to deliver state highway and other types of transportation projects.
- Participate in the efforts of the Self-Help Counties Coalition to ensure that the delegation of the responsibilities of the Federal Highway Administration (FTA) under the National Environmental Policy Act (NEPA) to Caltrans benefits all projects, not just Caltrans-managed projects.
- Support the efforts of the California Transit Association to add public transit, bicycle, pedestrian, and transit-oriented development projects to the list of projects that are eligible to take advantage of the streamlined procedures for judicial review of environmental impact reports (EIRs) established under the Jobs and Economic Improvement Through Environmental Leadership Act of 2011 (AB 900).
- Support legislation that would extend the use of Letters of No Prejudice (LONPs) to those state-funded transportation programs where this important project delivery tool currently cannot be utilized.

- 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.

In addition, VTA will be mindful of any legislative initiatives that would impact the delivery of public transit services to our communities. Along these lines, VTA will support the efforts of the California Transit Association to seek legislation to update those provisions in the Vehicle Code pertaining to allowable weight on public transit bus axles to take into account changes in bus technology resulting from various federal and state mandates, such as Americans with Disabilities Act (ADA) requirements, emissions reduction equipment and safety/security equipment.

REGIONAL GOVERNANCE

Population, employment centers and travel patterns have altered dramatically since MTC was formed through state legislation in 1970. The emergence of Silicon Valley has created a new, major metropolitan area where one previously did not exist. Today, Santa Clara County is the largest in the MTC region in terms of population and jobs. This will continue to be the case over the next 30 years. Moreover, although other Bay Area counties intermingle with regard to commute and work patterns, Santa Clara County functions as its own region. Approximately 88 percent of Santa Clara County commuters—or 721,000 people—travel within our county. By contrast, the number of people commuting to jobs in Santa Clara County from other counties is 185,000, with 78 percent coming from San Mateo, Alameda and the three counties to the south (Santa Cruz, San Benito and Monterey). Therefore, our biggest transportation challenge is moving the large number of our own residents to job sites within our county.

The existing regional transportation governance structure is outdated, and does not reflect existing and future conditions. As part of its 2012 Legislative Program, VTA will continue to support AB 57 (Beall), which will ensure that San Jose, as the largest city in the region, has its own seat on MTC. In addition, VTA will advocate for other changes in the regional governance structure to protect the interests Santa Clara County taxpayers and travelers.

REGIONAL & LOCAL

The Regional & Local Section of VTA’s 2012 Legislative Program is divided into the following sections:

1. MTC Programming & Allocations.
2. Sustainable Communities Strategy.
3. Regional Transportation Plan.
4. One Bay Area Grant.
5. Transit Sustainability Project.
6. Express Lanes.
7. Caltrain Commuter Rail Service.
8. Capitol Corridor Intercity Rail Service.
9. Dumbarton Rail Project.
10. Other Regional Transit Services.

MTC PROGRAMMING & 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 and jobs, Santa Clara County should receive approximately 25 percent of all regional discretionary funding. In addition, VTA is increasingly concerned about the amount of transportation funding that is being conditioned or diverted to other programs.

As part of its 2012 Legislative Program, VTA will:

- Support efforts to distribute MTC discretionary funding by population at every opportunity.
- Strongly oppose any initiatives from regional agencies that place new restrictions or conditions on transportation funds.
- Support current funding levels, requirements and schedules, and oppose any efforts to divert funding for non-transportation programs at the regional level.
- 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 Improvement Project, the U.S. 101/SR 25 Interchange Project, the county expressway system, and the Silicon Valley Express Lane Program.
- Seek to direct any unanticipated regional public transit funding to high-priority projects in Santa Clara County, such as the BART Silicon Valley Project, light rail extensions to the Eastridge Shopping Center and Vasona Junction, and bus rapid transit.
- Support efforts to have decision-making authority regarding project selection and program implementation occur at the county level.

SUSTAINABLE COMMUNITIES STRATEGY

Under the provisions of SB 375, MTC is required to include a sustainable communities strategy as part of the Bay Area's RTP. MTC, the Association of Bay Area Governments (ABAG), the Bay Area Air Quality Management District (BAAQMD), and the Joint Policy Committee (JPC) are working with local agencies throughout the region to develop policies and procedures for crafting this strategy.

As part of its 2012 Legislative Program, VTA will advocate for a Bay Area sustainable communities strategy that:

- Follows the principles approved by the VTA Board of Directors. These principles suggest the following: (a) discretionary funding should follow projected growth; (b) there should be regional vision-setting/local decision-making; and (c) the strategy must be practical and implementable.

- 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.

In addition, VTA will pursue any opportunities available through ABAG and other regional agencies to fund projects that advance the goals of SB 375 in Santa Clara County.

REGIONAL TRANSPORTATION PLAN

The RTP, which is drafted and approved by MTC, is the 25-year transportation vision for the nine-county Bay Area Region. The RTP contains policies that guide the implementation of regional programs, as well as decisions related to the allocation of transportation funding in the Bay Area. The plan also contains a financially constrained and unconstrained list of projects. Projects seeking federal and state funding must be included on the financially constrained list.

As part of its 2012 Legislative Program, VTA will advocate according to the following principles with regard to the Bay Area’s RTP:

- The RTP should meet the mobility needs of Santa Clara County residents, as well as the region as a whole.
- The CMA for each county should have the authority to determine which projects are included in the fiscally constrained element of the RTP.
- The RTP should adhere to a “fix-it-first” policy by putting a strong emphasis on maintaining the region’s existing public transit and roadway infrastructure.
- Transportation funds should not be diverted to non-transportation programs.
- The RTP should serve as a regional advocacy platform for pursuing increased transportation funding for the Bay Area.

ONE BAY AREA GRANT

MTC is proposing an alternative to its past practice of distributing federal STP and CMAQ funds. The proposal, known as the One Bay Area Grant (OBAG), seeks to better integrate the region’s federal transportation program with land-use and housing policies. With OBAG, MTC is proposing to shift a larger portion of STP and CMAQ funding to local jurisdictions that are taking on a larger share of the region’s housing production. In addition, MTC is proposing to eliminate required program categories, and combine funding for the Transportation for Livable Communities, Bicycle, Local Streets and Road Rehabilitation, and Safe Routes to School Programs. The suggested distribution formula to the CMAs is comprised of three components: (1) 50 percent population; (2) 25 percent Regional Housing Needs Allocation; and (3) 25 percent actual housing production. MTC is also recommending that several restrictions be placed on how the money could be spent, including requirements that 70 percent of all funds be

spent in Priority Development Areas (PDAs) and that cities adopt certain land-use-related policies.

While VTA is encouraged by the new distribution formula, which rewards counties that will be taking on a larger share of housing, it should be noted that MTC is still keeping a significant amount of STP and CMAQ funding for regional programs that it administers. In addition, while VTA agrees with MTC's intent to ensure that cities are practicing good land-use and housing policies, we are concerned that MTC is beginning to set local land-use policy. Furthermore, several of MTC's proposed restrictions do not appear to be practical or even implementable.

As part of its 2012 Legislative Program, VTA will advocate that:

- The amount of funding under OBAG distributed to the CMAs by formula should be maximized.
- Maximum flexibility should be provided to the CMAs to determine the most effective programs for their respective counties.

TRANSIT SUSTAINABILITY PROJECT

MTC is developing a Transit Sustainability Project (TSP) to address concerns that the region's public transit network is not sustainable based on current projections of costs and expected revenues. The goal of the TSP is to establish a framework and implementation plan for a more robust, financially viable public transit network in the Bay Area that is both cost-effective and customer-focused. The TSP will include a comprehensive analysis of the existing network focused on service delivery and decision-making structures. It is anticipated that MTC will release its final recommendations for the TSP in 2012.

As part of its 2012 Legislative Program, VTA will advocate as follows:

- The TSP should build on the work previously conducted by VTA through its Comprehensive Operations Analysis regarding public transit in Santa Clara County.
- Policies approved by the VTA Board of Directors regarding service delivery standards and existing contractual relationships with partner agencies need to be respected.
- The TSP should not dictate fare, transit service or other policies that are the decision-making responsibilities of the governing boards of the region's public transit agencies.

EXPRESS LANES

Express lanes allow solo motorists to drive in the carpool lanes for a fee. Revenues are used to pay for the operation and maintenance of the express lanes, as well as for transportation improvements within the corridor. VTA currently has the authority to build express lanes in two transportation corridors within Santa Clara County. The first such lanes at the SR 237/I-880 Interchange are scheduled to open in spring 2012, while project development work for express lanes along SR 85 and U.S. 101 continues to move forward. At the same time, MTC is pursuing a limited regional express lane network.

As part of its 2012 Legislative Program, VTA will continue to advocate for a regional express lane network that:

- Utilizes a corridor-based structure that recognizes commute-sheds and geographic communities of interest as the most effective and user-responsive model for express lane implementation.
- Recognizes that popular, political and legislative support will rest on demonstrating that the revenues collected in a corridor are used to benefit travelers in that corridor.

VTA also will monitor and evaluate any regionwide opportunities that may arise regarding project delivery and/or system operations that could prove beneficial for Santa Clara County.

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 tracks owned by the Peninsula Corridor Joint Powers Board (JPB) between San Francisco and the Tamien Station in San Jose, and on Union Pacific Railroad tracks between the Tamien Station and Gilroy. Currently, Caltrain runs a total of 86 weekday trains.

Caltrain is administered through a joint powers agreement 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 modernize Caltrain service, as well as 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.

As part of its 2012 Legislative Program, VTA will:

- Explore funding opportunities and strategies to: (a) support Caltrain operations; and (b) maintain Caltrain's equipment, facilities and infrastructure in a state of good repair.
- Continue to advocate on behalf of Santa Clara County passengers to ensure that they receive their equitable share of available service.
- Work collaboratively with the San Francisco Municipal Transportation Agency (Muni) and SamTrans to fund Caltrain system improvements that provide cost-effective benefits for current and future passengers.

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 trains serve. Funding is provided by the state, and BART serves as the managing agency.

As part of its 2012 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. Various service options are being studied. The draft EIS/EIR is being prepared and is scheduled to be completed in July 2012. 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 2012 Legislative Program, VTA will work collaboratively with the other three project partners to explore all potential solutions for the corridor.

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 joint powers agreements, 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.

As part of its 2012 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.