SUBJECT: Consider Receiving Monthly Updates on Federal, State, Regional, and Local Legislation and Related Actions

RECOMMENDED ACTION: □ Briefing Item □ Recommended Motion

Receive Monthly Updates on Federal, State, Regional, and Local Legislation and Related Actions

Budgetary/Fiscal Impact:
none

Background/Discussion:
FEDERAL LEGISLATION UPDATE

1) High Speed Rail
U.S. Department of Transportation Secretary Ray LaHood announced awards under the High-Speed Intercity Passenger Rail (HSIPR) Program, of $2.4 billion for high speed rail projects across the country. The Federal Railroad Administration chose to award 54 projects in 23 states. In order to maximize the positive impacts of the funding, the Obama administration has secured a commitment from more than 30 rail manufacturers and suppliers who agreed to establish or expand their bases of operations in the U.S. if they are hired to build the new high speed lines. The money is being awarded for a range of activities such as construction of track and stations, purchase of new passenger equipment, and planning studies to develop new high-speed rail service.

2) Fuel Efficiency Standards for Trucks and Buses
The Environmental Protection Agency (EPA) and the Department of Transportation have proposed the first national standards to reduce greenhouse gas emissions and improve fuel efficiency of heavy-duty trucks and buses. The national program is projected to reduce greenhouse gas emissions by nearly 250 million metric tons and save 500 million barrels of oil over the lives of the vehicles produced within the program’s first five years. The new proposed standards include buses.
3) Sustainable Communities

Partnership for Sustainable Communities composed of HUD, DOT, and the EPA, released a report on their ideas for how to create more sustainable and livable communities across the country. The report also highlights places that have already been successful in improving the sustainability of their neighborhood. The partnership emphasizes the importance of using several different approaches for any given issue and not looking at each problem as a separate challenge. The issues facing America's cities, suburbs, and rural areas like housing, transportation, energy, and a clean environment are all related so the solutions should address all problems. Through the combined efforts of HUD, DOT, and the EPA the issues can be examined in multiple ways. The main principles of the partnership: 1) provide more transportation choices; 2) promote equitable, affordable housing; 3) enhance economic competitiveness; 4) support existing communities; 5) coordinate and leverage federal policies and investment; and 6) value communities and neighborhoods.

4) Economic Analysis of Infrastructure Investment

President Obama met with Governors and Mayors following the release of the Department of the Treasury's report, "An Economic Analysis of Infrastructure Investment." The report was completed with the President’s Council of Economic Advisors. President Obama stated that the report confirms what so many Americans have known for quite some time now - that the current condition of our national infrastructure is woefully outdated and inefficient. He noted that currently the average American household is forced to spend more money on transportation than food in a year. The Treasury and Council of Economic Advisors' "Economic Analysis of Infrastructure Investment" included several important findings on where and why transportation infrastructure is important. Their analysis included four key reasons why this is such a crucial time for transportation infrastructure: 1) well designed infrastructure investments have long term economic benefits; 2) the middle class will benefit disproportionately from this investment; 3) there is currently a high level of underutilized resources that can be used to improve and expand our infrastructure; and 4) there is strong demand by the public and businesses for additional transportation infrastructure investments.

5) TIGGER II

The Department of Transportation announced $156.2 million for Transportation Investments for Greenhouse Gas and Energy Reduction (TIGGER II) and Clean Fuels grant programs to encourage transit projects that promote the usage and development of energy efficient technologies. The TIGGER II grant program works with public transit agencies to implement new strategies for reducing greenhouse gas emissions and energy usage in their fleets and operations. AC Transit has been awarded $6 million for stationary fuel cell and an electrolyzer to power the hydrogen fueling stations.
6) State of Good Repair

Department of Transportation Secretary Ray LaHood announced a combined $776 million for urban and rural transit providers in 45 states and the District of Columbia to help bring buses, bus facilities and related equipment into a state of good repair. Money from the Federal Transit Administration’s new State of Good Repair discretionary grant program will go to 152 projects including $5.4 million for the State of Good Repair for AC Transit buses.

STATE LEGISLATION UPDATE

Refer to Attachment 1 and 2 for a Legislative Report and Legislative Matrix from Suter, Wallauch, Corbett and Associates respectively. There are no changes to the legislative matrix from last meeting.

**Prior Relevant Board Actions/Policies:**

None

**Attachments:**

Attachment 1: Legislative Report from Suter, Wallauch, Corbett and Associates
Attachment 2: Legislative Matrix
Attachment 3: FY 2009-10 State Advocacy Program
Attachment 4: FY 2009-10 Federal Advocacy Program

**Approved by:**

Mary V. King, Interim General Manager
Beverly Greene, Acting Assistant General Manager
Kate Miller, Manager, Capital Development, Legislation & Grants

**Prepared by:**

Kiran Bawa, Senior Capital Planning & Legislative Analyst

**Date Prepared:**

November 1, 2010
November 4, 2010

TO: Ryan “Rocky” Fernandez, President, and
    Members of the Board

    Mary King, Interim General Manager

    Beverly Greene, Acting Assistant General Manager, External Affairs & Communications

FR: Suter, Wallauch, Corbett & Associates

RE: Budget Update

With a budget deficit at $12 billion and climbing, the victory lap for Governor-Elect Jerry Brown will be quick. He plans to travel to Sacramento today to meet with Department of Finance staff to start crafting his 2010-11 budget. The new Governor then plans to take a short vacation before diving into the budget, appointments, and whether he plans to have a chief of staff.

Senate President Pro Tem, Steinberg also announced yesterday the likelihood of making mid-year budget changes starting in January or February. This is of little surprise given the get out of town budget adopted in October that contains nearly $10 billion in questionable assumptions. This also provides an opportunity to try out that new majority budget authority enacted by Prop 25.

Propositions: While California defied the rest of the country and maintained its true blue status, the results on the propositions are a little confusing. The voters reduced the vote threshold on approving a budget to a simple majority, but also approved Prop 26 which requires a 2/3 vote at the state and local level to impose or increase nearly any fee or tax. Prop 22 was also approved which provides greater protections for local revenues, but it adds to the current year budget deficit and creates untold confusion when overlaid with the requirements of Prop 26. The only thing we know for sure is that legislative revenge for Prop 22 will only require a majority vote.

It will be months and months before the dust settles on the impacts surrounding the passage of Prop 22 and Prop 26. The following is a summary of the mess we face. While more money may be available for transportation projects, the hole in the general fund just got $2 billion deeper.

Prop 22: Prop 22 was approved by 60.9% of the voters. This proposition contained numerous provisions aimed at protecting local funding sources, including eliminating the state’s ability to borrow local property tax revenues from local government, preventing the state from shifting redevelopment agency funds to schools, and placing greater protections on the local share of Highway User Tax Account (HUTA) funds. In addition, Prop 22 placed in the Constitution several changes intended to protect funding for highway projects and public transit programs.
However, since the drafting of Prop 22, the state enacted the gas tax shift which made significant changes on how transportation and transit funds are collected and allocated. The enactment of Prop 22 raises several questions on how implementation will impact the 2010-11 state budget and transportation funding. The following issues will not be resolved without legislative fights and probable court intervention:

- The 2010-11 budget loans $791 million in highway account and transit funds to the general fund. Prop 22 prohibits loaning transportation funds to the general fund. Under Prop 22, $29 million would return to the Public Transportation Account and $762 million would return to the State Highway Account. The Legislature would be responsible for appropriating these funds.

- The gas tax swap provides nearly $1 billion in fuel excise tax revenue each year to pay off transportation bonds. The LAO and others believe that Prop 22 prohibits using transportation funds for general obligation bond debt payments. The LAO interprets Prop 22 to require a public vote authorizing the use of excise tax dollars for debt service, even if the bond were already approved by the voters. If the LAO's opinion is valid then nearly $1 billion in additional funds will be deposited in the State Highway Account where the Legislature may appropriate the funds for STIP, local streets and roads, or SHOOP projects.

- The 2010-11 budget uses $254 million in Public Transportation Account (PTA) funds for bond debt costs. Prop 22 appears to prohibit the use of PTA funds for bond debt costs. These funds will return to the PTA for appropriation by the Legislature. However, some may argue this transfer of funds may be legit.

- Starting with the 2011-12 fiscal year 75% of funds deposited into the PTA are allocated to the State Transit Assistance (STA) program and 25% is allocated to transit capital, which includes intercity rail operations. Under Prop 22 these funds are split 50-50 between STA and transit capital, which reduces the amount of funding for transit operations. However, Prop 22 does not prevent the Legislature from appropriating additional PTA funds to the STA.

**Prop 26:** This proposition basically amends the Constitution to require a 2/3 vote to impose a fee or tax at the state or local level. There remains a limited scope of local fees that can be raised without a vote. The most immediate Prop 26 impact is that it applies to any state laws passed on or after January 1, 2010. This includes the gas tax swap. Under Prop 26 the Legislature must adopt the gas tax swap again with a 2/3 vote within one year to prevent the swap's repeal. If the Legislature is unable to act on the gas tax swap it is not clear what happens next. Are the gas tax swap changes the only changes repealed? Does the law revert back to the tax structure in place before the swap? Or, are the entire code sections repealed? It is too early to tell.

**Budget Trailers Finally Signed:** The Governor was not in much of a hurry to affix his signature to the two dozen measures that made up the package of trailer bills accompanying the budget this year. After vetoing almost a billion dollars worth of funding from the Budget, he signed it and he also approved AB 1624, which authorizes a short-term cash flow solution to ensure adequate cash flow through November. It was not until time was almost up when he signed nearly all of the budget trailer bills.
The Governor vetoed SB 866, which would essentially establish a process for local government to securitize mandate claim receivables. The Governor did not agree that these payments should be placed ahead of payments for RANs and lease revenue payments, and he expressed concerns about the added interest costs.

While the Governor signed AB 1610, which was the education trailer bill, he vetoed two appropriations in the bill. He cut $25 million for the community college Economic Development and Workforce Development Programs, and reduced funding for community college categorical programs by $35 million. With this, the 2010-11 budget is officially done — for at least a few months away.

Interim Hearings: The Senate Transportation & Housing Committee is spending little time recovering from election night. On November 4, the Committee has scheduled an informational hearing in Sacramento to review the UC Berkeley Institute of Transportation Studies assessment of the High Speed Rail Authority's ridership forecast, and to receive an update on the State Auditor's monitoring of the Authority's activities. Then on November 7th, the Committee will hold a hearing in Solana Beach to review the I-5 North Coast Corridor Project and how AB 32/SB 375 played a role in the environmental review process.

Compensation Surveys: Part of the City of Bell fallout included State Controller John Chiang's new requirement for all cities and counties to submit the compensation rates for all employees. This information is posted on the Controller's website [http://www.sco.ca.gov/compensation_search.html](http://www.sco.ca.gov/compensation_search.html). The Controller has now extended this requirement to special districts, and will expand it to include all other local public agencies next year. This week the Controller has mailed the survey request to transit, police, fire, and water districts, with a reporting deadline of December 13th.

Strategic Growth Council (SGC): In September the Health in All Policies Task Force held a series of workshops, including one in Oakland, to review the need to develop consistent policies aimed at improving the health of all Californian's as well as advancing the State's climate change goals. The SGC has posted the Task Force's recommendation and they are soliciting any comments. In particular the Task Force is recommending that transportation policies incorporate complete streets principles and emphasize active transportation, such as walking, biking, or taking public transit. The recommendations can be found at [http://www.sgc.ca.gov/workgroups/hiap.html](http://www.sgc.ca.gov/workgroups/hiap.html) or by contacting our office. The SGC has asked for all comments to be submitted by 5:00 p.m. on November 10th.

Senate Republicans Get New Leader: It is finally official. There has been yet another changing of the guard in the Senate Republican Caucus. Now former Senate Minority Leader Dennis Hollingsworth had announced several months ago that he planned to turn over his leadership post on July 1. However, since that date came and went and Hollingsworth was in the midst of budget negotiations, that transition date soon became "or when the Budget is finished." The new Reap Leader is Robert "Bob" Dutton, from Rancho Cucamonga. He is no stranger to budgets, having served on the Conference Committee for at least a couple of years. By the start of the new session, we will also likely have a new Assembly Republican leader.
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<tr>
<th>Bills</th>
<th>Subject</th>
<th>Status</th>
<th>Client - Position</th>
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<tr>
<td><strong>AB 497 (Block)(D)</strong></td>
<td>This bill would exempt a vehicle driven by a physician in response to an emergency from the HOV lane occupancy requirements. AB 497 failed passage in the Senate Transportation &amp; Housing Committee last year</td>
<td>DEAD</td>
<td>AC Transit - Oppose</td>
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<tr>
<td><strong>AB 726 (Nielsen)(R)</strong></td>
<td>AB 726 remains in the Senate Transportation &amp; Housing Committee. This bill would place in statute the ability to program STIP funds for local road maintenance projects. The CTC has allowed for STIP funds to be used for maintenance projects, but this policy decision by the CTC is based on the availability of STIP funds.</td>
<td>DEAD</td>
<td>AC Transit - Oppose</td>
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<tr>
<td><strong>AB 744 (Torricio)(D)</strong></td>
<td>In short, AB 744 would authorize MTC to develop and operate a network of high occupancy toll (HOT) lanes in the Bay Area.</td>
<td>DEAD</td>
<td>AC Transit - Support If Amended</td>
</tr>
<tr>
<td><strong>AB 1747 (Galgiani)(D)</strong></td>
<td>At the end of session AB 1747 was gutted and amended to make changes to CEQA law relating to mineral extraction. This bill was held in the Senate Rules Committee.</td>
<td>DEAD</td>
<td>AC Transit - Support</td>
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<tr>
<td><strong>AB 2324 (John A. Perez)(D)</strong></td>
<td>AB 2324 generally expands the application of trespassing and possessing certain weapons laws at airports and seaports to also include public transit facilities. The bill creates new misdemeanors and recasts fines and punishments for crimes committed upon public transit vehicle stations. The definition of a</td>
<td>Signed Into Law</td>
<td>AC Transit - Support</td>
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<td>Bill Number</td>
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<tr>
<td>ACA 9</td>
<td>Huffman (D)</td>
<td>Local government bonds: special taxes: voter approval. This measure remains on the Assembly Floor Inactive File. ACA 9 was introduced last year to amend the Constitution to lower the voter threshold for local bonds and special taxes from 2/3 to 55%.</td>
<td>DEAD</td>
</tr>
<tr>
<td>ACA 15</td>
<td>Arambula (D)</td>
<td>Transportation projects: special taxes: voter approval. This measure remains on the Assembly Floor Inactive File. ACA 15 was introduced last year to lower the voter threshold from 2/3 to 55% to enact a special tax that will fund transportation projects.</td>
<td>DEAD</td>
</tr>
<tr>
<td>SB 82</td>
<td>Hancock (D)</td>
<td>Community colleges: parking and transportation fees. SB 82 was unanimously approved by the Assembly Higher Education Committee. This proposed to update and revise the amounts community colleges may charge for parking and transportation services. This bill is sponsored by the Peralta Community College District. With respect to transit passes, the bill raises the cap from $60 per semester to $70 per semester that can be imposed for transportation services. The bill also includes language stating the total fees shall not exceed the amount necessary to reimburse the district in providing the transportation services. The bill would also allow the governing board of the district to annually increase the fee to cover inflation.</td>
<td>Signed Into Law</td>
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<tr>
<td>SB 535</td>
<td>Yee (D)</td>
<td>Vehicles: high-occupancy vehicle lanes. SB 535 was amended and approved by the Assembly. As amended this bill would extend for six months from January 1, 2011 to July 1, 2011, the sunset date that that exempts a specified number of hybrid vehicles (Prius vehicles) from the HOV lanes occupancy requirements. The bill would also allow the DMV to issue only 40,000 stickers that exempt advanced technology partial zero-emission vehicles (AT PZEV) (such as the Chevy Volt) from the HOV lane occupancy requirements. The AT PZEV stickers would be available starting January 1, 2012 and sunset on January 1, 2015.</td>
<td>Signed Into Law</td>
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<tr>
<td><strong>SB 810</strong> (Leno)(D)</td>
<td>Single-payer health care</td>
<td>DEAD</td>
<td>AC Transit - Support</td>
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<tr>
<td><strong>SB 1299</strong> (Lowenthal)(D)</td>
<td>Vehicles: vehicle miles traveled fee (VMT)</td>
<td>DEAD</td>
<td>AC Transit - Support</td>
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<tr>
<td><strong>SB 1318</strong> (Committee on Transportation and Housing)</td>
<td>Transportation.</td>
<td>Signed Into Law</td>
<td>AC Transit - Support</td>
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<tr>
<td><strong>SB 1320</strong> (Hancock)(D)</td>
<td>Transit fare evasion and passenger misconduct: administrative adjudication.</td>
<td>Signed Into Law</td>
<td>AC Transit - Sponsor</td>
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<tr>
<td><strong>SCA 5</strong> (Hancock)(D)</td>
<td>SCA 5 remains on the Senate Floor. As introduced last year, this measure would</td>
<td>DEAD</td>
<td>AC Transit - Support</td>
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</table>
State budget: amend the Constitution to lower the vote requirement for passing a budget and trailer bills from 2/3 to a majority vote.

While SCA 5 died on the Senate Floor, Proposition 25 would implement the changes contained in SCA 5.

### AC Transit Watch Bills

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<tr>
<td><strong>AB 987</strong></td>
<td>The current version of AB 987 expands the range of a transit village development district from ¼ mile radius around a transit station to ½ mile radius around the transit station. Prior versions that contained provisions regarding tax increment financing have been removed.</td>
<td>Signed Into Law</td>
<td>AC Transit - Watch</td>
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<td><strong>Transit village development districts</strong></td>
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<td><strong>AB 2509</strong></td>
<td>AB 2509 makes changes to the Transit Village Development Act to add educational facilities to the list of characteristics that define transit oriented development. AB 2509 is identical to AB 1158 (Hayashi), which was vetoed last year. AC Transit had a watch position on AB 1158.</td>
<td>DEAD</td>
<td>AC Transit - Watch</td>
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<tr>
<td><strong>(Hayashi)(D)</strong></td>
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<tr>
<td><strong>Transit village plan</strong></td>
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<td><strong>SB 965</strong></td>
<td>As approved by the Senate, this bill authorizes the High Speed Rail Authority to expend ARRA funds upon appropriation by the legislature. Also, within 60 days of finalizing a cooperative agreement with the federal government for the use of the ARRA funds, this bill requires the HSRA must submit to the LAO and Transportation committees a plan for the expenditure of the ARRA funds. The HSRA must also submit annual updates on the expenditure plan. In addition, language was added to exempt from this bill any ARRA funds made available to the Transbay Joint Powers Authority. The Governor gave the following reason for vetoing this bill. &quot;This bill directs the expenditure of federal funds without going through the regular budget</td>
<td>VETOED</td>
<td>AC Transit - Watch</td>
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<tr>
<td><strong>(DeSaulnier)(D)</strong></td>
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<tr>
<td><strong>High-speed rail.</strong></td>
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review and development process. This budget process is designed to ensure both the Administration and the Legislature can provide input regarding the way in which funds are spent. For this reason I am unable to sign this bill.”

**SB 1348**  
(Steinberg) (D)  
CTC: guidelines.  

This bill would enact a procedure for the California Transportation Commission (CTC) to follow when developing program guidelines. The purpose is to establish a structured and public process in developing and adopting guidelines.

The Governor provided the following reason for vetoing this bill.

"This bill is unnecessary as it establishes a formal process which is very similar to the process already used by the CTC. For this reason I am unable to sign this bill."

**SB 1418**  
(Wiggins) (D)  
Transportation: motorist aid services.  

SB 1418 failed passage in the Assembly Transportation Committee. This bill would increase from $1 to $2 the vehicle registration fee that is imposed to fund the motorist call box program.

The bill also expands the authority to use of this fee revenue for the implementation, maintenance, and operation of the following: a call-box program, a freeway service patrol, roadside assistance, intelligent transportation systems, traveler information systems and support for traffic operation centers. The bill would also allow MTC to place call boxes at parking and roadway areas within state and federal parks.

**SB 1445**  
(Desaulnier) (D)  
Planning.  

SB 1445 was held in the Assembly because concerns were expressed that it could be used to support Proposition 23, because SB 1445 would authorize new “taxes” to implement AB 32.

SB 1445 has been gutted and amended at the end of session. Originally, SB 1445 proposed
to impose statewide a vehicle fee of $2. The revenue would be allocated to MPOs to fund SB 375 implementation.

As amended, the intent of the bill stays the same but the funding mechanism changes. SB 1445 would authorize an MPO to place on the ballot a vehicle fee of up to $4. The revenue would be used to for regional planning activities primarily related to implementing SB 375. In the Bay Area the funds would be split between MTC and ABAG. Also consistent with prior versions, if the fee amount exceeds $2 then the amount collected above $2 must be made available as grants to cities, counties, and congestion management agencies.

_The new bill, however, contained language that would allow MTC and ABAG to use any TDA funds to reimburse counties for the cost of the election if the fee measure fails. The language does not specify which pot of TDA funds they can use. If this proposal is reintroduced we will work with ABAG and MTC to remove this language or at least specify that the source of TDA funds is limited to the regional entities share of TDA funds._
Funding

- Support legislation that creates new sources for transit operating funds with equitable distribution to urban centers from sources including development fees, payroll taxes and expanding sales tax to include professional services.

- Support efforts to preserve Public Transportation Account funds exclusively for transit.

- Support legislation that would allow debt financing of State funded projects or other finance mechanisms that would accelerate project funding and delivery.

- Support legislation and programs that would provide funding for clean air and global warming initiatives.

- Support local ability to increase fees and gas taxes to be used for local mass transit purposes.

- Support legislation that would provide funding to implement AC Transit’s Climate Action Plan.

- Support tax reform legislation and initiatives to protect and/or increase revenues for transit operations.

- Support legal efforts to retain State Transit Assistance funds.

- Support additional funding for AC Transit’s fuel cell development program.

- Seek funding for Bus Rapid Transit.

- Support legislation that would increase AB 664 revenues to ensure adequate matching funds for eligible federally-funded transit projects.

- Support price congestion strategies and legislation that encourage an equitable multi-modal distribution of generated revenues.

- Support legislation that would exempt public transit providers from state sales tax.
• Support legislation to provide funding for AC Transit to enhance home-to-work transportation services for CalWORKS recipients.

• Support legislation to provide bus passes for low-income students within AC Transit's service area.

• Support efforts by community colleges to obtain authorization for students to pay for transit via student fees.

• Support legislation that would equitably distribute existing home-to-school transportation funds.

• Support legislation or administration action to remove State barriers to the use of Medicaid transportation funds for public transit services, including ADA paratransit services.

• Support legislation that would require Health and Human Service (HHS) agencies to work with transportation funding agencies to coordinate transportation services and to provide funding to public transit operators for transportation services to HHS clients.

• Seek funding for a common pass program that would provide transit user's access to both AC Transit and BART and other coordinated services for one cost.

• Support new funding from and greater flexibility with the California Emergency Management Agency for transit security programs.

**Equipment and Operations**

• Support legislation or administrative action that would direct Caltrans to establish and maintain HOV lanes on state highway routes.

• Support legislation to clarify existing law exempting public transit vehicles from local truck route ordinances.

• Support legislation to give transit agencies the authority to enforce ordinances that they adopt.

• Support legislation or administrative action that would direct Caltrans to permit permanent use of freeway shoulders by public transit buses.
• Support legislation that allows competitive bidding process threshold to increase from $25,000 to $100,000 for procurement of materials, supplies and equipment. Pending Governor’s signature and will remove if signed into law.

**Transit Incentives**

• Support legislation to provide incentives for employees and employers to use public transportation to commute to work, including tax credits for purchasing transit passes.

• Support Clean Air Initiatives that encourage increased public transit use.

• Support incentives that would give auto insurance credits to heavy transit users.

**Environment and Transit Supportive Land Use**

• Advocate for transit-supportive legislation that mitigates Global Warming and/or calls for comprehensive environmental stewardship and related funding.

• Foster transit supportive land use initiatives that would allow transit providers to be included in the initial stages of local planning or project development that impacts transit, including density level decisions or transit oriented developments (TODs); and advocate for the required use of:
  
  o Transit streets agreements
  o Complete Streets plans in which local transportation plans anticipate use of all modes

• Support legislation that addresses climate change.

• Support legislation that promotes development and funding for alternative fuels.

• Support legislation that requires reporting of Vehicle Miles Travelled (VMT) annually through DMV renewal.

• Support legislation that minimizes the fiscal burden of mandatory regulations.

**Policy Interests**
• Support budget reform to require passage by majority vote.

• Seek direct representation on local transportation policy boards.

• Support lowering the 2/3 majority vote for local transportation ballot tax initiatives.

• Support Universal Health Care Program Legislation.

• Redefine agency as Rapid Transit District.

• Align the State's California Family Rights Act that with the Federal Family Medical Leave legislation to avoid conflicting requirements and non-concurrence issues.

• Advocate prevailing wage legislation for private, publicly funded shuttles at unionized paratransit wage.
FY 2009-10 Appropriations

- Seek up to $75 million for BRT Improvements within the Small Starts Program and support funding for 2009-10 and/or Project Priorities for:
  - Operations and maintenance of the East Bay Smart Corridors program.
  - Bus lifting equipment program.
  - Hydrogen/fuel cell and other alternative fuel programs.
  - Transit security through the Homeland Security funding program.

- Support funding for the Transbay Terminal.

- Support funding for the I-80 Corridor Mobility Project.

- Support/seek additional funding to support Welfare to Work service and monitor the efficacy of the Job Access and Reverse Commute (JARC) formula program.

- Support efforts to increase the gas tax or to increase other revenues to replenish the Highway Trust Fund/Mass Transit Account.

- Advocate for transit-supportive legislation that mitigates Global Warming and/or calls for comprehensive environmental stewardship and related funding.

- Advocate for supplemental funding through the Federal Transit Administration 5307 formula program and other programs to offset rising costs.

- Support legislation that would require Health and Human Service (HHS) agencies to work with transportation funding agencies to coordinate transportation services and to provide funding to public transit operators for transportation services to HHS clients.

- Support flexibility in capital funding programs to use capital funds for operating costs without jeopardizing total funding available for capital projects.
SAFETEA-LU Reauthorization

- Participate in advocacy programs.
- Participate in forums engaged in the renewal of the transportation authorization legislation.
- Support transportation reauthorization reform that emphasizes greater funding levels to urban bus programs.
- Support legislation that reestablishes JARC as a discretionary program.
- Support consolidation of smaller formula programs and concentrate the funding in urban areas.
- Seek revisions to the Metropolitan Planning Organization (MPO) grandfather clause that inhibits the direct representation of transit properties on local transportation policy boards.
- Support funding for Reauthorization Project Priorities for:
  - Bus Rapid Transit service along Grand MacArthur Corridor.
  - Upgrade of Intelligent Transportation Systems to improve operating efficiency and information to riders.
  - Improved energy efficiency and environmental emission systems at District facilities.

Other Concerns

- Support Universal Health Care Program legislation.
Summary of State Ballot Measures and Election Results

Proposition 22

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<th>Votes</th>
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<tr>
<td>Yes</td>
<td>4,905,820</td>
<td>60.9%</td>
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<tr>
<td>No</td>
<td>3,152,093</td>
<td>39.1%</td>
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Proposition 22 is a constitutional amendment that prohibits the state from borrowing or taking funds used for transportation, redevelopment, or local government projects and services.

The measure reduces or eliminates the state's authority to:

- Use state fuel tax revenues to pay debt service on state transportation bonds.
- Borrow or change the distribution of state fuel tax revenues.
- Redirect redevelopment agency property taxes to any other local government.
- Temporarily shift property taxes from cities, counties, and special districts to schools.
- Use vehicle license fee (VLF) revenues to reimburse local governments for state mandated costs.

Proposition 22 protects Transportation Development Act (TDA) revenues and State Transit Assistance (STA).

Proposition 26

<table>
<thead>
<tr>
<th></th>
<th>Votes</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>4,326,564</td>
<td>52.8%</td>
</tr>
<tr>
<td>No</td>
<td>3,877,639</td>
<td>47.2%</td>
</tr>
</tbody>
</table>

Proposition 26 is a constitutional amendment that requires certain state and local fees be approved by a two-thirds vote of each house of the legislature. This measure expands the definition of a tax and a tax increase so that more proposals would require approval by two-thirds of the Legislature or by local voters including classifying some fees as taxes.

The measure specifies that state laws that result in any taxpayer paying a higher tax must be approved by two-thirds of each house of the Legislature. In the past, it was permissible to tax some individuals while others were not being taxed providing it resulted in a net zero increase in tax. This will also change under Proposition 26.

Potential Conflicts between the Passage of Proposition 22 and 26

Since Proposition 26 would require 67% of the legislature to pass a new tax and is retroactive to January 1, 2010, it’s possible to frame an argument that the gas tax swap that resulted in new STA revenues for the District in the amount of $9.9 million and $8.6 million in FY 2011 and FY 2012 respectively would be repealed unless a revote was taken and 2/3rds of the legislature re-
approved the gas tax swap. If the gas tax is repealed, there is a potential that the funding structure that was in place before the tax swap would prevail resulting in restoration of Proposition 42, Spillover, and Proposition 111 revenues – this could result in current STA revenues to the District in excess of $20 million per year. If the legislature approves the gas tax swap with a 2/3rds vote, then Proposition 22 splits (50% STA and 50% PTA) could apply, in which case the amounts of STA revenues anticipated to be received by the District would be reduced to $6.6 million and $5.7 million in FY 2011 and FY 2012 respectively.

What follows is a summary by the California Transit Association of possible outcomes

- Legal uncertainties, political uncertainties
- Prop 26 may overturn some or all of the gas tax swap (i.e. without corrective legislation within a year), or, none of it:
  - Might restore sales tax on gasoline (i.e. spillover, Prop 111 PTA, and Prop 42)
  - Might just destroy new sales tax on diesel and new excise tax on gas
  - Or, might do nothing to the gas tax swap

Likely Legal Scenario

<table>
<thead>
<tr>
<th>Best Case</th>
<th>Worst Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposition 26 repeals new sales tax on diesel and new excise tax on gas</td>
<td>Proposition 26 repeals new sales tax on diesel and new excise tax on gas</td>
</tr>
<tr>
<td>Proposition 26 repeals sales tax gas exemption; restores spillover,</td>
<td>Proposition 26 does not restore spillover, Proposition 111, or Proposition 42</td>
</tr>
<tr>
<td>Proposition 111, Proposition 42</td>
<td></td>
</tr>
<tr>
<td>Net $1.1 billion in PTA revenues protected by Prop. 22</td>
<td>Net loss of gas tax swap’s new $118 million in PTA revenues</td>
</tr>
<tr>
<td>All likely split 50% PTA and 50% STA</td>
<td>Proposition 22 splits remainder (roughly $313 million) 50% PTA and 50% STA</td>
</tr>
</tbody>
</table>

Proposition 23

<table>
<thead>
<tr>
<th>Votes</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>3,211,835</td>
</tr>
<tr>
<td>No</td>
<td>5,047,979</td>
</tr>
</tbody>
</table>

Proposition 23 would have suspended the implementation of AB 32, the California Global Warming Solutions Act of 2006, which requires the reduction of greenhouse gas emissions to 1990 levels by 2020.
**Proposition 25**

<table>
<thead>
<tr>
<th></th>
<th>Votes</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>4,431,482</td>
<td>54.6%</td>
</tr>
<tr>
<td>No</td>
<td>3,697,049</td>
<td>45.4%</td>
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</tbody>
</table>

Proposition 25 is a constitutional amendment that changes the legislative vote requirement to pass the State budget and budget-related legislation from two-thirds to a simple majority vote. Proposition 25 retains the two thirds vote requirement to invoke new taxes.

Proposition 25 prohibits legislatures from collecting pay and reimbursement for travel and living expenses if a budget bill has not been submitted to the Governor by June 15 of each year.

**Summary of Local Ballot Measures – Alameda County’s Measure F Passes and Contra Costa County’s Measure O Fails**

**Measure F**

<table>
<thead>
<tr>
<th></th>
<th>Votes</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>245,563</td>
<td>63.25%</td>
</tr>
<tr>
<td>No</td>
<td>142,688</td>
<td>36.75%</td>
</tr>
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</table>

*Measure F – Measure F is Alameda County’s Vehicle Registration Fee (VRF) and adds a $10 fee to each registration to pay for transportation related programs.*

A copy of Alameda County’s Expenditure Plan is attached.

**Measure O**

<table>
<thead>
<tr>
<th></th>
<th>Votes</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>99,847</td>
<td>46.2%</td>
</tr>
<tr>
<td>No</td>
<td>116,266</td>
<td>53.8%</td>
</tr>
</tbody>
</table>

*Measure O – Measure O is Contra Costa County’s Vehicle Registration Fee (VRF) would have added a $10 fee to each registration to pay for transportation related programs.*
A. Purpose of the Expenditure Plan

The Alameda County Vehicle Registration Fee Expenditure Plan (Plan) will guide the annual expenditures of the funds generated by a $10 per year vehicle registration fee (Fee), if approved by voters in the November 2010 election. Alameda County has very significant unfunded transportation needs, and this Fee would provide funding to meet some of those needs. It is expected that this Fee will generate approximately $11 million per year.

The goal of this Plan is to support transportation investments in a way that sustains the County’s transportation network and reduces traffic congestion and vehicle-related pollution. The Fee would be a key part of an overall strategy to develop a balanced, well thought-out program that improves transportation and transit for County residents. The Fee will fund programs that:

- Repair and maintain local streets and roads in the county.
- Make public transportation easier to use and more efficient.
- Make it easier to get to work or school, whether driving, using public transportation, bicycling or walking.
- Reduce pollution from cars and trucks.

The Plan would have the following specific elements:

- All of the money raised by the Fee would be used exclusively for transportation in Alameda County.
- None of the funds raised, outside of the costs incurred by the Department of Motor Vehicle to collect the Fee, can be taken by the State.
- Projects and programs included in the Expenditure Plan must have a relationship or benefit to the owner’s of motor vehicles paying the Fee.
- Help fund roadway repairs and maintenance that make roads in Alameda County safer for motorists, bicyclists and pedestrians.
- Provide investments that will help create a smarter, more efficient transportation system.
- Establish a reliable source of funding to help fund critical and essential local transportation programs.
- Provide matching funds for funding made available from state general obligation bonds.
- Maintain and improve the County’s transportation network while maintaining geographic equity, over successive five year cycles.

B. Statutory Authorization and Requirements

The opportunity for a Countywide transportation agency to place this Fee before the voters was authorized in 2009 by the passage of Senate Bill 83, authored by Senator Loni Hancock (Oakland). The Alameda County Congestion Management Agency (Agency) shall place a transportation measure (Measure) on the November 2, 2010 ballot to enact a $10 vehicle registration fee that would be used for local transportation and transit improvements throughout Alameda County. A majority vote of the electorate is required to adopt this Fee.

The statute requires that the Fee collected be used only to pay for programs and projects that bear a relationship or benefit to the owners of motor vehicles paying the Fee and be consistent with a Regional Transportation Plan. The Fee will be imposed on each annual motor-vehicle registration or renewal of registration in Alameda County occurring on or after six-months following the November 2, 2010 election, where the Measure was approved by the voters, for an unlimited period, unless otherwise terminated by the voters of Alameda County. To implement this Fee, the statute requires the governing board of the Agency to adopt an Expenditure Plan. The statute also requires the ballot Measure resolution be approved by majority vote of the Agency members at a noticed public hearing.

C. Programmatic Expenditures

The Plan identifies four types of programs that will receive funds generated by the Fee. Below are descriptions of each program and the percentage in parentheses of the annual revenue that will be allocated to each program after deducting for the Agency’s administrative costs.

Local Road Improvement and Repair Program (60%)

This program would provide funding for improving, maintaining and rehabilitating local roads and traffic signals. It also would incorporate the “complete streets” practice that makes local roads safe for all modes, including bicyclists and pedestrians, and accommodates transit. Projects eligible could include:

- Street repaving and rehabilitation, including curbs, gutters and drains
- Traffic signal maintenance and upgrades, including bicyclist and pedestrian treatments
- Signing and striping on roadways, including traffic and bicycle lanes and crosswalks
- Sidewalk repair and installation
- Bus stop improvements, including bus pads, turnouts and striping
• Improvements to roadways at rail crossings, including grade separations and safety protection devices
• Improvements to roadways with truck or transit routing

Transit for Congestion Relief Program (25%)

This program would seek to make it easier for drivers to use public transportation, make the existing transit system more efficient and effective, and improve access to schools and jobs. The goal of this program is to decrease automobile usage and thereby reduce both localized and area-wide congestion and air pollution. Projects eligible could include:

• Transit service expansion and preservation to provide congestion relief such as express bus service in congested areas
• Development and implementation of transit priority treatments on local roadways
• Employer or school-sponsored transit passes such as an “EcoPass Program”
• Park-and-ride facility improvements
• Increased usage of clean transit vehicles
• Increased usage of low floor transit vehicles
• Passenger rail station access and capacity improvements

Local Transportation Technology Program (10%)

This program would continue and improve the performance of road, transit, pedestrian and bicyclist technology applications, and would accommodate emerging vehicle technologies such as electric and plug-in-hybrid vehicles. Projects eligible could include:

• Development, installation, operations, monitoring and maintenance of local street and arterial transportation management technology such as the “Smart Corridors Program”, traffic signal interconnection, transit and emergency vehicle priority, advanced traffic management systems and advanced traveler information systems
• Infrastructure for alternative vehicle fuels such as electric and plug-in-hybrid vehicle stations
• New or emerging transportation technologies that provide congestion or pollution mitigation
• Advance signal technology for walking and bicycling

Pedestrian and Bicyclist Access and Safety Program (5%)

This program would seek to improve the safety of bicyclists and pedestrians by reducing the conflicts with motor vehicles and to reduce congestion in areas such as schools, downtowns, transit hubs and other high activity locations. It also would seek to improve bicyclist and pedestrian safety on arterials and other locally-maintained roads and to reduce occasional congestion that may occur with incidents. Projects eligible could include:

• Improved access and safety to schools, such as “Safe Routes to Schools Programs”, “Greenways to Schools Programs”, and other improvements (including crosswalk, sidewalk, lighting and signal improvements) for students, parents and teachers
• Improved access and safety to activity centers (such as crosswalk, sidewalk, lighting and signal improvements)
• Improved access and safety to transit hubs (such as crosswalk, sidewalk, lighting and signal improvements)
• Improved bicycle and pedestrian safety on arterials, other locally-maintained roads and multi-use trails parallel to congested highway corridors

D. Governing Board and Organizational Structure

1. Agency Responsible for Administering Proceeds of Fee
The Agency, pursuant to California Government Code Section 65089.20, shall place a majority vote ballot measure before the voters to authorize a $10 per year increase in the motor vehicle registration fee. If so approved, the Agency will collect and administer the Fee in accordance with the Plan.

The Agency and the Alameda County Transportation Improvement Authority (Authority) have approved a merger of the two agencies into a new Alameda County Transportation Commission (Alameda CTC), which would have members from all the jurisdictions that currently are represented on the Agency’s Board. The Agency and the Authority expect to delegate all of their powers, assets and liabilities to Alameda CTC. Upon such delegation, the Fee would be collected and administered by the Alameda CTC pursuant to the Plan. All references to “Agency” include reference to Alameda CTC.

2. Contract with Department
The Agency shall contract with the Department of Motor Vehicles to collect the fee imposed pursuant to California Government Code section 65089.20 upon the registration or renewal of registration of a motor vehicle registered in the County, except those vehicles that are expressly exempted under this code from the payment of registration fees, pursuant to California Vehicle Code section 9250.4, as approved by the voters of Alameda County.

3. Annual Budget Financial Projections
The Annual Budget, adopted by the Agency each year, will project the expected Fee revenue, other anticipated funds and planned expenditures for administration and programs.
4. Annual Report
The Agency shall draft an Annual Report, which shall be made available to the public and will include the following:
- Revenues collected
- Expenditures by programs, including distribution of funds within each program and in each planning area of the County, and administrative costs
- Accomplishments and benefits realized by the programs
- Proposed projects for funding in each program

Before adopting the Annual Report, the Agency will hold a public meeting and will address public comments in the Annual Report.

5. Use of Proceeds
The proceeds of the Fee governed by this ordinance shall be used solely for the programs and purposes set forth in the Plan and for the administration thereof. The Agency will administer the proceeds of the Fee to carry out the mission described in the Plan. An equitable share of the funds will be distributed among the four geographical sub-areas of the county over successive five year cycles. Geographic equity is measured by a formula, weighted fifty percent by population of the sub-area (as published by the California Department of Finance) and fifty percent of registered vehicles of the sub-area (as determined by the California Department of Motor Vehicles). The definition of the sub-areas may change from time to time. A sponsor’s costs shall be reimbursed for expenditures incurred on an approved project. Pursuant to California Government Code Section 65089.20, not more than five percent of the Fee shall be used for administrative costs associated with the programs and projects, including the amendment of the Plan.

Pursuant to California Vehicle Code Section 9250.4, the initial setup and programming costs identified by the Department of Motor Vehicles (Department) to collect the Fee upon registration or renewal of registration of a motor vehicle shall be paid by the Agency from the Fee. Any direct contract payment with the Department by the Agency shall be repaid, with no restriction on the funds, to the Agency as part of the initial revenue available for distribution. The costs deducted pursuant to this paragraph shall not be counted against the five percent administrative cost limit specified in California Government Code Section 65089.20(d).

The costs of placing the Measure authorizing imposition of the Fee on the ballot, including payments to the County Registrar of Voters and payments for the printing of the portions of the ballot pamphlet relating to the Fee, advanced by the Agency, shall be paid from the proceeds of this Fee, and shall not be counted towards the five percent limit on administrative costs. The costs of preparing the Plan, advanced by the Agency, shall be paid from the proceeds of the Fee subject to the five percent limit on administrative costs. At the discretion of the Agency, these costs may be amortized over a period of years.

The proceeds of the Fee shall be spent only inside the limits of Alameda County. None of the proceeds, outside of the costs incurred by the Department of Motor Vehicles to collect the fee, shall be taken by the State.

6. Duration of Fee
The Fee, if so approved, would be imposed annually unless repealed.

7. Severability
If any provision of this Plan or the application thereof to any person or circumstance is held invalid, the remainder of this Plan and the application thereof to other persons or circumstances shall not be affected. If any proposed expenditure based on this Plan is held invalid, those funds shall be redistributed to other expenditures in accordance with the Expenditure Plan.

8. Amendments to the Plan
It is expected that the Plan will be amended from time to time. Amendment to the Plan shall be approved by a two-thirds vote of the Agency Board. All jurisdictions within the County with representatives on Agency will be given a minimum of 45 days notice and opportunity to comment on any proposed Plan amendment prior to its adoption.

9. Option to Bond
The Agency shall be authorized to issue bonds for the purposes of implementing the Plan. The bonds will be paid with the proceeds of the Fee. The costs associated with bonding will be borne only by programs in the Plan utilizing the bond proceeds. The costs and risks associated with bonding will be presented in the Agency’s Annual Budget and will be subject to public comment before approving a bond sale.

10. Statute of Limitations
Any suit, action or proceeding in any court against the Agency, or against any officer of the Agency, to prevent or enjoin the collection under this ordinance, of any Fee or any amount of Fee required to be collected must be brought within 120 days of the approval of the imposition of the Fee by the voters of Alameda County.

11. Effective Date
The Measure shall take effect at the close of the polls on the day of election at which the Fee is adopted by a majority of the electors voting on the Measure.