

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
300 Lakeside Drive, P. O. Box 12688, Oakland, CA 94604-2688

AGENDAS FOR BOARD AND COMMITTEE MEETINGS

February 14, 2008

9:00 a.m.

A regular meeting of the Board of Directors and regular meetings of the Standing Committees will be held on Thursday, February 14, 2008, commencing at 9:00 a.m. All meetings will be held in the BART Board Room, Kaiser Center 20th Street Mall – Third Floor, 344 – 20th Street, Oakland, California.

Members of the public may address the Board of Directors and Standing Committees regarding any matter on these agendas. Please complete a “Request to Address the Board” form (available at the entrance to the Board Room) and hand it to the Secretary before the item is considered by the Board. If you wish to discuss a matter that is not on the agenda during a regular meeting, you may do so under General Discussion and Public Comment.

Any action requiring more than a majority vote for passage will be so noted.

Items placed under “consent calendar” and “consent calendar addenda” are considered routine and will be received, enacted, approved, or adopted by one motion unless a request for removal for discussion or explanation is received from a Director or from a member of the audience.

Please refrain from wearing scented products (perfume, cologne, after-shave, etc.) to these meetings, as there may be people in attendance susceptible to environmental illnesses.

BART provides service/accommodations upon request to persons with disabilities and individuals who are limited English proficient who wish to address BART Board matters. A request must be made within one and five days in advance of Board/Committee meetings, depending on the service requested. Please contact the Office of the District Secretary at (510) 464-6083 for information.

Kenneth A. Duron
District Secretary

Regular Meeting of the
BOARD OF DIRECTORS

The purpose of the Board Meeting is to consider and take such action as the Board may desire in connection with:

1. **CALL TO ORDER**

- A. Roll Call.
- B. Pledge of Allegiance.
- C. Introduction of Special Guests: Marilyn McAllister.

2. **CONSENT CALENDAR**

- A. Approval of Minutes of the Meeting of January 24, 2008.* Board requested to authorize.

- B. Change Order to Agreement No. 49GD-526, Litigation Support Services, with Kroll Ontrack Inc.* Board requested to authorize.
- C. Fiscal Year 2008 Budget: Second Quarter Financial Report.* For information.

RECESS TO STANDING COMMITTEES

Immediately following the Standing Committee Meetings, the Board Meeting will reconvene, at which time the Board may take action on any of the following committee agenda items.

ALL COMMITTEES ARE ADVISORY ONLY

ADMINISTRATION COMMITTEE

Immediately following the Board Meeting recess
Director Franklin, Chairperson

- A-1. Approval of Northern California Power Agency Agreement for Renewable Geothermal Power Supply.* Board requested to authorize.
- A-2. General Discussion and Public Comment.

ENGINEERING AND OPERATIONS COMMITTEE

Immediately following the Administration Committee Meeting
Director Fang, Chairperson

- B-1. Award of Invitation for Bid No. 8805, Magnetic Stripe Plastic Tickets.* Board requested to authorize.
- B-2. Quarterly Performance Report, Second Quarter Fiscal Year 2008 - Service Performance Review.* For information.
- B-3. General Discussion and Public Comment.

PLANNING, PUBLIC AFFAIRS, ACCESS, AND LEGISLATION COMMITTEE

Immediately following the Engineering and Operations Committee Meeting
Director Ward Allen, Chairperson

- C-1. Proposed 2008 State and Federal Legislative Agenda.* Board requested to authorize.
- C-2. Internet Sales of Student Teenage Discount Tickets.* Board requested to authorize.
- C-3. General Discussion and Public Comment.

RECONVENE BOARD MEETING

3. CONSENT CALENDAR ADDENDA

Board requested to authorize as recommended from committee meetings above.

* Attachment available

4. REPORTS OF STANDING COMMITTEES

A. ADMINISTRATION COMMITTEE

- A-1. Approval of Northern California Power Agency Agreement for Renewable Geothermal Power Supply.* Board requested to authorize.

B. ENGINEERING AND OPERATIONS COMMITTEE

- B-1. Award of Invitation for Bid No. 8805, Magnetic Stripe Plastic Tickets.* Board requested to authorize.
- B-2. Quarterly Performance Report, Second Quarter Fiscal Year 2008 - Service Performance Review.* For information.

C. PLANNING, PUBLIC AFFAIRS, ACCESS, AND LEGISLATION COMMITTEE

- C-1. Proposed 2008 State and Federal Legislative Agenda.* Board requested to authorize.
- C-2. Internet Sales of Student Teenage Discount Tickets.* Board requested to authorize.

5. GENERAL MANAGER'S REPORT

- A. Review of the Draft Agenda for the Capitol Corridor Joint Powers Board Meeting of February 20, 2008.* For information.

6. BOARD MATTERS

- A. Roll Call for Introductions.

7. GENERAL DISCUSSION AND PUBLIC COMMENT

8. CLOSED SESSION (Room 303, Board Conference Room)

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Titles: Controller/Treasurer, District Secretary
Gov't. Code Section: 54957

B. CONFERENCE WITH NEGOTIATORS:

Designated Representatives: Directors Blalock, Franklin, and Murray
Titles: Controller/Treasurer, District Secretary
Gov't. Code Section: 54957.6

9. OPEN SESSION

- A. Compensation and Benefits for Controller/Treasurer and District Secretary.



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>[Signature]</i> 2/7/08 <i>Approved for DWD</i>		GENERAL MANAGER ACTION REQ'D: Approve and Forward to the Board		
DATE: c		BOARD INITIATED ITEM: No		
Originator/Prepared by: Esther Low Dept: Office of the General Counsel <i>EL Low</i>	General Counsel <i>MB 2/4/08</i>	Controller/Treasurer <i>[Signature]</i>	District Secretary []	BARC <i>[Signature]</i>
Signature/Date: <i>2/4/08</i>				

Change Order No. 1 to Agreement 49GD-526 for Litigation Support Services

NARRATIVE:

Purpose: To obtain Board authorization for the General Counsel to issue Change Order No. 1 to Agreement No. 49GD-526 for Litigation Support Services with Kroll Ontrack Inc.

Discussion: The District entered into Agreement No. 49GD-526 with Kroll Ontrack Inc. (the Agreement) in June 2007 for electronic discovery and related litigation services in connection with BART's litigation against GETS GS. The General Manager approved the MDD for this Agreement in September 2007. For efficiency and uniformity, both parties in the litigation are using the services of Kroll Ontrack Inc., with each party paying its own costs. The original Agreement was for services not to exceed \$75,000. Change Order No. 1, which adds \$95,000 to the Agreement, is needed due to the significantly larger than anticipated amount of electronic data that must be processed in this complex litigation.

Fiscal Impact: Funding of \$95,000 for Change Order No. 1 is included in the total project budget for 49GD-AATC Implementation. The Office of the Controller/Treasurer certifies that funds are currently available to meet this obligation.

<u>1998 Sales Tax Revenue Bond Fund</u>	<u>51G</u>	<u>\$95,000</u>
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As of 12/30/2007, \$16,600,000 is available for commitment from this fund source for this project, and BART to date has committed \$15,722,363. There is \$0 pending commitments in BART's financial management system. This action will commit an additional \$95,000, leaving an uncommitted balance of \$782,637 in this fund source.

Alternatives: Do not issue the change and seek the services of another electronic discovery firm. Either of these alternatives would be disruptive and result in the District being unable to meet the deadlines for discovery set by the Court, possibly face sanctions, and would likely result in a delay in the trial date, which is currently set for the Spring of 2009.

Recommendation: Adoption of the following motion.

Motion: The General Counsel is authorized to execute Change Order No. 1 to Agreement No. 49GD-526 with Kroll Ontrack Inc. for Litigation Support Services, for an amount not to exceed \$95,000.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MEMORANDUM

TO: Board of Directors **DATE:** February 8, 2008
FROM: General Manager *[Signature]* PR DWD
SUBJECT: Second Quarter Financial Report

The FY08 Second Quarter Financial Report (October through December, 2007) is attached. Results overall continued to be favorable to budget, with continuing high ridership throughout the quarter. However, a cause for concern is the slowing economy that led to the first negative sales tax quarter in four years, which could be a sign of things to come. Therefore, while the current results look good, we have a cautious outlook for the rest of the year, with potentially slowing ridership growth and declining sales tax a possibility. Expense remained on budget, but very tight, and we will continue to carefully watch expenses.

Operating Sources

- **Average Weekday Ridership** was 3.1% favorable to budget with system trips coming in at 357,895. Growth remained strong, with the core system averaging 5.8% over last year and the SFO extension particularly good at 13.6%
- **Sales tax** for the 2nd quarter dropped 1.4%, the first negative quarter since the second quarter of FY04. This brings year to date (YTD) growth to only 1.3%, below the budgeted growth of 2.3% and \$1.0M below budget. If the economy continues to slow and the 3^d and 4th quarters are similar we could end significantly below budget in sales tax.
- **Other Financial Assistance** is mainly on budget other than timing issues. The first half of the year property tax is on budget, as the housing market problems have yet to affect assessed valuations.

Operating Uses

- **Expenses** were on budget for the quarter, coming in 1.4% favorable. However, YTD net labor is unfavorable by \$2.1M. Non-labor is favorable to budget, but expenses are expected to increase the second half of the year. Total operating expense is on budget, 0.4% favorable YTD, but overall the expense budget is very tight and will be closely monitored.

The second quarter results were good, but the future economic outlook appears grim. Ridership and passenger revenue grew in the 2nd quarter but due to the slowing economy it is unlikely that this growth rate will continue. Therefore, we have a very cautious outlook for the rest of the year.

Dorothy W. Dugger

cc: Board Appointed Officers
Deputy General Manager
Executive Staff

Second Quarter FY08 BUDGET PERFORMANCE REPORT EXECUTIVE SUMMARY

M=million

REVENUE

- Systemwide average weekday ridership was 357,895, 3.1% over budget. Ridership growth over the second quarter of FY07 remained strong: core system 5.8%, SFO Extension 13.6%.
- Favorable YTD Other Operating Revenue of \$0.4M reflects an advertising bonus of \$1.3M, offset by small unfavorable results in interest (\$0.2M) and other revenues.

EXPENSE

- Net Labor: favorable for the second quarter but slightly unfavorable YTD due to overtime.
- Electric Power on budget for the quarter. YTD, power is \$0.6M (3.1%) favorable due to purchases/sales of market power at more favorable prices than budgeted.
- Other Non Labor slightly favorable YTD, but projected to potentially exceed budget by end of year due to high rail car maintenance expenses.
- The Lakeside building lease is recognized over the life of the lease, which is a non-cash book entry and not budgeted; budget includes actual cash outlay for lease payments.
- Total operating expense for the quarter and YTD was essentially on budget.

EXTRAORDINARY ITEMS

- \$14.5M of \$18.9M budgeted grant was received for the Rail Car Fund Swap agreement and transferred to MTC as agreed. The grant is behind schedule, resulting in a favorable variance in the expense portion, but does not affect the bottom line, as the favorable variance is offset by lower financial assistance.

OPERATING DEFICIT

- Favorable operating revenues and slightly under-budget expenses resulted in an Operating Deficit of \$58.1M, \$10.1M less than budgeted. \$4.4M of this amount is due to the Rail Car Fund Swap and should be disregarded.

TAX & FINANCIAL ASSISTANCE

- Second quarter sales tax declined 1.4% from FY07, bringing YTD growth to only 1.3% over FY07. The FY08 budget was based upon 2.3% growth, as a result sales tax is \$1M unfavorable YTD.
- Property tax is on budget, the housing market decline has yet to have a major affect on assessed valuations.
- STA and Other Assistance variance is due to timing of budget vs. actual and is expected to be on budget later in the year.
- Allocation from SFO reserve was lower than budgeted due to increased SFO Extension passenger revenue from higher than budgeted ridership, resulting in a lower amount needed from the SFO reserve to cover calculated operating expense.
- Debt Service variance of \$0.9M is timing and will be on budget later in the year.
- Other Allocations YTD include \$6.3M of BART planned capital allocations into the SFO reserve (replaced by MTC grant funds) per the new SFO Agreement, \$0.3M for power reserves and \$0.1M from West Bay long-term parking for SFO operating reserves.

NET OPERATING RESULT

- The net operating result for the quarter was \$6.1M favorable, with both revenue and expense favorable to budget. For the year, the net result is favorable to budget by \$9.2M (it should be noted that \$0.6M is due to the Lakeside building lease adjustment).

SYSTEM OPERATING RATIO/RAIL COST PER PASSENGER MILE

- The operating ratio (revenue divided by expense) was favorable for the 2nd quarter because revenue and expense were favorable to budget. Rail cost per passenger mile was favorable because ridership and expense were both favorable for the quarter.

CURRENT QUARTER

Budget	Actual	Var.	
71.5	75.3	5.3%	
7.6	7.7	2.2%	
79.1	83.1	5.0%	
87.9	87.4	0.7%	
5.5	5.1	7.1%	
8.8	8.8	0.0%	
3.5	3.3	5.5%	
0.0	(0.3)		
22.7	22.4	1.5%	
128.4	126.6	1.4%	
18.9	14.5	23.2%	
18.9	14.5		
(68.2)	(58.1)	17.5%	
53.8	51.9	-3.6%	
14.2	14.7	3.9%	
3.1	5.0	60.2%	
18.9	14.5	-23.2%	
2.9	1.8	-36.3%	
2.0	2.0	0.0%	
(17.5)	(16.2)	7.5%	
(6.0)	(6.0)	0.0%	
(3.6)	(3.6)	0.0%	
5.5	5.1	-7.1%	
73.2	69.2	-5.5%	
5.0	11.1		
61.6%	65.6%	4.0%	
35.9 ¢	34.5 ¢	3.7%	

(\$Millions)*

FISCAL YEAR-TO-DATE

	Budget	Actual	Var.
REVENUE			
Net Passenger Revenue	144.5	151.9	5.1%
Other Operating Revenue	14.9	15.3	2.9%
Total Net Operating Revenue	159.4	167.3	4.9%
EXPENSE			
Net Labor	175.3	177.4	-1.2%
OPEB Unfunded Liability**	11.0	10.6	3.5%
Electric Power	17.6	17.0	3.1%
Purchased Transportation	6.9	6.7	2.4%
Lakeside Lease Accrual	0.0	(0.6)	
Other Non Labor	40.7	39.2	3.9%
Total Operating Expense	251.5	250.5	0.4%
EXTRAORDINARY EXPENSES			
Rail Car Fund Swap	18.9	14.5	23.2%
Net Extraordinary Items	18.9	14.5	
OPERATING DEFICIT	(111.0)	(97.7)	13.6%
TAX & FINANCIAL ASSISTANCE			
Sales Tax	104.3	103.3	-1.0%
Property Tax	15.0	15.1	0.8%
STA and Other Assistance	4.1	5.9	44.1%
Rail Car Fund Swap	18.9	14.5	-23.2%
Allocation from SFO Reserve	5.6	4.6	-18.6%
Allocation from Operating Resv.	3.2	3.2	0.0%
Debt Service	(34.2)	(33.3)	2.5%
Capital Allocations	(10.1)	(10.1)	0.0%
Other Allocations	(6.7)	(6.7)	0.0%
OPEB Unfunded Liability Offset**	11.0	10.6	-3.5%
Net Financial Assistance	111.1	107.0	-3.7%
NET OPERATING RESULT	0.1	9.3	
System Operating Ratio	63.4%	66.8%	3.4%
Rail Cost Per Passenger Mile	34.7 ¢	33.6 ¢	3.1%

* Totals may not add due to rounding to the nearest million.

**The Other Post Employment Benefits (primarily retiree medical) is a non-cash expense to recognize the difference between actual retiree medical funding and the full Annual Required Payment, and does not affect the bottom line.

- No Problem
- Caution: Potential Problem/Problem Being Addressed
- Significant Problem



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>[Signature]</i>		GENERAL MANAGER ACTION REQ'D:		
DATE: 2/7/2008		BOARD INITIATED ITEM: No		
Originator/Prepared by: Frank Schultz Dept: Operating Budgets and Analysis Signature/Date: FXS 2/7/08	General Counsel <i>[Signature]</i> []	Controller/Treasurer <i>[Signature]</i> 2/7/08 []	District Secretary []	BARC <i>[Signature]</i> 2/7/08 []

Status: Routed	Date Created: 02/03/2008
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TITLE:

Approval of Northern California Power Agency Agreement for Renewable Geothermal Power Supply

NARRATIVE:

PURPOSE

To have the Board of Directors adopt the attached resolution that would authorize the General Manager to execute the Northern California Power Agency (NCPA) Third Phase Agreement for Western Geopower Incorporated Renewable Energy Power Purchase.

DISCUSSION

The District's Strategic Plan for Energy Procurement establishes a goal that the District will procure 20 percent of its energy supply from renewable energy sources by 2010. Geothermal power is one of the most desirable sources of renewable power because it provides a constant, round-the-clock supply. This is in marked contrast to wind and solar generation which provide an intermittent, uncertain source of supply.

BART is a member of NCPA. NCPA actively looks for potential renewable supplies for its members. Also, as an operator of geothermal generation facilities, NCPA is able to make an informed assessment of potential geothermal sources of supply. Subject to the approval of its members, NCPA is in the process of finalizing a power purchase agreement that will provide a twenty-year supply of geothermal power from Western Geopower Inc. at a fixed price of \$98 per megawatt hour.

The NCPA members view this geothermal supply as highly desirable and the available capacity (approximately 25 MW in total) is oversubscribed. In response, NCPA has allocated the available capacity to each member based on the size of their electrical power load. For BART, our share is between one to one and one-half megawatts of capacity, depending upon the final list of members who want to participate in this project.

This agreement was negotiated outside of the NCPA Green Power project process in which the Board delegated certain purchasing authority to the General Manager, so specific authorization by the Board for this purchase is required. It should be noted that related Facilities and Scheduling Agreements are incorporated as part of the Third Phase Agreement for the geothermal supply. NCPA members, such as BART, that have not signed these agreements may

need to do so at a later date depending on decisions on how this power will be delivered.

FISCAL IMPACT

The District currently procures most of its power through short and medium-term market power purchase agreements. This exposes the District to the variability in energy market prices. In addition to procuring renewable energy supplies, another goal of the District's Strategic Plan for Energy Procurement is to enter into long-term agreements tied to specific generating facilities to eliminate the market price uncertainty. This proposed fixed price agreement is consistent with that strategic procurement goal.

The District's current electrical power budget is \$34.7 million at an energy cost of approximately \$70 per megawatt hour. The geothermal facility is scheduled to begin production in 2010 when the forecast for market power supply is approximately \$74 per megawatt hour. The power supplied under this agreement will cost \$858,000 annually based on one megawatt of capacity. This is \$245,000 more than current market prices. However, assuming an annual 3% increase in the cost of the market supply, the fixed geothermal power would cost less than market supply after 12 years. Overall, the cost of the geothermal power is about 4% more than estimated market prices over the term of the agreement.

The District's Legal Department will approve this agreement as to form.

ALTERNATIVES

The District could choose not to participate in this power purchase agreement. This would result in a savings from continued purchases of non-renewable market power. Without this purchase, the District may not be able to achieve its renewable energy goal.

RECOMMENDATION

It is recommended that the Board of Directors authorize the General Manager to enter into an agreement with NCPA to take the District's proportional share of up to one and one-half megawatts of power under the agreement with NCPA as specified in the following motion.

MOTION

That the Board of Directors adopt the attached Resolution.

**BEFORE THE BOARD OF DIRECTORS OF THE
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT**

**In the Matter of Approving the Execution
Of the NCPA Third Phase Agreement
For Western GeoPower Inc. Renewable Energy
Power Purchase Agreement**

Resolution No.

WHEREAS, the San Francisco Bay Area Rapid Transit District (the District) desires to increase the utilization of renewable energy resources as provided for in the District's Strategic Plan for Energy Procurement; and

WHEREAS, the District is a member of the Northern California Power Agency (NCPA) and plans to purchase power supplies from NCPA through power purchase agreements and physical assets which generate electricity using renewable resources; and

WHEREAS, geothermal power is a renewable energy resource that is especially beneficial because it provides a uniform supply of power for all hours of the day; and

WHEREAS, NCPA has authorized a power purchase agreement with Western GeoPower Incorporated to purchase the entire expected output from a new Western GeoPower geothermal project (Project) located in the Geysers geothermal field in Sonoma and Lake Counties of California; and

WHEREAS, NCPA on behalf of participating members will purchase the Project's output at a fixed price not to exceed ninety-eight dollars (\$98.00) per megawatt hour for a term of twenty (20) years; and

WHEREAS, the interest of the NCPA members in this Project is so large that the capacity of the Project is oversubscribed and NCPA has therefore allocated the Project capacity in a proportional manner based on each member's share of annual electrical power load compared to the electrical power load of all its members; and

WHEREAS, the District's proportional share of the project is approximately one megawatt to one and one-half megawatts of project capacity; and

WHEREAS, entering into to the Agreement would provide renewable energy for the District's operations at a fixed cost comparable to the cost of market supply and furthermore the Agreement would avoid the uncertainty of market prices.

NOW, THEREFORE, BE IT RESOLVED that the General Manager is authorized to execute the NCPA Third Phase Agreement for Western GeoPower Incorporated Renewable Energy Power Purchase Agreement for up to one and one-half megawatts of Project capacity.

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EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>[Signature]</i>		GENERAL MANAGER ACTION REQ'D: Approve and forward to the BART Board of Directors		
DATE: c 2/17/2008		BOARD INITIATED ITEM: No		
Originator/Prepared by: Steve Dietrich Dept: Maintenance & Engineering, Fare Collection Engineering Division, Ext-6363 2/16/08 Signature/Date: <i>[Signature]</i>	General Counsel <i>[Signature]</i> MB 2/16/08	Controller/Treasurer <i>[Signature]</i> 2/16/08	District Secretary []	BART <i>[Signature]</i> 2/16/08

TITLE:

IFB No. 8805 MAGNETIC STRIPE PLASTIC TICKETS

NARRATIVE:

PURPOSE: To obtain Board authorization to award Invitation For Bid (IFB) No. 8805, a five-year contract for the purchase of an estimated quantity of 180 million magnetic stripe plastic tickets, to Electronic Data Magnetics, Inc in the amount of \$ 3,733,605.00.

DISCUSSION: Magnetic stripe tickets are required for operation of the fare collection and access control systems. The District uses approximately 40 million tickets each year. The existing contract, IFB No. 8683, expired in December 2007.

In 2006, the District conducted a process (BART QPL No. 8805) to qualify potential ticket suppliers to be providers of magnetic stripe tickets. The process started with an industry review of the then-existing ticket specification for magnetic stripe plastic tickets. Subsequent to the industry review, BART Fare Collection Engineering revised the specification to address problem areas and added a specification for a high coercivity ticket media option. The revised Magnetic Stripe Plastic Ticket specification and an associated drawing were released as key elements of the QPL No. 8805 documents.

Eight ticket suppliers/manufacturers participated in QPL No. 8805. Each participant was required to submit sample tickets for evaluation using the revised ticket specification as the judgment criterion. Two independent labs, along with BART staff, performed evaluations of the ticket samples. The results were tabulated and a formal report was issued to each participant in May 2007. The report indicated whether or not the participant had successfully met the ticket performance requirements as specified in the QPL documents. Participants that failed the evaluation were given the opportunity to submit a second sample of tickets to improve their evaluation score. Five of the eight participants failed the initial evaluations, and all five subsequently waived their opportunity to submit a second sample of tickets.

Following the QPL process, the three successful manufacturers were invited to bid on IFB No.8805. A notice requesting bids was published on November 14, 2007. All three manufactures submitted bids. Bids were opened on January 8, 2008. Bemrose Booth Limited withdrew its bid due to a clerical error. The remaining bids were as follows:

<u>Low Coercivity Tickets</u>	<u>Electronic Data Magnetics, Inc.</u>		<u>Magnetic Ticket & Label Corp.</u>	
Two color process graphics (5,000 cases)	\$ 189.90	\$ 949,500.00	\$ 249.00	\$ 1,245,000.00
Three color process graphics (600 cases)	\$ 189.90	\$ 113,940.00	\$ 249.00	\$ 149,400.00
Four color process graphics (1,200 cases)	\$ 194.90	\$ 233,880.00	\$ 249.00	\$ 298,800.00
<u>High Coercivity Tickets</u>				
Two color process graphics (9,000 cases)	\$ 189.90	\$ 1,709,100.00	\$ 259.00	\$ 2,331,000.00
Three color process graphics (400 cases)	\$ 189.90	\$ 75,960.00	\$ 259.00	\$ 103,600.00
Four color process graphics (1,800 cases)	\$ 194.90	<u>\$ 350,820.00</u>	\$ 259.00	<u>\$ 466,200.00</u>
Grand Total (18,000 Cases)		\$ 3,433,200.00		\$ 4,594,000.00
Including 8.75% sales Tax		\$ 3,733,605.00		\$ 4,995,975.00

Independent cost estimate by BART staff: \$ 8,000,000.00.

The last award for the purchase of magnetic stripe plastic tickets, in 2004, was at a cost of \$ 218.00 per case.

Pursuant to the terms of the District's standard estimated quantity contract, during the term of the contract the District is required to purchase from the supplier a minimum amount of 50 percent of the contract bid price. Upon Board approval of this contract, the General Manager will also have the authority to purchase up to 150 percent of the contract bid price, subject to availability of funding.

Staff has determined that the apparent low bidder, Electronic Data Magnetics, submitted a responsive bid. Staff has also determined that the bid pricing is fair and reasonable.

The first delivery of tickets shall be submitted within sixteen (16) weeks of contract award.

FISCAL IMPACT: This is a proposed contract for \$3.73 million (M) with approximately \$750 thousand spent each year at a cost per order of approximately \$250 thousand. Funding will be initially provided when the ticket stock are ordered from the General Fund, Materials & Supplies Inventory build-up account (140-010). Inventory usage of the BART ticket stock will be charged to the Finance Budget, Cost Center 319. There is approximately \$1.2M million in both the adopted budget for FY08 and the FY09 Pro forma budgets. Funding for subsequent years will be requested as part of the Finance total budget.

ALTERNATIVE: To reject all bids and readvertise. However, such action would result in the District not having confirmed supplies for magnetic stripe plastic tickets which are essential to the District operations.

RECOMMENDATION: On the basis of analysis by Staff, and certification by the Controller-Treasurer that the funds are available for this purpose, it is recommended that the Board adopt the following motion.

MOTION: The General Manager is authorized to award IFB No. 8805, an estimated quantity contract, for Magnetic Stripe Plastic Tickets, to Electronic Data Magnetics, Inc. for up to 150% of the total contract bid price of \$3,433,200, subject to the availability of funds to which will be added all applicable taxes, pursuant to notification to be issued by the General Manager, and subject to compliance with the District's Protest Procedures.



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>[Signature]</i>		GENERAL MANAGER ACTION REQ'D:		
DATE: <i>2/7/2008</i>		BOARD INITIATED ITEM: No		
Originator/Prepared by: Paul Fadelli Dept:	General Counsel <i>[Signature]</i>	Controller/Treasurer <i>[Signature]</i>	District Secretary	BARC
Signature/Date:	[]	[]	[]	[]
Status: Routed		Date Created: 01/14/2008		

TITLE:

Proposed '08 State and Federal Legislative Agenda

NARRATIVE:

PURPOSE:

To review and approve the District's proposed 1) **State** and 2) **Federal** legislative advocacy program.

DISCUSSION:

STATE LEGISLATIVE ENVIRONMENT: With the Governor declaring a "fiscal emergency" on January 8, the state's shortfall of over \$14 billion is the largest since the \$16 billion debt that prompted the recall of the previous governor. The environment in the state capitol for the new legislative session will, therefore, continue to be one where all interests have to dramatically lower funding expectations. Transit funding, in particular, (see attached "transitbudget'08") will have to continue fighting for funds thought to have been statutorily designated for their needs, and for funding from the Infrastructure Bonds propositions passed by the state electorate.

FEDERAL LEGISLATIVE ENVIRONMENT: 2008 begins with a potentially weak economy and a contentious national election ahead. Last December, the President signed an omnibus appropriations bill (HR 2764) that included annual funding for the Department of Transportation and other departments. The President has increased his criticism of growing federal spending for domestic programs and pointed to Congressional earmarks in that appropriations bill (30 earmarks for Bay Area transportation projects) as a particular failing of Congress. Last month, the long-awaited report of the Surface Transportation Policy and Revenue Study Commission made controversial recommendations which will continue to be debated that would move toward a performance-based federal funding program. Most agree that Democrats stand a good shot at taking the White House, increasing their numerical leads in both the House and the Senate, with Speaker Pelosi and other congressional Californians holding on to key committee chairs.

A. The following is the proposed State Legislative Advocacy Program for BART:

Monitor and respond to BART funding needs

Last year not only saw dramatic cuts in transit funding in the state budget, but also included the signing of legislation (SB 717 –Perata) that will somewhat raise the annual percentage that transit may receive from the State Transit Assistance (STA) program. The '08 legislative session brings even greater challenges. While the Governor's initial '08 budget provides some hope that transit will fare better than last year, dire predictions for increased state deficits and his proposals to deal with the fiscal crisis present a precarious beginning to a new legislative year (see attached *LA Times* article). The potential for diverting transit funds to deal with this crisis remains real, so any legislative action to protect existing transit funding will have to be a high priority. (see attached California Transit Association state transit budget summary)

Monitor environmental legislation and proposals.

Position BART, where appropriate, as an “environmental asset”

This year, the California Air Resources Board (CARB) is in the process of developing regulations to implement AB 32, the Global Warming Solutions Act of 2006. As this effort progresses, and legislative proposals impacting the environment are debated in Sacramento, BART and other transit agencies will need to educate policymakers that they are part of the solution to congestion, pollution and climate change. BART will continue to monitor **SB 375 (Steinberg)** which is seen by many as a key piece of legislation to assist AB 32's implementation. While SB 375 was amended at the end of the last session to shift its emphasis from “preferred growth” strategies to creating “sustainable cities” – the bill remains contentious. For example: the Contra Costa Transportation Authority (CCTA) & the state's housing industry oppose the bill, cities and counties continue to have concerns, and groups like TALC and the Natural Resources Defense Council support SB 375.

This is just one of many environmental/planning issues that could have significant impacts on land use, regional planning and transit funding. Transit will need to demonstrate its value when any cap and trade system is discussed in the state capitol -- which could impact similar federal policies and many aspects of how BART operates.

Respond to BART's need for continued funding from Infrastructure Bonds Implementation

Legislation passed last year to clarify the implementation for some of the funding programs created by passage of the state Infrastructure Bonds – primarily Propositions 1B and 1C (see attached Infrastructure Bonds update):

Proposition 1B Implementation: In addition to population-based funds controlled by MTC, BART is expected to directly receive over \$200 million for its Station Modernization Program, as well as \$40 million for the Warm Springs and eBART extensions. The Governor's office last year also announced the first year award to BART of \$5.4 Million from the proposition's Safety & Security program. The implementing legislation made it very clear that there would be no guarantee that subsequent years would see funding allocations. It will be necessary to work with the California Transit Association (CTA) to ensure that funding continues over the 10 year life of the bonds in ways that benefit BART and other transit agencies.

Also approved through the Prop. 1B Infrastructure Bonds was the State & Local Partnership program, to provide additional funds for "self-help counties" who contribute to their local transit and transportation projects. Last year, two bills seeking to define implementation failed to pass so will have to be heard this year. SB 748 (Corbett) and AB 1351 (Levine) are similar, but the Corbett bill also includes bridge tolls and developer fees with local sales tax in the local revenue pot to be matched by state bond funds. Capitol staff has said these bills are now being negotiated by leadership – but will need continued monitoring and support by Bay Area transit agencies. If passed, the Corbett bill would mean a higher amount of potential matching revenues for BART and it is recommended that the Board support this bill.

Proposition 1C implementation: Last session, legislation was passed to implement funds for programs included in this bond measure which emphasizes housing programs. The implementation strategy "based on public input" by the Housing and Community Development agency (HCD) initially proved problematic for Transit Oriented Development (TOD) projects. BART worked with Sen. Perata's staff and CTA to raise concerns which have since been resolved with the guidelines distribution. Perata's office and BART plan to monitor the success of this bond program in order to get funds to appropriate TOD sites.

Follow through on pending prioritized legislation

In the context of the state legislature raising the bar on environmental goals, the profile of **Transit Oriented Development (TOD)** continues to grow because of benefit to the environment and transit ridership. **AB 1221 (Ma)** – introduced last year, with BART as a sponsor, seeks to assist TOD financing by enhancing opportunities for Tax Increment Financing (TIF). Needing to get through at least two Senate policy committees, AB 1221 will be amended before beginning its Senate journey to the Governor. MTC and CTA have endorsed this bill. Besides AB 1221, the BART Board supported the following still active bills or issues in '07:

AB 444 (Hancock) – "Bay Area Vehicle License Fee for Congestion Management."

AB 1358 (Leno) – "Circulation Element for Local Government General Plans."

High Speed Rail -- Continue to support efforts to finance High Speed Rail in the state – providing additional BART funding.

(See attached summary update of BART priority legislation.)

Transit Incentives: The two goals of getting cars off the road and increasing transit ridership can both be served by enhancing incentives to ride transit. BART is exploring ways that transit can benefit from environmental goals that may lead to increased transit access and ridership – including appropriate tax benefits and/or car insurance discounts for those who regularly take transit.

Roadblocks to transit projects: The legislature has expressed an interest in finding ways to prevent roadblocks (costs and delays) to new or planned transportation projects. Issues which may be discussed and debated include: new appraisal reimbursement procedures for eminent domain, duplicitous regulatory mandates and restrictions on public private partnerships (PPP). The Governor has expressed a new interest in supporting PPP which he calls "Performance-Based Infrastructure."

Advance CTA legislative and legal goals:

Also important to securing additional funding and legislative opportunities for BART will be working in the State Capitol with other transit agencies to achieve the legislative priorities outlined by the California Transit Association (CTA). CTA has outlined an agenda that concentrates on protecting and securing transit funding and implementing the bond legislation. In addition, on behalf of its members, CTA has taken legal action to challenge the '07 cuts made to transit funding sources in the last budget. This action, and possible subsequent efforts to secure transit funding, will consume time and effort by the CTA membership in the upcoming budget process.

B. The following is the proposed Federal legislative advocacy program for BART:

Participate in the SAFETEA-LU reauthorization process The current federal authorization legislation expires in 2009. While no one can now predict how long it will take to get a new transportation reauthorization bill passed, it is not too early to participate and engage other "older rail" systems in the nation and APTA to foster greater funding for rehabilitation of core needs through changed federal authorization formulas. BART has identified \$2.6 billion in operating and capital shortfalls over the next 30 years. Therefore, it remains imperative that new sources of funds be identified or created in ways that reinvest in aging transit infrastructure. House Transportation Committee Chairman Oberstar of Minnesota and others may be sympathetic to this theme and we intend to educate the Bay Area delegation on our renovation and core capacity needs.

The recently released recommendations of the Surface Transportation Policy and Revenue Study Commission (see attached summary) may impact how contentious the reauthorization process will be. The Commission recommended, for example, that the federal gas tax be raised by 25-40 cents per gallon, that the 108 existing surface transportation programs be reorganized into 10 new federal programs, and that an independent commission be established to recommend the level of federal fuel tax contributions to support transportation programs -- subject to congressional veto.

Continue Seismic retrofit efforts BART was successful in getting an initial \$1 million Senate earmark in the FY 2008 Transportation and Housing and Urban Development Appropriations bill for "BART Intermodal Station Infrastructure Improvements to Improve Bus Safety & Access." That amount was reduced to in conference to \$670,000 and then to \$656,600 when an across-the-board reduction was implemented to the spending bill due to a presidential veto threat. BART is still responsible for funding \$50 million related to its seismic retrofit needs. In the context of the new congressional sensitivity for national infrastructure needs, BART will continue to pursue its stated goal for a new authorization program addressing transit seismic needs.

Position transit as an asset in cap and trade legislation With historic legislation passing through the Senate Environment & Public Works Committee (chaired by Sen. Boxer, D-CA) to establish a cap and trade program to combat Greenhouse gases, BART and other transit agencies must educate policymakers about transit's role in reducing greenhouse gas emissions and vehicle miles traveled (VMT). BART will seek to become more visible in this effort.

Support new/increased funding sources for transit security needs The new 110th Congress has been more successful in its efforts to support greater transit security grants and Homeland Security appropriations. HR 1 (the 9/11 Recommendations bill) signed into law earlier this year authorizes close to \$3.4 billion for transit security grants over the next four years (\$650 million for FY 2008). The Department of Homeland Security will distribute the grants. Transportation and Infrastructure Committee staff has asked BART to report any major delays in receiving future security funds. The final House and Senate Spending bills include \$400 million for FY '08 instead of the \$650 million authorization level.

Continue support for an increase in pre-tax transit benefit to level of pre-tax parking benefit BART has sent letters to Speaker Pelosi and the Bay Area delegation in support of HR 1475 (McGovern) to help move this bill through the Ways and Means Committee and full House. BART will continue to support this legislation because it would increase ridership by allowing employers to provide employee transit benefits in the same amount that they can provide for parking benefits under current law.

FISCAL IMPACT:

N/A (see attachment re: state budget for transit).

ALTERNATIVE:

Decline to adopt the proposed legislative program or make changes/additions as appropriate.

RECOMMENDATION:

That the Board approve the following two motions:

MOTION:

The Board approves the following basic components of a State legislative program to:

Monitor and respond to BART funding needs.

Monitor environmental legislation and proposals;
position BART, where appropriate, as an “environmental asset.”

Respond to BART’s need for continued funding from Infrastructure Bond
implementation.

Follow through on pending legislation and proposals -- including support for SB
748 (Corbett).

Advance CTA Legislative and legal goals.

The Board approves the following basic components of a Federal legislative program to:

Participate in the SAFTEA-LU reauthorization process.

Continue seismic retrofit efforts.

Position transit as an asset in any cap & trade legislation.

Support new/increased funding sources for transit security needs.

Continue support for rise in pre-tax transit benefit.

**Attachments
for
State & Federal Legislative Agenda**

Governor's Proposed 2008-09 State Transit Budget*

*source: California Transit Association

SUMMARY

Overall Budget Picture

Governor Schwarzenegger unveiled his proposed 2008-09 State Budget on January 10th. Citing a \$14.5 billion 18-month deficit, which includes a current year shortfall of \$3.3 billion, the Governor proposes to cut nearly all General Fund programs by 10-percent and to have those reductions take effect by March 1st. He also proposes a "Budget Stabilization Act" to reign in spending as well. The Governor plans to sell the remaining \$3.3 billion in Economic Recovery Bonds from Proposition 57 to help narrow the deficit. Under the Governor's declaration of a fiscal emergency, the Legislature will convene in Special Session to consider making adjustments to address the current year's shortfall. In addition, the Governor proposes \$48.1 billion in new general obligation bonds to help augment needs for education (K-12 and higher education), high-speed rail, the judicial system, and water.

Public Transportation

- **The Governor proposes to provide a total of \$1.369 billion to the Public Transportation Account as follows:**
 - **\$455 million** in spillover revenue
 - **\$365 million** from the sales tax on diesel fuel.
 - **\$69 million** from the state sales tax on added 9 cent gas tax (Prop 111).
 - **\$297 million** from the Proposition 42 contribution.

What does this mean for the State Transit Assistance (STA) Program?

- **The Governor proposes a 2008-09 STA Program of \$744 million.** The STA derived its revenue from sales tax revenues. The Proposition 42 contribution into the STA is **\$222 million**. This amount includes a \$74 million increase in Proposition 42 revenue resulting from the enactment of SB 717 (Perata), Chapter 733, Statutes of 2007, which split revenues 75%/25% to favor STA for all Proposition 42 revenue deposited into the PTA. The total STA amount also includes the STA's share of half of the sales tax on diesel fuel (**\$34.5 million**) and half of the state sales tax on the added 9 cents of the gas tax (**\$182.5 million**)
- The total spillover amount projected thus far for 2008-09 is **\$910 million**. The Governor proposes to transfer half of this amount (**\$455 million**) into the Mass Transportation Fund (created last year) to address non-transit programs, as established under SB 79 in last year's budget. Of the amount that is transferred into the Mass Transportation Account, **\$372 million** will be used to repay general obligation bonds and the remaining **\$83 million** is proposed to be transferred to repay the TCRP from previous transfers to that program. Of the remaining **\$455 million**, 2/3 is directed to the STA (**\$303 million**) and 1/3 to state and regional programming expenditures within the PTA (**\$152 million**).

- Had last year's budget deal not diverted half of the spillover to fund other General Fund obligations pursuant to SB 79, the STA Program would have received an additional \$150 million for a budget year total of \$894 million. The Association is still opposed to this action and is seeking full restoration of the STA (\$894 million) pursuant to historic law.
- The Governor counts the \$350 million appropriation from the Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) as a supplement to the STA Program. Consequently, the Administration's math suggests that the total STA program is \$1.1 billion. The Association considers this proposed augmentation as a supplement to existing state funding as the voters intended with the passage of Proposition 1B, rather than a substitute for such funding.

What does this mean for the state and regional programming side of the PTA?

- There are NO new funds proposed for transit capital projects within the STIP.
- The following are notable state and regional programming expenditures:
 - **\$141 million** in PTA revenue is dedicated to continue transportation services administered by regional occupational centers as established in the 2007-08 state budget.
 - **\$106 million** for Intercity rail, **\$23 million** for planning, and **\$9 million** for the Caltrans Division of Mass Transportation.

Why isn't there any money available for transit projects in the STIP?

- The Governor proposes that a total of \$596 million in PTA revenue (\$455 million in spillover and \$141 in funds for the regional occupational centers) be dedicated to expenditures for which the General Fund has historically been made responsible.

In conclusion, the Governor proposes that the PTA receive a total appropriation on \$1.369 billion. This amount includes \$744 million for the STA program, which is \$150 million less than what the budget year appropriation for STA should be had the spillover not been diverted. In addition, there is no capacity for capital projects in the STIP with the diversion of an additional \$446 million (\$596 million -\$150 million) going to General Fund purposes. In other words, the budget year balance of the PTA should be \$1.965 billion rather than \$1.369 billion. Therefore, the Governor's 2008-09 State Budget represents a 33% cut to the PTA.

Proposition 42

- The Governor proposes to fully-fund Proposition 42 at **\$1.485 billion**. As a result, the State Transportation Improvement Program (STIP) receives **\$594 million** (40%), cities and counties receive **\$297 million each** (20% each), and the Public Transportation Account (PTA) receives **\$297 million** (20%).

- The administration considered, but ultimately did not suspend Proposition 42 because it deemed that the “state cannot achieve budgetary savings” with a suspension since the amount would have to repaid back in three years with interest.
- **\$83 million** of spillover revenue will be used to make Proposition 42 loan repayments to the Traffic Congestion Relief Program (TCRP) from transfers that occurred to the General Fund during the 2003-04 and 2004-05 fiscal years.

Proposition 1B

- The Governor proposes that **\$4.7 billion in Proposition 1B** bond allocations to be made as follows:
 - **\$350 million** for the Public Transportation Modernization Improvement and Service Enhancement Account.
 - **\$1.186 billion** for the State Transportation Improvement Program
 - **\$500 million** for the Trade Corridor Improvement Fund
 - **\$200 million** for the State/Local Partnership Program
 - **\$21 million** for Local Seismic Bridges
 - **\$73 million** for Intercity Rail
 - **\$101 million** for Transit Security (from the Office of Emergency Services budget)

OTHER STATE PROGRAMS

State Transportation Improvement Program (STIP)

- **\$1.5 billion** in STIP funding. This represents a \$600 million reduction in funding from 2007-08 (\$2.1 billion). The administration cites statutory changes to spillover and the Public Transportation Account in general through the passage of SB 79 and SB 717 as an underlying reason.

State Highway Operation Protection Program (SHOPP)

- **\$1.6 billion** in SHOPP funding. This represents a \$400 million decrease in funding from 2007-08 (\$2 billion) due to a one-time increase of \$460 million in reimbursements for past emergency expenditures and the redistribution of federal funds that other states were unable to use.

Traffic Congestion Relief Program (TCRP)

- **\$183 million** to fund remaining projects in the program, \$100 million of which is to be derived from the tribal gaming compact proceeds (should they materialize) and \$83 million from Proposition 42 loan repayments.

State's budget crisis curtails legislators' agendas

With money short, little major legislation is expected in Sacramento.

By Nancy Vogel and Patrick McGreevy

Los Angeles Times Staff Writers

January 13, 2008

SACRAMENTO -- — Like every other politician from Los Angeles, Assemblyman Mike Feuer would like to clear clogged freeways. Like every other legislator peering into the state budget's \$14-billion hole, he doesn't have any money to do it.

So Feuer, a Democrat, is doing what he can: He has introduced legislation to make it easier for cities and counties to raise taxes to pay for road improvements.

"I am acutely aware of the crisis we're in," Feuer said last week. He said lawmakers must be sure not to "make that budget gap any worse."

California's lopsided budget has squashed legislative ambitions this year and made it unlikely that lawmakers will be able to do much more than drag spending and revenue back into balance.

Asked about his legislative agenda this year, Senate President Pro Tem Don Perata (D-Oakland) replied: "Survival?"

His counterpart in the Assembly, Speaker Fabian Nuñez (D-Los Angeles), welcomed colleagues back to the Capitol last week by saying, "If in any year we're going to earn our pay, it will be in 2008."

Unfortunately for many legislators, the out-of-whack budget comes in an election year, when they are especially eager to introduce splashy bills and trumpet accomplishments. And this is no ordinary election year.

No one knows whether voters will approve Proposition 93 on Feb. 5. That measure would tweak term limits to allow 34 sitting lawmakers, who would otherwise be ineligible after this year, to run for their offices again and, if successful, to stay four to six more years.

The hopes of dozens of current and potential legislators hinge on the measure. Some count on its failure to clear spots for them, while others hope to extend their careers in Sacramento.

If voters reject the initiative, jockeying will begin immediately to replace the Legislature's termed-out leaders: Nuñez, Perata and Senate Republican leader Dick Ackerman of Irvine.

Those contests would consume the Capitol at the same time that more than half of the Legislature may be running for reelection or a new seat.

"The election is absolutely a distraction," Ackerman said.

The Senate will soon vote on ambitious legislation pending from last year: a \$14.4-billion plan to extend health insurance to nearly all Californians. Championed by Nuñez and Gov. Arnold Schwarzenegger, the bill passed the Assembly in December but cannot be enacted, even if it passes the Senate, unless voters approve a companion financing plan on a future ballot.

Other than the budget, it may be the only major piece of legislation pursued this year, Nuñez said. Perata and Assembly Republican Leader Michael Villines (R-Clovis) last week dropped their joint call for a water conservation and storage bond issue on the November ballot.

"Early in the year, we hope to celebrate the approval of healthcare reform," Nuñez said. "But outside of that, it's going to be a very challenging year. I don't see a lot else getting done."

Still, legislative exuberance runs high in January, when the June 15 budget deadline seems far away and lawmakers are fresh from a four-month break, full of ideas and eager to dust off bills waylaid the previous year.

Among the Democrats' agenda items this year: increasing oversight of health insurance companies; indexing the state's \$8-an-hour minimum wage so it rises automatically each year; requiring mortgage lenders to reveal details of how they are helping homeowners avoid foreclosure; phasing out fast-food containers that can't be recycled; and creating a Cabinet-level "secretary to end poverty" position.

Republicans say they want to break up the Los Angeles Unified School District; keep the Legislature in round-the-clock session without pay if it fails to pass a budget by June 15; increase payments to medical providers who care for patients in the state-run health insurance program called Medi-Cal; and repeal a law that allows undocumented immigrant students to pay in-state college tuition and replace it with free tuition at state universities for California National Guard members.

"The budget is going to drive everything this year," Villines said.

Some legislators have already begun repackaging last year's stalled bills.

Last year, for example, Assemblyman Lloyd Levine (D-Van Nuys) failed in his attempt to require that most dogs and cats in California be spayed or neutered, a contentious measure that drew angry pet owners to the Capitol in protest.

In reviving the measure this year, Levine is emphasizing the fiscal rather than the humane benefits of preventing litters of unwanted cats and dogs. He argues that his bill would save state and local governments at least \$120 million a year.

"This bill is consistent with dealing with the budget," Levine said, "because of the potential savings."

Feuer said the state's weak revenues are a good reason to help cities and counties raise taxes to fix roads and ease congestion. On Monday, he introduced a bill that would allow local governments to borrow money for transportation projects with 55% voter approval, instead of the two-thirds vote now required.

"The state fiscal crisis cannot consign cities and counties to be perpetually gridlocked," Feuer said.

His bill would amend the state Constitution and therefore requires a two-thirds vote of the Legislature as well as voter approval. Several Republican votes would be needed for lawmakers to place the measure on the ballot, even if all the Democrats voted for it. That's a high hurdle -- the same one the state budget must clear -- given the traditional Republican resistance to raising taxes.

Feuer said that traffic congestion is "not a partisan issue" and that he hoped his legislation would foster across-the-aisle cooperation.

"I think it's really going to be important for us to try to find ways for Republicans and Democrats to work as a team as much as possible," he said. "The budget issues are going to strike a lot of raw nerves."



MEMORANDUM

TO: John Fisher
BART

FROM: CJ Strategies

DATE: January 18, 2008

SUBJECT: Transportation and Infrastructure Committee hearing: National Surface Transportation and Revenue Study Commission Report---An Overview

On Tuesday January 15th the long awaited National Surface Transportation and Revenue Study Commission Report, entitled "Transportation for Tomorrow" was released. A Full Transportation and Infrastructure Committee hearing was held on Thursday January 17th to take testimony on the commissioners' recommendations. The Commission's report makes a number of recommendations as to how the United States can improve and increase the revenue stream and more efficiently invest in our transportation infrastructure.

The following is a brief overview of the Commission Report, which took twenty-two months to complete. This report will undoubtedly inform the dialogue for the next reauthorization bill which is scheduled to be reauthorized in 2009.

Prior to the last reauthorization bill (SAFETEA-LU), former Chairman Don Young and former Ranking Member Oberstar requested that DOT provide the Committee the overall funding needs to maintain our transportation infrastructure. The DOT estimate was a funding level of \$375 billion over the life of a six year authorization. The House T&I Committee drafted its version of the bill based on the numbers provided by DOT.

The Commission Report is similar in concept, however, it differs in that it not only proposes funding levels, but policy recommendations and identifies potential revenue sources. It is a more complete picture of the needs of our national transportation system.

Throughout 2008, both the Senate and House authorizing committees (House T&I and Senate EPW) will hold hearings focused on reauthorizing SAFETEA-LU. The Commission Report will serve as a blue print and the ideas presented will be examined more thoroughly by these Congressional Committees.

BRIEF BACKGROUND

SAFETEA-LU mandated the creation of a commission to make recommendations to Congress about how to address the extreme under-investment in the Nation's transportation infrastructure. The National Surface Transportation Policy and Revenue Study Commission's report recommends a number of different steps for Congress to take to increase and stabilize the flow of revenue to the country's transportation and highway accounts. In addition, the report urges Congress to restructure dramatically the way that transportation money is organized and disbursed, shifting from a mode-based funding system to a results-based funding system.

The Commission was chartered to examine potential responses to the litany of problems that face America's infrastructure. Road congestion alone is such a large problem that the national economy is estimated to have lost \$78 billion in 2005 as a result of wasted fuel and lost hours for workers.

In addition, more than two million people were injured on America's roads in that span. These problems—and many other related challenges—are only expected to get worse. Freight volume is expected to be 70 percent more in 2020 than it was in 1998, for example. In conjunction with an estimated population growth of more than 100 million people in the near future, the Commission estimates that the country needs to invest at least \$225 billion *every year for the next half a century* in order to restore the country's infrastructure to a state of good repair.

THE COMMISSION:

The Commission includes 12 members. One is the U.S. Secretary of Transportation, who chairs the Commission. Three members are appointed by the President; two by the Speaker of the U.S. House of Representatives; two by the U.S. House minority leader; two by the U.S. Senate majority leader; and two by the U.S. Senate minority leader.

The Commissioners are:

Mary Peters	Secretary of Transportation—Chairperson
Frank Busalacchi	Wisconsin Secretary of Transportation
Maria Cino	Former Deputy Secretary of Transportation
Rick Geddes	Director of Undergraduate Studies, Cornell University Dept. of Policy Analysis and Management
Steve Heminger	Executive Director, Metropolitan Transportation Commission
Frank McArdle	Senior Advisor, General Contractors Association of New York
Steve Odland	Chairman and CEO, Office Depot

Patrick Quinn Co-Chairman, U.S. Xpress Enterprises, Inc.
Matt Rose CEO, Burlington Northern Santa Fe Railway
Jack Schenendorf Of Counsel, Covington & Burling-Vice Chair
Tom Skancke CEO, The Skancke Company
Paul Weyrich Chairman and CEO, Free Congress Foundation

RECOMMENDATIONS

The recommendations made by the Commission are, to some degree, quite revolutionary as far as what they propose for the organizational and funding structure of the Department of Transportation.

Programmatic Restructuring

Currently, the United States' transportation policy has over 108 different programs. The Commission recommends consolidating these programs into ten functional areas to be focused on outcomes, not on the particular mode of transportation. These ten new funding areas would be as follows:

- **Asset management:** It is essential for the bridges, roads, and other infrastructure around the country to be maintained once they are built. Maintenance is a critical part of ensuring that American travelers and freight are safe.
- **Freight transportation to enhance global competitiveness:** This program would provide public investment in high-cost infrastructure on the national highway system, including with public-private partnerships that facilitate trade and relieve congestion. It is worth noting that a goal of this second program would be to create intermodal connections around ports, which will be extremely attractive to California and other western coastal states.
- **Congestion relief:** This program would enhance capital investment in metropolitan areas of one million or more in population. Strategies to be explored here could involve congestion or demand pricing, increased transit capacity and ridership, and expanded highway room.
- **Safe mobility:** This fourth area would require that funding be provided for a national transportation safety plan.
- **Connectivity for smaller cities and rural areas:** This program would create quality connections for freight and passengers to traditionally underserved areas.
- **Intercity passenger rail:** Intercity passenger rail is an area of transit in the United States that is grossly under-represented, and this program would create an entirely new initiative to connect population centers that are within 500 miles of

each other. *This program would certainly impact the development of California's high-speed rail service, which has recently raised eyebrows in the state for its proposed routes*

- **Environmental protection:** The Commission recommends investing seven percent of total surface transportation funding in environmental protection, which would give states more flexibility to allocate money toward air quality, vehicle retrofits, public transit enhancements, and land banking.
- **Energy security:** This program would have the Departments of Transportation and Energy collaborate on initiatives to develop environmentally friendly replacement fuels. It calls for an investment of \$200 million a year over the next decade into transportation energy research.
- **Federal lands:** This ninth focus would help the Federal government's lands integrate with the rest of the country's transportation system. The goal is to alleviate the pressure on Federal lands coming from increased tourism and urban growth in nearby areas.
- **Research, development, and technology:** The emphasis on this last point would be performance modeling, so that decision-makers have a clear idea of which strategies work and which need to be changed.

Efficient Projects

The Commission recognizes that the Federal permitting process for new transportation projects must be expedited so that projects do not take as long to complete. Several reforms are recommended to streamline the process of applying for clearance through the National Environmental Policy Act, as well as to require greater coordination between Federal agencies on the permitting process.

Revenue Generation

As to be expected, this area contains by far the most contentious of the Commission's recommendations. Part of this is due to the fact that the problem in the area of revenue generation is so huge: estimates of the need for the near future range from between \$225 billion to \$340 billion annually. As a result, the Commission recommends that the Federal tax on gasoline be increased by up to 40 cents per gallon over five years (5-8 cents a gallon), and it would be indexed to inflation thereafter.

Additionally, recommendations include adopting a range of other revenue-raising strategies, ranging from congestion pricing to passenger ticket taxes on public rail to a vehicle-miles-traveled levy. These alternative measures will become even more critical as the United States makes more progress toward utilizing alternative fuels, which will cause the revenue generated through a petroleum tax to decline.

It is worth noting that this section of the Commission's report also calls for tax incentives to expand intermodal transit networks and increase the use of public-private partnerships to help move goods and people more fluidly and efficiently. There are also a range of freight revenue raising measures that are proposed, such as custom fees and more investment in the infrastructure from businesses.

Finally, what was noticeably absent was any kind of nexus between infrastructure investment and improving air quality.

CONCLUSION/NEXT STEPS:

Throughout the next two years we will be working with both the Senate and House authorizing Committees in vetting the commission report and refining the ideas.



MEMORANDUM

To: John Fisher
BART
From: CJ Strategies
Re: President's Fiscal Year 2009 Budget
Date: February 4, 2008

Overview of the President's Fiscal Year 2009 Budget Proposal

President Bush transmitted his final budget to Congress on Monday, February 4. The Fiscal Year 2009 budget is considered to be "dead-on-arrival" with the Democrat-controlled Congress. Many of the controversial program cuts may never be enacted, and those programs the Administration has targeted most likely will receive funding.

At \$3.1 trillion, this is the largest federal budget in history. However, the budget does not fully fund the wars in Iraq and Afghanistan, but provides \$70 billion only from the beginning of fiscal year 2009, October 1, through the start of the new Administration. The entire cost for the fiscal year for the wars is estimated at \$200 billion.

The budget freezes domestic spending at about \$1 trillion. Therefore, any increases in a domestic program will result in reductions in other domestic programs. At the same time, the Defense budget is increased by seven percent.

Although the President's budget outlines a plan for a surplus by 2012, it contains a greater than \$400 billion deficit for this year and next year. This is a significant increase compared to the Fiscal Year 2007 deficit of \$163 billion. The larger deficit is partially due to the economic downturn and the cost of the stimulus package. Many economists predict if there is a recession the deficit could top the fiscal year 2004 record of \$413 billion.

To eliminate the deficit, one of the most controversial proposals is the President's cuts in Medicare growth and Medicaid, whose spending accounts for almost one-fourth of the federal budget. The President proposes almost \$200 billion in cuts over the next five years. These proposals are three times greater than the President's Fiscal Year 2008 request last year that the Congress rejected.

The following includes details of specific programs of interest to you. Additionally, attached is a detailed explanation of the Cabinet Departments and Selected Agencies. Feel free to contact us with any questions.

Transit

Overall, the Department of Transportation had a 25 percent cut in its budget. However, the Administration does meet SAFETEA-LU numbers for transit.

- For Formula and Bus grants, the budget proposes \$8.4 billion, \$593 million above the FY08 enacted level. The amount is consistent with the level authorized in SAFETEA-LU.
- For New Starts and Small Starts, the budget request \$1.6 billion, which is \$52 million above the FY08 number. However, it is below the authorized SAFETEA-LU number of \$1.8 billion.

There is strong concern that the highway trust fund may end up with transit's funding from the trust fund. Since the Highway Account of the Highway Trust Fund is projected to face a cash shortfall before the end of FY09, the budget provides for temporary, repayable transfers between the two accounts within the Highway Trust Fund. The Highway Account is projected to face a cash shortfall of \$3.2 billion by the end of 2009, the Transit Account is projected to hold unused cash balances of \$4.4 billion by the end of FY 2009.

The dollars that would be transferred to the highway account from the transit account are supposed to be repayable. However, once the dollars are transferred, the highway lobby and Congressional interests may work to ensure that the funding does not need to be refunded. This also sets a precedent for the account to be raided in the future for highway needs. This is something that we will have to pay close attention to and ensure that these types of financing approaches are not enacted.

Homeland Security

- Public Transportation Security Grant Program is funded at \$175 million. The funds are for grants to support security projects at transit systems in high-risk urban areas. This is much lower than the \$400 million for FY08. Final grant allocations will be determined by the Secretary of Homeland Security based on risk.

Climate Change

- The Administration does not request a comprehensive Climate Change or Global Warming plan. Instead, it has different piecemeal programs that do not fully address the problem.

Bill	Topic	Last Action	Summary	Last Amended	Position
AB 444 Hancock	Congestion management: motor vehicle registration	SEN. REV. & TAX Two-Year bill.	AB 444 would authorize the congestion management agencies in Alameda, Contra Costa, Santa Cruz, Marin and Solano to place on the ballot a measure to impose up to a \$10 fee on each vehicle registered in the county. Funds would be used for congestion relief projects as well as environmental mitigation projects	6/28/07	Support
AB 490 Hancock	AC Transit & BART: compensation of directors	BECAME LAW 9/11/2007	AB 490 raises the compensation of AC Transit Directors to the same level as BART Board Members and allows each the option of a Cost of Living Adjustment (COLA) if the boards decide to act toward an increase which would apply to the Board following the next election.	8/29/07	Support/ Sponsor
AB 901 Nunez,	Transportation: Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.	SEN. APPROPRIATIONS Two-Year Bill Many provisions put in SB 88 (Budget Bill)	Relates to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 that requires funds from the proceeds of bonds be allocated to public transit operators and transportation planning agencies. Requires the Department of Transportation and Transportation Commission to provide information regarding their needs and describing the total amount of verified project funding needed in the budget year and the amount required by each agency seeking funding.	6/1/2007	No Position
AB 945 Carter,	Transportation needs assessment.	VETOED 10/11/07	Would have required the CTC to develop an assessment of the unfunded costs of programmed state projects and federally earmarked projects in the state, including transit, as well as an assessment of available funding for transportation purposes and unmet transportation needs statewide. The Governor's veto message said: "Californians do not need another report to tell them that the state's transportation needs are great."	9/6/2007	
AB 1221 Ma	Transit village developments: tax increment financing.	SEN. LOCAL GOVERNMENT Two-Year Bill	Allows a city or county that prepares a transit village plan, with the agreement of each government agency that operates transit stations in the transit district, to engage in tax increment financing (TIF) to fulfill the goals of a transit development plan.	6/20/2007	Support/ Sponsor
AB 1326 Houston	Technical Correction to BART Procurement Procedures	BECAME LAW 7/20/2007	Existing law requires that, when BART or MTA have an expected expenditure that exceeds \$2,500, it must be adjusted annually as provided under federal law. In addition, purchases that exceed \$100,000 must also be adjusted annually and any contracts awarded go to the lowest responsible bidder or "best value." AB 1326 deletes the provisions requiring the above expenditure amounts to be adjusted annually as provided under federal law.	2/23/07	Sponsor
AB 1358 Leno	Complete Streets	SEN. APPROPRIATIONS Two-Year Bill	Requires, commencing January 1, 2010, that the legislative body of a city or county, upon any revision of its general plan, modify the circulation element to accommodate the safe and convenient travel of users of streets, roads, and highways, defined to include motorists, pedestrians, bicyclists, children, persons with disabilities, seniors, movers of commercial goods, and users of public transportation, in a manner that is suitable to the rural, suburban, or urban context of the general plan.	7/18/07	Support
SB 375	Transportation	ASM. APPROPRIATIONS	Would make numerous changes with respect to regional transportation and land use	9/12/07	WATCH

Steinberg	planning:	Two-Year Bill	planning, with the overall goal of reducing greenhouse gas emissions attributable to the transportation sector in California. Key provisions require the larger regional transportation planning agencies to develop more sophisticated transportation planning models, and to use them for the purpose of limiting greenhouse gas emissions. The bill also provides incentives for local governments to incorporate these "preferred growth strategies" into the transportation elements of their general land use plans.		
SB 445 Torlakson,	Road User Task Force.	ASM. TRANSPORTATION 6/21/2007 Two-Year Bill	Creates the "Road User Task Force" and requires that it hold public hearings around the state and to report on alternatives to the current system of taxing road users through per-gallon fuel taxes.	6/4/2007	Support
SB 716 Perata,	Transit operators.	ASM. APPROPRIATIONS Many provisions put in SB 88 (Budget Bill) Two-Year Bill	Relates to appropriations for transportation agencies for transit capital projects. Specifies requirements for an eligible project sponsor to receive an allocation of funds appropriated from the account. Requires the CTC and the Controller to administer these provisions.	6/4/2007	No Position
SB 717 Perata,	Transportation Investment Fund.	BECAME LAW 10/14/07	Continues the Transportation Investment Fund (TIF) in existence and specifies the use of revenues deposited in that fund from gasoline sales tax revenues beginning in the 2008-09 fiscal year. SB 717 would also continue to prescribe that TIF funds flow in the same manner as prescribed in Prop. 42 -- with the exception that the amount of funds going to the State Transit Assistance (STA) program would be increased to 75% -- allowing a greater flexibility for spending BART's formula-based share of funds. The other 25% would remain subject to state and regional discretion in the STIP.	5/10/2007	Support Letter sent to Gov. in support.
SB 976 Torlakson	SF Bay Area Water Emergency Transportation Authority	BECAME LAW 10/14/07	Substantially amends the statute authorizing the Water Transit Authority (WTA) – by renaming it the San Francisco Bay Area Water Emergency Transportation Authority (WETA); reduces its Board from 11 to 5 members appointed by governor, Senate Rules & Assembly Speakers; authorizes WETA to operate ferry service; consolidates all ferry service; authorizes ferries to receive STA & TDA funds and could seek tax revenue. Governor's signing message says there are many issues (like equity) that will be left to future legislative solutions.	9/17/07	No Position
** I-Bond Implementation					
SB 88 Budget Committee	I-Bond Modernization Implementation** – contained elements of both AB 901 (Nunez) and SB 716 (Perata)	Chaptered on 8/24/07	<ul style="list-style-type: none"> • For FY '07-'08, the Legislature allocated \$600 million. • \$600 million will be distributed by taking an average of the percentage shares of the STA formula for FY 2004-05, 2005-06, and 2006-07 -only for FY 07-08 • Oversight is to be conducted by Caltrans. • Projects are required to have a useful life of at least 15 year. • Projects, or a useful component of a project, are required to be fully funded if it receives PTMISEA dollars. • Allocations are to be encumbered within three years. • The legislature will revisit the allocation scheme for the remaining \$3 billion. 		

	**\$3.6 Billion total				
SB 88 Budget Committee	<p>I-Bond Safety, Security Disaster Response**</p> <p>--contained elements of both AB 1350 and SB 45 (Perata)</p> <p>**\$1 Billion total</p>	Chaptered on 8/24/07	<ul style="list-style-type: none"> • For FY 2007-08, the Legislature allocated \$100 million. • The entire \$1 billion pot will be allocated as follows: <ul style="list-style-type: none"> ○ 60% (\$600 million) to agencies and transit operators eligible to receive STA funds. Distribution based on the average of the STA percentage shares for FY 2004-05, 2005-06, and 2006-07. Funds may also be used for disaster response. ○ 25% (\$250 million) to regional waterborne transit agencies for disaster response. ○ 15% (\$150 million) to intercity passenger and commuter rail systems. Funds can also be used for disaster preparedness. • Controller must establish a list of eligible recipients by August 1st. • Office of Homeland Security (OHS) to provide oversight of projects submittals. • When project needs exceed the appropriation, OHS is to prioritize the list on greatest risk to public safety, and reflect a distribution of funding that is geographically balanced. • The Office of Emergency Services (OES) will adopt guidelines for the administration of funds for the Disaster Preparedness Response Account for transit agencies. • OES is to issue a notice of funding availability by October 1st. • Eligible recipients must submit project lists by no later than December 1st. • OES is to award funding for selected projects by no later than February 1st. • OHS is to develop guidelines for intercity and commuter rail operators with the same deadlines as described above. 		
Prop. 1C Implementation	Housing & Emergency Shelter Trust Fund Act of 2006	No Implementing Legislation	<p>TOD Guidelines</p> <p>In August, HCD released its draft TOD guidelines. A total of \$285 million will be made available over the next three years for the development of housing and related infrastructure near public transit stations. Funds will be allocated through a competitive grant process, based on the merits of individual projects. The application selection criteria focus on both traditional concerns of publicly funded housing programs, such as affordability and readiness, and on the extent to which the developments realize the program's objectives of reducing auto trips and increasing transit ridership.</p>		



INFRASTRUCTURE BOND IMPLEMENTATION

Proposition 1B—Highway Safety, Traffic Reduction, Air Quality & Port Security

Program	Avail. Funding	Allocation/Legislation	Status	BART
Public Transportation, Modern. & Improvement & Service Enhancement Account	<p>\$4 billion total</p> <p>BART: Approx. \$246 million from STA revenue-based formula.</p> <p>-----</p> <p>MTC: an additional \$347 million based on STA population-based formula</p>	<p>Appropriation based on STA formula and implemented through Caltrans and Controller.</p> <p>-----</p> <p>SB 88 ('07 Budget bill) combined features of both Assembly Speaker Nunez & Sen. Pro Tem Perata bills to implement 1B program:</p> <ul style="list-style-type: none"> • For FY '07-'08, the Legislature allocated \$600 million which will be distributed by taking an average of the percentage shares of the STA formula for FY 2004-05, 2005-06, and 2006-07. • Oversight to be conducted by Caltrans. • Projects are required to have a useful life of at least 15 years. • Projects, or a useful component of a project, are required to be fully funded if it receives PTMISEA dollars. • Allocations are to be encumbered within three years. • The legislature will revisit the allocation scheme for the remaining \$3+ billion. 	<p>Revenue-based funds will be allocated directly to transit operators through bond issuance.</p> <p>-----</p> <p>Base on budget legislative language, the "Public Transportation Modernization Improvement, and service Enhancement Account" (PTMISEA) guidelines were released on December 5, 07.</p> <p>-----</p> <p>'08 Budget calls for \$350 million statewide for Modernization.</p>	<p>The BART Board has directed that most of the \$246 million (probably \$206 million) should be used for station renovation to improve service, promote sustainability and enhance capacity. An additional \$20 million each will go to WSX and eBART projects.</p> <p>-----</p> <p>MTC-controlled population-based funds for '07 (\$34 million) have been directed to BART expansion projects; there is a potential for another \$6 million.</p>

<p>State-Local Partnership Program Account</p>	<p>\$1 billion BART: competitive funds</p>	<p>Funds to be allocated over 5 years and appropriated through the legislative budget process. Legislation needs to implement CTC guidelines; transportation funding agencies will nominate projects and requires \$ for \$ match of local funds and demonstration of operating assumptions.</p> <p>-----</p> <p>The following two bills are still before the legislature as 2-year bills – with differences focusing on what local fees can be used for matching:</p> <p>AB 1351 (Levine): would only allow matching with sales tax for transportation.</p> <p>SB 748 (Corbett): would include bridge fares, BART seismic tax and developer fees.</p>	<p>CTC began stakeholder process in February '07 to develop guidelines for 5-year process.</p> <p>Legislative proposals have different 5 year starting time lines. Funding distribution may be delayed because bill did not get to Governor this year.</p>	<p>Opportunities could exist for eBART and Warm Springs in conjunction with County CMA's and other stakeholders – depending on legislative directives.</p>
<p>Transit Security Safety, Security & Disaster Response Account</p>	<p>\$1 billion BART: competitive funds</p>	<p>Funds to be appropriated through state's budget bill SB 88 to: 1) increase protection for transit & 2) increase capacity to move people, goods and emergency personnel in aftermath of disaster.</p> <p>-----</p> <p>SB 88: allocates \$100 million for FY with the entire \$1 billion pot allocated as follows:</p> <ul style="list-style-type: none"> • 60% (\$600 million) to agencies and transit operators eligible to receive STA funds. Distribution based on the average of the STA percentage shares for FY 2004-05, 2005-06, and 2006-07. • 25% (\$250 million) to regional waterborne transit agencies disaster response. • 15% (\$150 million) to intercity passenger and commuter rail systems. Funds can also be used for disaster preparedness. 	<p>Controller must establish a list of eligible recipients by August 1st 2008.</p> <p>Office of Homeland Security (OHS) to provide oversight of project submittals.</p> <p>When project needs exceed the appropriation, OHS is to prioritize the list on greatest risk to public safety, and reflect a distribution of funding that is geographically balanced.</p> <p>The Office of Emergency Services (OES) will adopt guidelines for the administration of funds for the Disaster Preparedness Response Account for transit agencies.</p>	<p>BART pushed CTA & Legislature to have “risk-based” priority for ½ of \$1 billion statewide funding.</p> <p>MTC has determined that BART portion of security funds for first year to be \$5.4 million. BART will need to prioritize its security and safety needs to submit for funding opportunities. Governor in '08 Budget has requested \$101 million statewide.</p> <p>BART might also determine possible disaster response efforts that could be undertaken to qualify for additional funds.</p>

			<p>OES is to issue a notice of funding availability by October 1st.</p> <p>Eligible recipients had to submit project lists by no later than December 1, 07.</p> <p>OES is to award funding for selected projects by no later than February 1, 08.</p> <p>OHS is to develop guidelines for intercity and commuter rail operators with the same deadlines as described above.</p>	
Local Bridge Seismic Retrofit Account	<p>\$125 million total</p> <p>BART estimate need: \$12-\$16 million.</p>	<p>Funds appropriated to Caltrans through state budget bill. CTC priority lists could change.</p>	<p>CTC has recommended to Caltrans projects (ramps, bridges, overpasses) to receive 11.5% required federal Highway Bridge Replace. & Repair funds.</p>	<p>CTC recommendation for BART at \$6.9 million level for FY '07. Expected that remaining funds will be made available for BART in subsequent year(s).</p>
STIP Augmentation	<p>\$2 billion</p> <p>BART: competitive</p>	<p>Funds will create an additional STIP augmentation to help finance backlogged projects and other renovation and expansion needs.</p> <p>-----</p> <p>Governor's '07-08 budget request could impact available STIP funding.</p>	<p>Process is underway. Not all BART counties made requests in '07.</p>	<p>Approved '07 state budget created issue with respect to available funding for STIP projects in pipeline.</p> <p>BART presently working with Alameda, Contra Costa and other CMAs to determine opportunities that may exist to apply STIP funds if available for '08. SB 717 changed formula for local STA funding which could impact STIP.</p>

Proposition 1C –Housing & Emergency Shelter Trust Fund

Program	Avail. Funding	Allocation/Legislation	Status	BART
Transit-Oriented Development Account	\$300 million in TOD grants BART: competitive funds	Funds will be available to local govt. and agencies for TOD grants /housing loans through the Department of Housing and Community Development (HCD) upon appropriation by Legislature. Funds available in '08. ----- Only bill to define implementation process -- AB 1091 (Bass) – was dropped because of Senate opposition. Sen. Perata and others said past legislation had enough direction for implementation.	HCD met with stakeholders/held outreach meetings around the state. Guidelines went through several drafts – each raising concern with BART, CTA and other transit agencies on how applicable they would be. Additional input resulted in changes that were acceptable and would facilitate funds getting out. HCD released final guidelines on December 3, 07.	HCD met w/BART as part of a stakeholder outreach group to help develop funding guidelines for grants. BART input emphasized need for funds to “finish” a project -- emphasis should be on projects closest to construction. Concern has been raised by BART staff that proposed guidelines overly emphasize housing development at the expense of TOD; guidelines are also overly burdensome and have low funding levels for qualifying projects. BART raised concern with CTA and key legislative staff on HCD guidelines which resulted in changes to final guidelines.
Regional Planning, Housing and Infill Incentive Account	\$850 million BART: competitive	Funds for transportation improvements related to infill developments will be available, with many directives to be determined by Legislature.	HCD released final guidelines.	BART will be part of stakeholder group to clarify application of funds.



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>[Signature]</i> FDE.DND		GENERAL MANAGER ACTION REQ'D: Move to PAAL Committee		
DATE: 2/3/08		BOARD INITIATED ITEM: No		
Originator/Prepared by: Julie A Yim Dept: Customer Services	General Counsel	Controller/Treasurer	District Secretary	BARC
Signature/Date: <i>[Signature]</i> 2/8/08	<i>[Signature]</i> MB 2/8/07	<i>[Signature]</i> 2/8/08	[]	<i>[Signature]</i> 2/19/08
Status: Routed		Date Created: 02/07/2008		

TITLE:

Internet Sales of Student Teenage Discount Tickets

NARRATIVE:

Purpose: To authorize the General Manager to develop an Internet ticket sales program for the Teen Extreme-Student Teenage Discount Program that makes orange tickets available to students enrolled in participating schools and to provide information about BART's Educational Field Trip Program (provided in Attachment A).

Background: The creation of The Student Teenage Discount Program was authorized by the Board of Directors in 1998. The intent of the program is to provide support to secondary school aged students traveling to and from school. BART offers a 50% discounted orange ticket for travel on weekdays to and from middle or high school or for school related activities. Tickets are distributed at school campuses to ensure that access to these tickets is limited to those who are eligible to use them. Schools that sell the orange tickets enter into an agreement with BART, promising to inform students about the rules of the program and securing their commitment to adhere to the rules before a student is sold a ticket.

All schools in the four counties served by BART are eligible to participate in the program. Sales records indicate that nearly half of all tickets sold are purchased by 23 schools located within a half mile of a BART station, and 70% of tickets were sold through 64 schools located within 1 mile of a station. But which schools decide to participate in the program is a process of self selection based on the needs of the students and the desire of their parents, regardless of the school's proximity to a BART station.

Discussion:

The current program calls for schools to sell tickets to students at the school site. Controlling distribution of tickets by only selling the tickets to enrolled students has kept fraudulent use of the orange ticket to a minimum. Staff was asked to look at making orange tickets available for sale via the Internet. Assuming that the original intent of the program remains to facilitate travel to and from school and school related activities, staff proposes an on-line subscription program.

Proposed Program

Parents would enroll their students in the program. Accounts would only be set up for students enrolled in participating schools. School enrollment would be verified by the school that the

student attends. A unique account number would be assigned to the student and the parent's credit card information would be attached to that account. Tickets would be ordered on a subscription basis, but could be modified as needed. The assigned credit card is charged automatically and the tickets are sent to the address designated by the parent each month. Ticket sales would be limited to four \$32 valued tickets per month, per student.

While BART sells red and green tickets over the Internet without verification at the point of sale, staff does not recommend selling orange tickets the same way. Proper use of the red and green ticket is monitored at the point of use, not sale. Senior riders are required to present a valid form of identification with a picture, and disabled riders are required to present an RTCC photo id card, a Medicare card, a DMV disabled placard, OR a valid transit discount card from another California transit agency. While a student can be asked for a current school identification card with a picture, many schools do not include the student's picture.

A greater reason to restrict the sale of orange tickets is that without controls, the District would be particularly exposed to fraud. When analyzing our customer demographics, staff estimates that annually almost 14 million full-fare weekday trips are taken by customers between the ages of 18 and 24. This age group is the most likely to try to use orange tickets improperly. If as few as 2% of these full-fare customers migrate to the orange ticket, the District could lose an estimated \$411,000 per year.

In addition, 3% of passenger trips are made by customers between 13 and 17 years old. With about 86 million weekday trips made per year on the system, about 2.6 million trips are taken by student age customers. DAS data indicates that 0.27 % of all passengers use orange tickets to pay their fare. Based on sales information for 2007, the average orange ticket trip at full fare is \$2.73. If all student age customers currently using the blue ticket migrated to the orange ticket because it was readily accessible, the District could see an estimated decline in revenue of about \$2.7 million per year. Combining the estimated revenue impacts of proper and improper migration to the orange ticket, BART could see a \$3.1 million reduction in fare revenue. The administrative role of the schools will be reduced with an Internet sales program, but their continued participation in the program is very important to maintain the original intent of the program and to facilitate the proper use of the ticket.

Fiscal Impact:

If BART staff were to operate the program, it would cost \$100,000 in labor cost for one clerk, assuming 1000 transactions per month. As sales grew, we would have to add staff. Other costs include postage fees and supplies, setting up back office, physical space for additional staff, and credit card transaction fees.

If the program was contracted to an outside source similar to our existing Internet ticket sales program, staff estimates that if the contractor charges a \$1.75 transaction fee and sales remained at the 2007 level of \$377,600 (cash value), annual fees would total \$21,000.

Since much of the administrative burden of distributing tickets and handling the finances would

be lifted from school personnel, it is very likely that more schools would enroll in the program. Staff estimates that sales would increase four fold, from 23,000 to 94,000 tickets per year or from sales of \$377,000 to sales of \$1.5 million per year. At the 50% discount rate, the corresponding revenue loss would be an additional \$1.13 million, assuming that the new orange ticket users converted from blue tickets. If the 50% discount attracts new riders between the ages of 13 and 17, new revenue would be generated.

Recommendation: That the Board adopt the following motion:

Motion: The General Manager is authorized to develop an Internet ticket sales program for the Student Teenage Discount Program that makes orange tickets available to students enrolled in participating schools.



CAPITOL CORRIDOR JOINT POWERS AUTHORITY

MEETING OF THE CAPITOL CORRIDOR JOINT POWERS BOARD

Wednesday February 20, 2008
10:00 a.m.
City Council Chambers
Suisun City Hall,
701 Civic Center Blvd., Suisun City, CA
(see attached map)

DRAFT AGENDA

- I. Call to Order
- II. Roll Call and Pledge of Allegiance
- III. Report of the Chair
- IV. Minutes of November 14, 2007 Meeting *Action*
- V. Consent Calendar *Action*
 1. Proposition 1B – Intercity Rail Account Project List
 2. Proposition 1B – FY 08 Transit Security Intercity Passenger/Commuter Rail Projects
- VI. Action and Discussion Items (Executive Director)
 1. Business Plan Update (FY 2008-09 – FY 2009-10) *Action**
 2. Governor's Proposed FY 2008-09 Budget/Legislative Matters *Action*
 3. Automated Ticket Validation Project *Action*
 4. Proposition 1B Northern California Trade Corridor Program Update *Discussion*
 5. Overview of CCJPA/Capitol Corridor Fare Structure *Discussion*
 6. Managing Director's Report (Status of Service Performance) *Info*
 7. Work Completed
 - a. Annual Performance Report (FY 07) *Info*
 - b. FY 07 CCJPA Independent Audit *Info*
 - c. Marketing Activities (November 2007 – January 2008) *Info*
 8. Work in Progress
 - a. Security Cameras for Capitol Corridor Trains *Info*
 - b. 2006 STIP Project Allocations: Bahia Crossover Project, Capitalized Maintenance *Info*
 - c. 2008 State Transportation Improvement Program- Interregional Improvement Program *Info*
 - d. Upcoming Marketing Activities *Info*
- VII. Board Member Reports
- VIII. Public Comment
- IX. Adjournment. Next Meeting Date: 10:00 a.m., April 16, 2008 at City Council Chambers, Suisun City Hall, 701 Civic Center Blvd., City of Suisun City, CA

Notes:

Members of the public may address the Board regarding any item on this agenda. Please complete a "Request to Address the Board" form (available at the entrance of the Boardroom) and hand it to the Secretary before the item is considered by the Board. If you wish to discuss a matter that is not on the agenda during a regular meeting, you may do so under Public Comment. Speakers are limited to three (3) minutes for any item or matter. The CCJPA Board reserves the right to take action on any agenda item.

- * Approval of the business plan requires an affirmative vote of at least two-thirds (11) of the appointed members.

Consent calendar items are considered routine and will be enacted, approved or adopted by one motion unless a request for discussion or explanation is received from a CCJPA Board Director or from a member of the audience.

The CCJPA Board provides services/accommodations upon request to persons with disabilities who wish to address Board matters. A request must be made within one and five days in advance of a Board meeting, depending on the service requested. Call (510) 464-6085 for information.