

General Manager's Report May 12, 2014

GOVERNMENT AFFAIRS UPDATE

FEDERAL

On Wednesday, May 7 the House Transportation-HUD Appropriations Subcommittee will markup their FY15 appropriations bill. The full committee will take it up right after a mid-May recess. As reported earlier, House Appropriations Chairman Hal Rodgers' (R-KY) goal is to bring all FY15 Appropriations Bills to the floor prior to the August recess.

The Senate Committee on Commerce, Science, and Transportation will hold a hearing on Wednesday, May 7 titled, "Surface Transportation Reauthorization: Progress, Challenges, and Next Steps". This hearing will focus on the reauthorization of surface transportation programs, and a review of the Administration's surface transportation reauthorization proposal, the "GROW AMERICA Act". In addition, the hearing will highlight the need to allocate more resources to underfunded areas of the nation's transportation system, including to programs that move freight, focus on safety, and concentrate on growing rail service. Secretary of Transportation Anthony Foxx will testify.

On Tuesday, May 6, the Senate Finance Committee held a hearing titled, "New Routes for Funding and Financing Highways and Transit." The hearing examined new ways to fund transportation projects as the Highway Trust Fund nears bankruptcy.

Senate EPW Chairwoman Barbara Boxer has said she hopes to put out a transportation reauthorization bill this week, possibly on Thursday.

STATE

Cap and Trade Updated Overview

Transportation agencies are engaged in the emerging debate in the Capitol on the use of cap and trade auction revenues. These are the largest new source of revenue with potential use for transportation, specifically transit and rail operations and investments.

The Governor's Initial 2014-15 Budget Proposal is summarized below and is intended to provide a framework for expenditures for a single budget year. The proposal is premised on budget act appropriations to state entities for decisions regarding allocation decisions to specific projects to follow. Longer term expenditures contemplated by the Governor at this time focus on the High Speed Rail program and related connectivity investments.

Overview Summary of the Governor's Proposal:

\$850M total projected in cap and trade funds are to be made available in 2014-15, allocated as follows:

- \$300 M proposed total for Rail investments,
 \$250M for HSR
 \$50M for rail modernization
- \$100M for sustainable communities (transit expected to be eligible use)
- \$200 M for Low Carbon Transportation
- \$140 M for Energy Efficiency and Clean Energy
- \$110 M for Natural Resources and Waste Diversion

In addition, the Governor proposes to dedicate in trailer bill language \$400 M, held in reserve from last year, plus one-third of future revenues to High Speed Rail purpose.

Since the release of that proposal, the legislative budget subcommittees have carefully scrutinized this funding plan. Questions have been raised by legislators and the Legislative Analyst's Office (LAO) about the nexus between cap and trade, greenhouse gas (GHG) reduction and high speed rail. Many have noted that other expenditures might yield more near term GHG reductions.

The AB 32 Scoping Plan recognizes that almost 40% of the state's GHG emissions come from the transportation sector; therefore, a comparable portion of the revenue should be made available to this sector.

Alternatives to the Governor's Plan

Senate pro Tem Darrell Steinberg has also introduced a proposal for the use of cap and trade revenues that could potentially bring increased funds to transit and rail agencies. This proposal assumes \$5B in annual revenue, beginning in the years after the 2014-15 budget act, which is on the higher end of reasonable estimates.

Off the Top Expenditures:

- \$200M for natural resources, water and waste
- \$200M for climate dividend for consumers
- \$200M for electric vehicle deployment
- \$10M for green bank funding

Remaining balance:

- 40% for housing and sustainability projects
- 30% for transit (at least 5% of total pot for rail and 5% for subsidized fares)
- 20% for HSR
- 10% for complete streets expenditures by the state.

In addition, Senators Beall (D-San Jose) and Hannah-Beth Jackson (D-Santa Barbara) have also been leaders in the discussion of increasing cap and trade investments in the current passenger rail system, rather than HSR, for immediate benefits and/or increasing the amount of funding going towards so-called "rail modernization".

Discussion

The next important step in the cap and trade expenditure debate is the anticipated release of the Governor's May Revision to his budget revenues in the coming days. This revision of estimates covers the breadth of state government programs, but it will also trigger the Budget Committees to grapple with the competing interests the Legislature may have with the revise Cap and Trade plan. While the Senate is poised to propose a combination of the *Pro Tem's* concept with Senator Beall's enhanced funding for rail, the Assembly has not signaled their intent at this point, although there is a strong interest emerging through the Assembly Budget Subcommittee #3 to expand the amount available for sustainable communities.

CAP TO CAP 2014 UPDATE

Oral Report given by Alane Masui.

FIX 50 UPDATE

Oral Report given by Mike Wiley.

SACRAMENTO REPUBLIC TRANSIT SERVICE UPDATE

Oral Report given by Mike Wiley.

PEER REVIEW UPDATE – MARK LONERGAN

The security peer review will be conducted during the week of July 28. There will be an opportunity for the panel members to attend the RT Board meeting on July 28 providing the Board the opportunity to offer comments to the panel as they begin their review process. At the conclusion of the peer review, the panel's observations and recommendations will be summarized in a report which will be released first to the RT Board and then publicly for discussion at a future RT Board meeting. Typically, the peer review panel selects a chair who would be invited back to participate in the review and discussion of the report.

Staff is seeking the Board's preference concerning the manner in which the peer review report is brought back to the Board for discussion. Some options include:

1. A regularly scheduled Board meeting.
2. A regularly scheduled Board meeting located in the Community.
3. A special Board meeting located at RT.
4. A special Board meeting located in the Community.

The Board also has the options of establishing an ad hoc committee to review and accept public comment on the peer review panel's report or to participate in a public workshop conducted by staff.

We would appreciate a brief discussion of these options during the General Managers report to assist staff with scheduling the peer review panels report back to the Board.

INTERNATIONAL BUS ROADEO

Oral Report given by Mark Lonergan.

COMPLAINT INVESTIGATION UPDATE

See attached memo.

RT CALENDAR

Regional Transit Board Meeting

June 9, 2014
RT Auditorium
6:00 P.M

June 23, 2014
RT Auditorium
6:00 P.M

July 28, 2014
RT Auditorium
6:00 P.M

Mobility Advisory Council

July 10, 2014
RT Auditorium
2:30 P.M

September 11, 2014
RT Auditorium
2:30 P.M

November 6, 2014
RT Auditorium
2:30 P.M

Quarterly Retirement Board Meeting

June 18, 2014
RT Auditorium
9:00 A.M

September 17, 2014
RT Auditorium
9:00 A.M

December 17, 2014
RT Auditorium
9:00 A.M

Paratransit Board Meeting

May 22, 2014
2501 Florin Road
6:00 P.M

June 26, 2014
2501 Florin Road
6:00 P.M

REGIONAL TRANSIT MEMO

DATE: April 30, 2014
TO: RT's Board of Directors
FROM: Michael R. Wiley, General Manager/CEO
SUBJ: Update on Manager Training

As you will recall, I briefed the Board on two occasions regarding the implementation of manager training related to the complaints alleged by various employees. I want to take this opportunity to provide you an update on the status of the project:

Announcement of Training:

I will formally kick-off the training project with a video that will be shown in all the initial training sessions. The information contained in the video will consist of me explaining the training modules, how RT has come to need the training, my expectations of each manager's participation and incorporation of the training into their everyday work place as well as the next steps of the project.

Training Modules and Schedule:

The following training has been identified, and vendors have been selected to provide the training:

Legally Managing in California

This training is intended to provide all supervisors/managers/directors/EMT with an overview of the legal climate in California and help them understand their legal responsibilities of managing in California. The training will include presentations, handouts, case studies and a question and answer period.

We have selected the law firm of Weintraub Tobin, which will begin training at the end of May/beginning of June.

Creating a Respectful Workplace Environment:

Directly related to our "inclusion initiative", this training is intended to provide supervisors/managers/directors/EMT the tools necessary to ensure that their behavior is consistently respectfully toward all employees. Training will include presentation; facilitator led dialogue as well as a variety of reference materials.

We have selected MHN, our Employee Assistance Program (EAP) provider to facilitate this training, which will begin mid to late June.

Addressing Workplace Bullying:

The companion training to Creating a Respectful Work Environment, this training module provides supervisors/managers/directors/EMT the tools necessary to identify bullying in the workplace and the skills necessary to ensure that bullying is addressed and employee behavior is modified. Training will include presentation, facilitator led dialogue, various case studies as well as a variety of reference materials.

This training is provided by MHN, and will begin immediately following the completion of the Creating a Respectful Work Environment training.

Reissuance of RT's Policies:

As a part of the initial training and the above-referenced modules have been completed, the following RT policies will be reissued:

- Non-Discrimination Policy
- Respectful Work Environment and Anti-Bullying

No formal training on the re-implementation of these policies is scheduled however, a cover memo will be included, emphasizing need to ensure the policies are followed.

Remainder of Manager Training:

Two vendors have been identified to provide the remainder of the manager training which includes the following topics:

- Communications,
- Coaching Employees for Performance, including managing poor performance,
- Managing Conflict, and
- Building/Sustaining Trust in the Workplace.

Vendor presentations are scheduled for Thursday, May 13. Thereafter, a vendor will be selected and training will begin in July.

Next Steps:

Once the training is complete (December 2014), RT will implement a formal performance assessment system, which will be applicable to line supervisors, managers, directors, EMT. As we move forward toward completing the project, additional information and status updates will be provided.