Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

Metro

November 6, 2015

TO: BOARD OF DIRECTORS

THRU: PHILLIP A. WASHINGTON
CHIEF EXECUTIVE OFFICER

PAW

FROM: PAULETTA TONILAS
CHIEF COMMUNICATIONS OFFICER

SUBJECT: SURFACE TRANSPORTATION REAUTHORIZATION AND REFORM ACT OF 2015 – FEDERAL SURFACE TRANSPORTATION AUTHORIZATION BILL ADOPTED BY THE HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

ISSUE

Yesterday, the U.S. House of Representatives passed a six-year surface transportation authorization bill called the Surface Transportation Reauthorization and Reform Act of 2015 (STRR). The bill authorizes $325 billion over six-years for federal transportation programs. Overall, the House bill provides funding at current levels plus inflation over the six-years compared to the Senate bill which provides 11.4% growth for highway programs and 15.4% growth for transit programs. The STRR will now be conferenced with the Senate passed DRIVE Act in the coming weeks. Among the outstanding issues to be resolved in conference is how conferees will deal with the Neugebauer amendment – which was approved earlier this week and could serve to provide an additional $40 billion for the bill by securing funds from a Federal Reserve surplus fund. Please find here a summary of some of the major programs and policies embedded in the STRR.

DISCUSSION

TIFIA Program

- The STRR would reduce budget authority for the Transportation Infrastructure Finance and Innovation Act (TIFIA) program from $1 billion to $200 million per year. At this level of funding, the U.S. Department of Transportation (USDOT) could provide over $2 billion annually in TIFIA loans for transportation projects across the nation. Metro Government Relations staff will work with conferees to ensure that the conference agreement includes the Senate DRIVE Act's authorization of $300 million per year for the TIFIA program.

- In the original bill, language was included that would have disallowed unused TIFIA funds from being redistributed until August 1 of the following federal fiscal year from when the funding was appropriated and additionally disallows redistribution of unused funds if demand is recognized above the level of annual funding for the program. Thanks to support from the Los Angeles County Congressional Delegation, specifically from Congresswoman Grace Napolitano, an amendment was accepted on the floor of the House that strikes the redistribution of unused TIFIA funding. This amendment mirrors the language in the Senate DRIVE Act and will benefit Metro's ability to access the TIFIA program when needed.

- The bill includes language to facilitate TIFIA Master Credit Agreements that could be useful for our agency. Master Credit Agreements would permit our agency to bundle multiple TIFIA loan requests and present them as a one application to USDOT.

<u>Capital Investment Grants (New Starts)</u>

- The STRR increases funding for Capital Investment Grants (CIG) from $2 billion in Fiscal Year 2016 to $2.2 billion in Fiscal Year 2021.

- Adds language restricting STP funding to be used as a source of matching local funds for any Capital Investment Grants.

- Adds new language to ensure that the capital costs of art and landscaping are included in the annualized capital cost calculation.

<u>CMAQ Program</u>

- Metro would receive about $1 billion from the Congestion Mitigation and Air Quality Improvement (CMAQ) Program during the six-year period FY 2016- FY 2021.

- Flexibility to use CMAQ funds for operating expenses is maintained for the first five years of a new transit line's operation.

- Requires, as the Senate bill, that states and metropolitan planning organization give priority consideration in the distribution of CMAQ funds apportioned to a state to the most cost-effective projects and programs that are proven to reduce "directly" emitted fine particulate matter ($PM_{2.5}$). This would potentially create a problem for Metro over the life of the 2014 Short Range Transportation Plan (SRTP) and would reduce our ability to fund transit, bicycle, and pedestrian projects and programs. Metro's Government Relations staff is working with conferees U.S. Senator Barbara Boxer and Congresswoman Grace Napolitano to favorably resolve this matter in conference.

Surface Transportation Block Grant Program

- Converts the Surface Transportation Program (STP) into a block grant program that includes annual funding set-asides for transportation alternatives, as opposed to a program funded through a stand-alone program.

- Proposes to gradually increase the amount of funds that can be sub-allocated within a state by population from 51 % to 55 % (1 % annual increase through FY 2020). The Senate's bill proposes the same change, but would take effect immediately starting in FY 2016. The proposed revision would increase the funding allocation for large urbanized areas, which would result in an increase in our agency's annual share of funds.

- Metro would receive an estimated total of about $800 million through FY2016-FY 2021.

- Includes language that is of concern to us regarding how decisions are best determined to obligate the funds. Metro Government Relations staff are working to address this matter in conference.

National Freight Program

- The STRR creates a new National Multimodal Freight Policy and National Multimodal Freight Network. It also mandates the development of a National Freight Strategic Plan, as well as State Freight Plans and State Freight Advisory Committees.

- The bill creates a competitive grant program authorized at $4.46 billion over 6 years from the Highway Trust Fund. A total of $500 million is available for multimodal freight rail projects. The majority of funding will be dedicated to highway projects that improve the movement of goods.

High Density States Program

- The original bill makes no changes to the existing apportionment formula, which limits funding eligibility to states with a population density in excess of 370 persons per square mile. Only the following seven northeastern states, and Washington, D.C., have benefited from this program since it was authorized by SAFETEA-LU: Connecticut, Delaware, Maryland, Massachusetts, New Jersey, New York, and Rhode Island. These states and Washington, D.C., would receive the $1.63 billion included in the House bill.

- The State of California, with a population of density of 239 persons per square mile (2010 US Census) is not eligible to receive funding through this program.

- During floor consideration of the STRR, an amendment was passed to eliminate the High Density States Program and divert funds proposed to be authorized for this program to supplement funding proposed to be authorized for Bus and Bus Facility Grants to be awarded following a nationwide competitive selection process.

Positive Train Control

- An extension of the mandate to implement PTC nationwide is not included in the House STRR bill because an extension was passed and signed by the President as part of the surface transportation authorization extension that was adopted by Congress on October 29, 2015.

Innovative Procurement

- The bill creates a new Innovative procurement program for contracts under which vendors provide an option to purchase rolling stock and related equipment to multiple participants. This pilot program creates a method for small and medium sized transit agencies to purchase or lease rolling stock vehicles, presumably buses, in a manner that is similar to the State of California Multiple Award Schedules (CMAS). The pilot program has the added feature of allowing transit agencies to make interstate purchases from participating states throughout the country.

Buy America

- The bill increases the Buy America requirement on rolling stock from 60% to 70% (incrementally) by 2020. Metro's 900 Bus Buy Contract, recently underwent a Post-Award Buy America audit on 350 Option Buses manufactured by New Flyer America and it was confirmed the manufacturer achieved over 75% U.S. content. These buses are fully assembled in the U.S. (St. Cloud MN and Ontario CA). However, this high content was only achieved because Metro included a scoring incentive in its Best Value solicitation for enhanced U.S. Content. This enhanced U.S. content program is a result of CA Assembly Bill AB1097, enacted October 2011, which provides state or local agency's with the ability to provide a scoring preference for proposers who exceed the 60% minimum. The proposed new U.S. law would create the same obligation from all TVMs across the United States.

NEXT STEPS

The House has passed H.R. 22 with the STRR language replacing the Senate DRIVE Act language and also voted to send the bill to conference with the Senate. It is possible that another short-term extension will be necessary to allow the House and Senate time to come to an agreement on this legislation in conference. Metro's Government Relations Department, in coordination with and input from Metro's Countywide Planning and Development Department, will continue to engage with federal legislators and their senior aides to ensure that the final surface transportation authorization bill presented to President Obama reflects the priorities of our Board-approved 2015 Federal Legislative Program.