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JULY 8, 2011

TO: BOARD OF DIRECTORS

THROUGH: ARTHUR T. LEAHY *by pfg*
CHIEF EXECUTIVE OFFICER

FROM: MARTHA WELBORNE, FAIA
EXECUTIVE DIRECTOR, COUNTYWIDE PLANNING

SUBJECT: IMPACT OF REDUCTIONS IN FEDERAL TRANSPORTATION FUNDING

ISSUE

Recently Congressman John Mica, Chairman of the House Transportation Committee, presented a six-year budget blueprint for the surface transportation bill he hopes the committee will adopt later this month. The blueprint provides for funding at a level approximately 30% lower than the previous adopted transportation authorization.

DISCUSSION

We have prepared information about the impact of the proposed reductions in response to a survey by the American Public Transportation Association (APTA). APTA may use this information, along with survey responses from other transit properties around the country, in efforts to advocate for restored transportation funding. Attachment A is a copy of the survey questions and our responses.

On April 19, 2011 we transmitted a board box item estimating the potential impacts of a possible 30% reduction in federal transportation funding over a ten-year period. Based on the analysis contained in that report, we estimate a \$1.44 billion reduction in funding for Los Angeles County as a whole from the funding levels in the current surface transportation law to the 6-year blueprint proposed by Chairman Mica.

The estimate is preliminary and the other survey responses, detailing impacts to specific transit spending areas, are hypothetical. The actual impact to transportation programming in Los Angeles County will depend on the final surface transportation legislation approved by Congress and the President and any subsequent decisions to prioritize or defer individual projects and programs to be made by the LACMTA Board.

NEXT STEPS

The next steps will consist of monitoring, and, if necessary, responding to reductions in federal transportation funding levels, as follows:

- We will continue to update the Board about developments in federal transportation funding and the possible impacts to funding of LACMTA projects and services.
- If a surface transportation funding package is approved with a significantly lower level of funding for Los Angeles County than that assumed in the Long Range Transportation Plan, we will return to the Board with recommendations for prioritizing funding in the near term of the plan.

ATTACHMENT(S)

- A. LACMTA Responses to the APTA Survey Regarding a 30% Cut to Federal Transportation Funds

**Los Angeles County Metropolitan Transportation Authority
Responses to the APTA Survey Regarding a 30% Cut to Federal
Transportation Funds**

July 8, 2011

1. If your federal funding were cut by 30% for the next six years, what would you have to defer in your capital budget over those six years?

Los Angeles County would have to defer about \$1.2 billion of capital funding for transportation over the next six years and cut about \$240 million in operating funds, as summarized below:

- \$ 260 million in bus purchases
- \$ 70 million in rail vehicle purchases
- \$ 70 million in paratransit vehicle purchases
- \$ 400 million in Rail System State-of-Good repair
- \$ 400 million in highway improvement projects
- \$ 240 million in operating funding
- \$1,440 million in total deferrals and cuts

2. What impact would this 30% cut have on your ability to purchase buses and paratransit vehicles over the next six years? How many of these vehicles would you be unable to purchase? Over time, how would your fleet size and vehicles available for peak service be affected?

We estimate that up to 500 of 1200 planned bus purchases would need to be deferred. Also, up 1,400 paratransit vehicle purchases would have to be deferred. This would force transit operators to rely on buses for longer than is optimal for service performance. As our fleet aged, service quality would degrade due to an increasingly unreliable fleet of buses and paratransit vehicles.

3. What impact would a 30% cut have on your ability to purchase rail vehicles over the next six years? How many of these vehicles would you be unable to purchase?

Heavy rail vehicle purchases and major vehicle rehabilitations would be deferred. At least 15 heavy rail vehicles would be deferred and countless rehabilitation tasks left unfinished.

- 4. What impact would a 30% cut have on the construction and improvement of your facilities and the schedule and cost of those projects over the next six years?**

Critical highway widening projects totaling \$400 m would have to be deferred.

- 5. What impact would a 30% cut have on your agency's ability to leverage non-federal funding, including private funding, and your ability to finance projects and maintain project schedules over the next six years?**

The loss of federal funds jeopardizes Los Angeles County efforts fulfill promises made to its own voters in our already approved ½ cent sales tax for transportation, Measure R, which raises approximately \$600 million per year. Unfulfilled promises will erode voter confidence and seriously impact our ability to raise additional local funds for transportation. Also, the State of California's voter approved transportation bonds begin expiring at the end of 2012 if not encumbered on construction contracts. Los Angeles County could lose \$500 million or more of such bond funding if federal funds were cut by 30%.

- 6. What impact would a 30% cut have on your safety program over the next six years?**

About \$20 million in rail safety projects would be deferred.

- 7. What impact would a 30% cut have on your security program over the next six years?**

About \$15 million in rail security projects would be deferred.

- 8. What impact would a 30% cut have on your ability to add new capacity over the next six years?**

We would not be adding any bus capacity. In fact, the operating cuts translate into \$40 million per year of lost operating revenues, about 6% of our annual bus service. Approximately 400,000 bus system revenue service hours could not be operated for the six year period in question.

- 9. How would a 30% cut impact *the level of service you provide (both fixed-route and paratransit)* over the next six years?**

Paratransit service is an Americans with Disabilities Act (ADA) mandate. Los Angeles County would be unable to cut mandated services, creating a greater bus service cut burden, as described above.

- 10. How would a 30% cut impact *the frequency of service you provide over the next six years*?**

A 6% cut in revenue service hours would mean that one in every 20 buses would have to be thinned from service.

- 11. How would a 30% cut impact *the route coverage of your system over the next six years*?**

Los Angeles County is likely to accomplish a 6% level of service reduction by thinning service, not by abandoning it in any one part of the County.

- 12. Are there any *other impacts or general comments* that you can think of that you have not already covered?**

No.