



April 5, 2000

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

TO: MTA BOARD OF DIRECTORS

FROM: JULIAN BURKE 
CHIEF EXECUTIVE OFFICER

SUBJECT: AB 2643 (CALDERON) - FUNDING FOR MUNICIPAL OPERATORS

ISSUE

On March 23, the MTA Board of Directors adopted a position of "Neutral, work with Author," on AB 2643, a measure sponsored by the municipal operators of Los Angeles County which would mandate the formularization of bus funding when programmed for MTA bus service. However, as the measure is currently written, AB 2643 would not only capture a portion of Proposition C 40 percent funding for the municipal operators which was the only issue considered by the Board. Rather, AB 2643 is a broadly written proposal which would impact any existing or future funding source used by the MTA for transit operations.

As currently drafted, AB 2643 includes the following:

" If the Los Angeles County Metropolitan Transportation Authority authorizes, finds, defines, separates, or, in any other manner, generates or realizes new, additional, or different categories of funds to use for bus operating purposes, the included and eligible municipal operators in existence on or after July 1, 1996, shall receive, at a minimum, a proportional share."

This comprehensive language would subject every dollar of the MTA's bus budget to examination to determine whether it was subject to formularization. Thus rather than ending disputes over funding (which was one of the expected results which led the Board to approve the "neutral" position) the new bill would likely result in even greater friction between the munies and the MTA.

In an effort to work with the municipal bus line sponsors of the bill to substitute more acceptable language, I met with their representatives last week. We provided them with suggested language which limited the formularization to Prop C 40% in accordance with my understanding of the Board's direction.

Yesterday, I learned that the parties working on the bill rejected any proposed changes and are redrafting their language only to exclude certain "non-regional" categories of funds. It apparently now will also include a new provision guaranteeing the included and eligible operators a minimum annual distribution.

I am quite concerned about the direction this legislation is taking since I believe it will negatively impact the MTA's discretionary funding decisions far into the future.

AB 2643 has been moved to an April 24 hearing date before the Assembly Transportation Committee. Depending on the new language being drafted by the sponsors, I may have an obligation to ask the Board to reconsider its position on this bill.