



September 1, 1995

Los Angeles County  
Metropolitan  
Transportation  
Authority

818 West Seventh Street  
Suite 300  
Los Angeles, CA 90017

213.972.6000

Mailing Address:  
P.O. Box 194  
Los Angeles, CA 90053

**TO: MTA DIRECTORS AND ALTERNATES**  
**FROM: JOSEPH E. DREW**  
**SUBJECT: UPDATE ON PROPOSAL FOR TRANSFER OF MTA FUNDS TO THE COUNTY OF LOS ANGELES**

As noted in my August 31, memo to you, Franklin White and Sally Reed have been asked to attend a meeting with Senator Polanco and Assemblymembers Katz and Escutia next week to discuss the attached proposal and/or other proposals which may be forthcoming. That meeting has now been scheduled for Tuesday, September 5, at 3:00 p.m.

In clarification let me state that this proposal reflects an option discussed by the MTA Board on August 30, but has not been approved by the County of Los Angeles. Further, the numbers used were for illustration purposes and intended only to characterize the concept of exchanging funds. Only after further consultation and negotiation between the MTA and the County of Los Angeles will the concept be refined to determine its advantages/disadvantages.

While in Sacramento, MTA staff also plans to meet with representatives of the Governor and several Republican members to ensure understanding of the MTA proposal, including those elements offered by Director Fasana and included in the Board's final motion, which could provide mandate relief for the agency.

Please feel free to contact me at (213) 244-7401, if you have any questions or concerns.

Attachment

**PROPOSED LEGISLATION REGARDING THE LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY:**

- 1) Deletes labor restrictions under MTA turnkey authority law and provides for competitive negotiation, rather than low bid contracts.

Amend Article 3, Chapter 2, Section 130242 of the Public to read:

- (c) A contract awarded pursuant to this section may include operation and maintenance elements, ~~if the inclusion of those elements (1) is necessary, in the reasonable judgement of the authority, to assess vendor representations and warranties, performance guarantees, or life cycle efficiencies, and (2) does not conflict with collective bargaining agreements to which the authority is a party.~~
- (d) ~~Any construction, alteration, demolition, repairs or other works of improvement performed under a contract awarded pursuant to this section shall be considered a public works project subject to Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code, and shall be enforced by the Department of Industrial Relations in the same way it carries out this responsibility under the Labor Code.~~
- (e) A contract under this section shall may be let to the lowest responsible bidder whose bid is responsive to the criteria set forth in the invitation for bids. If a contract is let pursuant to this subsection, the following requirements shall apply: Notice requesting bids shall be published at least once in a newspaper of general circulation. The publication shall be made at least 60 days before the receipt of the bids. The authority, at its discretion, may reject any and all bids, and may readvertise. All bids submitted pursuant to this section shall be presented under sealed cover and shall be accompanied by one of the following forms of bidder security: (1) cash, (2) a cashier's check made payable to the authority, (3) a certified check made payable to the authority, or (4) a bidder's bond executed by an admitted surety insurer, made payable to the authority. Upon an award to the lowest responsible bidder, the security of each unsuccessful bidder shall be returned in a reasonable period of time, but in no event shall that security be held by the authority beyond 60 days from the time award is made.
- (f) The Legislature finds and declares that in order to achieve the private sector efficiency made possible by the contracts with private entities providing the scope of services described in subsection (a), it may be in the public interest to consider proposals by private entities which consider in addition to price such factors as financing, design, schedule of performance, reliability, operating and maintenance costs, effect upon systemwide efficiency, integration with other transit and transportation modes, standardization, warranties, environmental and community factors, and record of successful performance of projects of similar magnitude by both the proposing private entity and its project management team.
- (g) In order to evaluate proposals based upon some or all of the factors described in subsection (f), the authority shall enter in to contracts with private entities by competitive negotiation which shall meet the requirements of subsections (c), (d) and (e) of section 130238.

Underline = New proposed language

~~Strike~~ = Deletion of language

2. **Deletes CTC oversight of MTA bus operations placed in SB146, a Seismic Safety Bond initiative.**

Amend Section 180.9 of the Streets and Highway Code to read:

- (a) Any funds that become available to the California Transportation Commission for reprogramming, as a result of the adoption by the voters of the Seismic Retrofit Bond Act of 1996, shall not be programmed by the commission for any mass transit guideways in the County of Los Angeles until there is a public hearing on that programming, ~~and a finding by the commission that the Los Angeles County Metropolitan Transportation Authority has adopted a specific plan guaranteeing that the agency can reduce its debt, achieve solvency, and restore affordable bus service for the transit dependent population.~~
- (b) Nothing in this section shall be interpreted to prohibit any programming of transportation funds for highway purposes.

3) **Deletes restrictions on joint development.**

Amend Section 30634 of the Public Utilities Code to read:

- (a) The district may enter into agreements for the joint use or joint development of any property or rights by the district and any city, public agency, or public utility operating transit facilities or non transit facilities, or both, or any other person, firm, corporation, association, organization, or other entity, public or private, either, in whole or in part, within or outside the district, for the joint use or development of any property of the district or of the city, public agency, public utility, person, firm, corporation, association, organization, or other entity, public or private, or the establishment of through routes, joint fares, station cost-sharing, connector fees, or land, air, or development rights sales or leasing, transfer of passengers, pooling arrangements or for any other purpose necessary for, incidental to, or convenient for the full exercise of the powers granted in this part. As to any service which the district is authorized to perform pursuant to this part, the district may contract for the performance of the service. ~~by any city, county, or public utility operating transit facilities, the territory of which is, in whole or in part, within the district.~~
- (b) "Joint development" includes, but is not limited to, agreements with any person, firm, corporation, association, organization, or other entity, public or private, to develop or to engage in the planning, financing, or construction of district facilities or development projects adjacent, or physically or functionally related, to district facilities.
- (c) Notwithstanding any other provision of this part, no joint development of non transit facilities may be accomplished without the prior approval of the legislative body of the local jurisdiction within which the development is to take place.
- (d) "Transit facilities," as used in this section, includes land, buildings, or equipment, or interest therein, whether or not the operation thereof produces revenue, which have as their primary purpose the operation of a ~~rail~~ transit system or the providing of services to the passengers of a ~~rail~~ transit system.

Underline = New proposed language

~~Strike~~ = Deletion of language

(e) "Nontransit facilities," as used in this section, includes any land, building, or equipment, or interest therein, which is used primarily for the production of transit revenue not arising from the operation of a rail transit system.

4) Deletes restriction on the use of bicycle safety funding.

Amend Section 99233.3 of the Public Utilities Code to read:

Two percent of the remaining money in the fund shall be made available to counties and cities for facilities provided for the exclusive use of pedestrians and bicycles unless the transportation planning agency finds that the money could be used to better advantage for the purposes stated in Article 4 (commencing with Section 99260) and Article 4.5 (commencing with Section 99275), or for local street and road purposes in those areas where the money may be expended for such purposes, in the development of a balanced transportation system. ~~Of the amount~~

Funds made available to a city or county pursuant to this section ~~7.5 percent thereof~~ may be expended to supplement moneys from other sources to fund bicycle safety education programs, but shall not be used to fully fund the salary of any one person.

5) Redirects fines generated on transit properties back to the transit agency for rail safety programs.

Add Section 1463.27 to the Penal Code to read:

Notwithstanding Section 1463, out of money deposited with the county treasurer pursuant to Section 1463, there shall be transferred, once a month, to the rail transit agency, an amount equal to one-third of all fines and forfeitures collected during the preceding month upon the conviction of, or upon the forfeiture of bail by, any person charged with a violation of Section 369g or 369j within that rail transit agency's jurisdiction. Money received by the rail transit agency shall be used by that agency for the purposes of improving rail transit safety within the jurisdiction of that agency. In counties where there exists a county transportation commission or county transportation authority created pursuant to Division 12 (commencing with Section 130000) of the Public Utilities Code, that commission or authority is the agency for purposes of this section.

6) Amendment to PUC 30754. Exemption for period of agreement between Los Angeles County and Los Angeles County Metropolitan Transportation Authority.  
(To be written)

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**Proposal:**

*Transfer of \$45 million for five years for a total of \$225 million*

*Payback of \$35 million beginning in FY 1997 for five years for a total of \$175 million*

*Net loss of \$ 50 million to the MTA*

# -TRANSFER OF MTA TDA FUNDS TO COUNTY OF LOS ANGELES GENERAL FUND

## PROPOSAL

- ◆ Transfer of \$45 million of MTA funds to County of LA for five years for a total of \$225 million
- ◆ State legislation needed to allow county to use TDA funds for non-transit purposes if it is TDA funds that are transferred
- ◆ County of LA pays MTA \$35 million annually for 5 years with a combination of local funds to be negotiated between the County and MTA

## PROCESS

- ◆ MTA would transfer \$3.750 million per month for 60 months for a total of \$225 million from MTA to County Local Transportation Fund (LTF)
- ◆ County would internally transfer \$45 million annually from LTF to County General Fund for 5 years
- ◆ MTA would backfill any TDA loss with Prop C 40% Discretionary Funds
- ◆ Process for County transfer to the MTA to be negotiated

## MTA IMPACTS - OPERATING

- ◆ MTA Bus cost reductions 4-5% needed as follows:

	Annual	Cumulative
FY 1997	\$10 mill.	\$10 mill.
FY 1998	\$20 mill.	\$30 mill.
FY 1999	\$13 mill.	\$43 mill.
FY 2000	\$10 mill.	\$53 mill.

- ◆ May likely impact bus service and/or service levels.

## MTA IMPACTS - CAPITAL

- ◆ One year delay to Metro Red Line - Segment 3 ( includes North Hollywood, Mid-City, and Eastside)

Demand for Proposition C 40% Discretionary Funds

Proposal for Transfer of \$225 million with a Payback of \$175 million in Local funds

Description	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Revised B
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		
Prop C 40% Discretionary Available	153,266	161,619	170,760	181,870	196,330	210,790	224,580	240,537	258,346	276,746	296	
add: Carryover	6,743	38,290	34,028	36,433	9,170	(5,981)	17,196	27,393	(2,131)	6,921	50	
<b>Total Prop C 40% Available</b>	<b>160,009</b>	<b>199,908</b>	<b>204,788</b>	<b>218,303</b>	<b>205,500</b>	<b>204,809</b>	<b>241,776</b>	<b>267,930</b>	<b>256,214</b>	<b>283,666</b>	<b>347</b>	
<b>Direct Uses:</b>												
Current Debt Service	23,419	35,318	38,918	38,922	38,925	38,934	38,936	38,938	38,929	38,929	38,929	38
New Bond Debt Service	0	0	9,308	20,026	33,887	59,916	91,506	121,404	139,616	139,616	139,616	139
Rail Operations	0	0	0	49,711	48,852	40,329	35,130	55,803	16,558	0	0	0
Security Shortfall Funding	18,200	21,598	22,155	23,266	23,359	23,851	24,228	29,333	29,607	29,700	29,700	29
ADA Paratransit - Metro Access Operating	16,400	18,210	20,220	20,220	20,220	20,220	20,220	20,220	20,220	20,220	20,220	20
Bus Operations - Municipal Operators	10,700	10,941	11,191	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4
Immediate Needs Program	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Recession Shortfall to Municipal Operators	7,000	13,050	10,400	7,525	5,375							
Recession Shortfall to MTA Operations	26,000	52,200	41,600	30,100	21,500							
Phase out of Federal Operating Assistance	5,000	0	0	0	0							
<del>TRANSFER TO LA COUNTY GENERAL FUND</del>	<del>45,000</del>	<del>45,000</del>	<del>45,000</del>	<del>45,000</del>	<del>45,000</del>							
Payback by County in Local Funds	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)							
<b>Amount Committed in Direct Uses</b>	<b>121,719</b>	<b>165,880</b>	<b>168,355</b>	<b>209,133</b>	<b>211,481</b>	<b>187,613</b>	<b>214,384</b>	<b>270,061</b>	<b>249,294</b>	<b>232,836</b>	<b>232,836</b>	
Subtotal Annual Cash Balance	38,290	(4,262)	2,405	(27,263)	(15,151)	23,177	10,197	(29,524)	9,052	43,910	64,000	
Subtotal Cumulative Cash Balance	38,290	34,028	36,433	9,170	(5,981)	17,196	27,393	(2,131)	6,921	50,831	114,800	
<b>Bonding Capacity</b>												
Carryover	97,020	111,720	144,480	271,320	329,280	311,640	189,840	0	0	0	0	
Subtotal Bond Proceeds	16,379	325	730	823	1,167	479	638	5,855	34,837	22,406	10,471	
<b>Subtotal Bond Proceeds</b>	<b>113,399</b>	<b>112,045</b>	<b>145,210</b>	<b>272,143</b>	<b>330,447</b>	<b>312,119</b>	<b>190,478</b>	<b>5,855</b>	<b>34,837</b>	<b>22,406</b>	<b>10,471</b>	
<b>Bond Eligible Uses</b>												
ADA Paratransit - Metro Access Capital	1,300	1,000	1,000	1,000	1,100	1,100	1,300	1,300	1,300	1,300	1,300	1,300
Board Directed Studies	11,064	8,851	7,081	5,665	4,532	3,625	2,900	2,320	1,856	1,485	1,111	1,111
Red Line Segment 2 Enhancements	28,717	22,429	8,889									
Red Line Segment 3 - North Hollywood	0	3,830	105,745	76,305	25	0		(77,604)				
Red Line Segment 3 - Mid-City	0	10,000	0	20,707	25,403	61,763	21,462					
Red Line Segment 3 - Eastside	0	0	0	121,397	146,574	117,514	39,411	1,727				
Segment 3 Enhancements	710	2,337	3,330	9,692	1,040	0	0	0	0	0	0	0
Pasadena Line	0	0	0	27,295	127,713	103,000	95,900	16,200				
LA Car	12,092	45,194	12,353	530	0	0	0	0	0	0	0	0
System-wide Rail Capital	15,229	3,744	2,789	2,835	2,881	2,929	0	0	0	0	0	0
Other Rail Capital	34,318	11,400	2,500	4,900	0	0	0	0	0	0	0	0
Red Line Local Requirements	7,944	880	0	0	19,000	20,000	18,000	17,000	0	0	0	0
Rail and Rehabilitation	700	650	700	650	1,700	1,550	5,650	10,075	9,275	9,150	8,471	
Wilshire Streetscape Project	1,000	1,000										
<b>Subtotal Bond-Eligible Uses</b>	<b>113,074</b>	<b>111,315</b>	<b>144,387</b>	<b>270,976</b>	<b>329,968</b>	<b>311,481</b>	<b>184,623</b>	<b>(28,982)</b>	<b>12,431</b>	<b>11,935</b>	<b>10,963</b>	
Subtotal Annual Bond Balance	325	405	93	344	(688)	159	5,217	28,982	(12,431)	(11,935)	(10,963)	
Subtotal Cumulative Bond Balance	325	730	823	1,167	479	638	5,855	34,837	22,406	10,471	(491)	

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LOS ANGELES COUNTY  
 METROPOLITAN TRANSPORTATION AUTHORITY (MTA)  
 Executive Offices

818 West Seventh Street - 3rd Floor  
 Los Angeles, CA 90017  
 FAX: (213) 244-6014 PHONE: (213) 972-6000

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TO: Frank White

COMPANY: \_\_\_\_\_

FAX NUMBER: (213) 931-1517

FROM: Joe Adams

TITLE: \_\_\_\_\_

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