



September 12, 1995

Franklin E. White
Chief Executive Officer

Los Angeles County
Metropolitan
Transportation
Authority

818 West Seventh Street
Suite 300
Los Angeles, CA 90017

213.623.1194

TO: MTA DIRECTORS AND ALTERNATES

FROM: FRANKLIN E. WHITE *Fgw*

SUBJECT: PRELIMINARY ANALYSIS ON RECENT
PROPOSAL TO REDIRECT MTA
TRANSPORTATION FUNDS TO THE COUNTY
OF LOS ANGELES

The attached letter and charts detailing the impacts of the most recent legislative proposal to redirect transportation funds to the County of Los Angeles is being shared with state legislators by MTA contract lobbyists.

If you have any questions or concerns regarding this communication, please feel free to contact me at (213) 244-7400 or Claudette A. Moody at (213) 244-6525.

Attachments



September 12, 1995

Franklin E. White
Chief Executive Officer

The Honorable Richard Polanco
California State Senate
P.O. Box 942848
Sacramento, CA 94248-0001

**Los Angeles County
Metropolitan
Transportation
Authority**

The Honorable Richard Katz
California State Assembly
P.O. Box 942849
Sacramento, CA 94249-0001

818 West Seventh Street
Suite 300
Los Angeles, CA 90017

Dear Senator Polanco and Assemblyman Katz:

213.623.1194

As you may know, the MTA Board has approved a one-time transfer of \$50 million in MTA funds to the County of Los Angeles, conditioned on there being no further transfers of MTA funding. The Board also approved seeking greater efficiencies for the agency which would be achieved through the relaxation of some state-imposed restrictions on MTA operations.

Our preliminary analysis of the most recent legislative proposal redirecting transportation funds to the county -- \$325 million over five years -- reveals the following:

If cash is utilized;

- Cumulative cuts of up to \$368 million in MTA and Municipal Bus Operations;
- The delay of Metro Red Line Segment 2 opening until FY 2001, the elimination of future bonding capacity, and the delay of Metro Red Line Segment 3 construction by at least five years;
- The delay of Metro Blue Line construction to Pasadena by at least five years.

These impacts are not substantially different from those which would have occurred with SB 75!

**TRANSFER OF MTA TDA FUNDS
TO COUNTY OF LOS ANGELES GENERAL FUND**

PROPOSAL

- ◆ One time transfer of \$50 million of MTA TDA funds to County of L.A.
- ◆ State legislation needed to allow the County to use TDA funds for non-transit purposes.
- ◆ Transfer of additional \$275 million to the County in years FY 1996 through 2000 with a payback of \$8 million per year for 30 years for a total of \$240 million.

MTA IMPACTS – OPERATING

IMPACTS IF THE MTA DOES NOT BOND AND USES CASH FOR THE TRANSFER TO L.A. COUNTY GENERAL FUND:

- ◆ MTA Budget reductions will need to occur in Bus and Rail Security, ADA-Paratransit services, Immediate Needs Program, and MTA and Municipal Bus Operations (assumes use of County of L.A. Prop A & C Local Return Funds for payback):

	<u>Annual</u>	<u>Cumulative</u>		<u>Annual</u>	<u>Cumulative</u>
FY 1996	\$75 mill.	\$ 75 mill.	FY 1999	\$60 mill.	\$290 mill.
FY 1997	\$95 mill.	\$170 mill.	FY 2000	\$38 mill.	\$328 mill.
FY 1998	\$60 mill.	\$230 mill.			

- ◆ If gas tax funds and nonfungible County of L.A. Prop A & C Local Return funds are used, the cumulative impacts of cuts to the above programs would be \$368 million, since gas tax funds cannot be used for bus purposes.
- ◆ The opening of Metro Red Line Segment 2 would be delayed until FY 2001.

MTA IMPACTS – CAPITAL

- ◆ If the MTA does not bond and uses cash for the transfer, future bond capacity would be eliminated and Segment 3 construction would be delayed at least five years, which would require MTA to close out existing contracts and shut down the project for that time period.
- ◆ Any delay in Segment 2 and Segment 3 would violate the Full Funding Grant Agreement (FFGA) which would jeopardize up to \$1.1 billion in additional funds.
- ◆ Construction on the Pasadena Line would be delayed by five years or more.