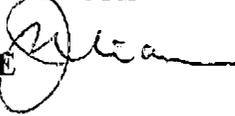




DATE: DECEMBER 13, 1999

TO: BOARD OF DIRECTORS

FROM: JULIAN BURKE 

**SUBJECT: GOVERNOR'S DEVELOPING INITIATIVE TO
PROVIDE ADDITIONAL (ONE-TIME) STATE FUNDS
FROM GENERAL ACCOUNT SURPLUS FOR
TRANSPORTATION PROJECTS**

Julian Burke
CEO

Metropolitan
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Authority

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For a little more than two weeks, MTA staff has been receiving information from various Caltrans staff members and from one of Secretary Maria Contreras-Sweet's staff members regarding a developing initiative of Governor Davis which looks toward providing additional one-time state surplus funds for transportation capital projects. Initially those contracts were somewhat scattered and did not make clear what such a program would include or exclude, what the goals and requirements would be or how the MTA could maximize our participation. In any event, the program began taking more precision (although not yet completely) on December 3 when we and each of your transportation staff members received a message from Jim Bickhart of Speaker Villaraigosa's office. That communication, a copy of which is attached for your convenience, summarized the situation so far as the Speaker's office knew then and knows as of this date.

I then considered how we might best present our unfunded/underfunded capital projects for consideration and on December 9 sent a letter on that subject to Secretary Contreras-Sweet with copies to the Governor's Deputy Chief of Staff and the Director of Caltrans. A copy of that letter is attached. A copy thereof has also been provided to the Speaker.

Some of you may want to be in touch with the Governor, the Secretary and/or the Speaker, or their staffs, regarding this initiative. Yvonne Burke has indicated to me that she will be in touch with Maria Contreras-Sweet. Some of you may also want further information from me, particularly regarding some of the numbers in my letter to the Secretary of December 9. I should also note for you that the stated priorities among the listed fixed guideway projects were derived from an April 1999 Board action regarding "Regionally Significant, High Priority Transportation Needs for Inclusion in the SR 8 Burton/Karnette Inventory Assessment" (Item 41).

I shall keep you informed as more information comes to me. The matter may heat-up quickly. See paragraph 10 of the enclosed Bickhart message.

Attachments

-----Original Message-----

From: Bickhart, Jim [<mailto:Jim.Bickhart@ASM.CA.GOV>]

Sent: Friday, December 03, 1999 2:24 PM

Subject: State transportation funds

With considerable help from contacts in the Capitol, we've finally gotten a little more info on this sudden emergence of transportation funds that everyone's talking about.

Here's what we know so far (please pardon me if some of it is redundant to what you already know):

1. The State has a big, unexpected surplus and the Governor wants to use at least some of it to fund one-time needs in addition to meeting certain other obligations already placed upon it by the legislature, the courts, etc.
 2. His office has put the word out for funding recommendations in education, corrections and transportation. Thus, clearly, not all of the money will be used for transportation.
 3. According to our sources, the transportation money will come from the following sources:
 - a. General Fund surplus
 - b. State Highway Account
 - c. Unexpended STIP county 75% shares (don't ask me exactly what that all means)
 - d. Unexpended Prop. 108 rail funds
 - e. Advance loans on federal "Garvey Bond" funds
 4. Our sources could specify no specific percentage breakdown between fixed-guideway and other types of projects or expenditures. We cannot confirm the 50% figure being tossed around, nor can we confirm the \$1.5 billion figure. Given that some of the General Fund surplus will also be spent on prisons and education and the uncommitted part of the surplus will probably not exceed a couple of billion, it's hard to imagine so much of it being spent just on transportation. We don't know how much money is available from those other transportation-specific funding sources.
 5. The preferences are listed as:
 - a. Intercity rail
 - b. Commuter rail (as in MetroLink)
 - c. Urban mass transit
 - d. Congestion relief (including buses and highways)
- There apparently will be a bias toward projects that further inter-modal transportation and which can provide measurable benefits to relieving congestion and air pollution.
6. Projects already in the STIP are not priorities.
 7. The Governor has indicated that he wants projects that can be under

construction within 2 years and finished in from 5 to 7 years. Anything that still requires a lot of planning and unfinished paperwork will be viewed unfavorably.

8. A key guideline for choosing Capital projects is a report prepared this year by the CTC in response to Senate Resolution 8 (SR8), which called for a 10-year statewide transportation needs assessment and project list. CTC is culling a list of priorities from that report. I am awaiting receipt of a copy of the full report from Sacramento.

9. Speculation is that projects not listed in the report may also be considered, but practicality suggests that not many of these will be far enough along in the planning to meet the other criteria.

10. The Governor wants this process wrapped up by around Christmas so that the results can be included in the proposed State Budget he'll release on January 10. Of course, the budget will then undergo hearings and revisions until it is adopted around the end of June.

11. Looking at this situation realistically, several things come to mind about what we can expect for the L.A. area from this process:

a. Because of the timing problem and the preference for projects not already in the STIP, it would appear that projects involving freeway widenings, interchange enhancements, etc., won't make the cut. Projects that will be in construction by the end of 2001 are already in the STIP, in all likelihood, and everything else probably can't get ramped up in time.

b. Caltrans is looking at a lot of maintenance and repair projects because those can be ramped up and they're way behind on that kind of stuff.

c. The MTA could use some of the money to buy buses, which might be a wise choice, but speculation is that the Governor will look closely at their cash flow problems with regard to paying to operate the buses. The MTA has admitted that it will have big problems operating the expanded fleet.

d. All of this money is for Capital projects and rolling stock, so it can't be used for planning or operations.

e. Things like expanding MetroLink, buying new train cars or other equipment for MetroLink or the Blue, Red and Green Lines, adding track, etc., are expected to be viewed very favorably.

f. Speculation is that the Pasadena Blue Line is well positioned to use some of the money if it needs any.

g. On the other hand, the eastside, mid-city and valley corridors are unlikely recipients because, the eastside EIR notwithstanding, they are not in position to get started by the end of 2001 or, especially, to be finished within 5-7 years. The Red Line Eastside Extension might meet the criteria if it didn't require such a large infusion of funds to complete, because it is deemed unlikely for the Governor to be willing to target such a large chunk of dollars on one project in one location.



December 9, 1999

Julian Burke
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Metropolitan
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Authority

URBAN MASS TRANSIT AND CONGESTION RELIEF IN LOS ANGELES COUNTY

Dear Madam Secretary:

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Los Angeles County is congested, and its congestion is getting worse. This is the finding of not only the Los Angeles County Metropolitan Transportation Authority (MTA), but a recent nationwide Mobility Survey prepared by the Texas Transportation Institute. According to that survey, during peak drive times Los Angeles continues to be the most congested urban area in the nation. The study found that commuters in Los Angeles County spent an average of 82 hours a year in stalled traffic, wasting 120 gallons of gasoline and incurring individual financial impacts of \$1,370 per eligible driver. Without aggressive improvement and expansion of public transit services over the next 10 years, congestion conditions in Los Angeles County will almost certainly worsen substantially further.

Population projections from the State of California and Southern California Association of Governments (SCAG) estimate that the population of Los Angeles County will increase by approximately 3.5 million by the year 2020. That is the equivalent to adding the populations of San Francisco, Alameda, San Mateo, and Santa Clara Counties to the existing Los Angeles County population. If Los Angeles is to remain an economically viable region, it must continue to improve and expand its urban mass transit system.

The MTA has been addressing Los Angeles County's urban mass transit and congestion relief requirements primarily along three fronts:

1. Corridor Studies to select the preferred fixed guideway transit improvements for East Los Angeles, Mid-City, and the San Fernando Valley. These studies are nearing completion. Previously planned subway projects for these three corridors are currently on hold and the MTA Board must act soon to provide desperately needed mass transit expansion improvements and preserve Federal Government funding commitments. The Board has already determined that the Eastside project will be the next to proceed.

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1. Bus Service Expansion and Improvements are being undertaken both to meet passenger demand, increase transit usage and satisfy Consent Decree requirements. The MTA is buying new buses, adding service to reduce overcrowding and initiating a Metro Rapid Bus project using advanced signalization technology to speed up travel time and increase transit usage.
2. Expansion of Service on Existing Rail Lines is required to meet rapidly growing passenger demand on the MTA's very successful Blue and Green light rail lines.

Together, these projects will save travel times of between 4.25 and 5 million hours annually. This will have a significant and long-lasting impact on the mobility in Los Angeles County. Each of these programs requires additional funding and, if funded, each will produce substantial transportation benefit for Los Angeles County residents.

The specific programs which the MTA submits for the Governor's consideration in connection with his transportation funding initiative are listed on Attachment A. The MTA believes that each of these projects will meet the funding criteria (as we understand them) in that each can begin construction within two years, be completed within seven years and can be shown to be fully funded.

CORRIDOR ISSUES

EASTSIDE/MID-CITY

The MTA's Metro Red Line Minimum Operable Segment 3 (MOS-3) included three planned extensions of the Metro Red Line heavy rail system. The first extension is currently under construction from the existing Hollywood/Vine station to North Hollywood and is expected to open in Summer 2000. The other two previously planned MOS-3 segments include extensions to the Eastside and to Mid-City. The MTA has an adopted Locally Preferred Alignment (LPA) for each of these two extensions as follows:

- Eastside Extension - a four station subway to the Eastside from Union Station to First and Lorena Streets
- Mid-City Extension - a two station subway from the Wilshire/Western Station to Pico and San Vicente Boulevards

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The federal government has an outstanding Full Funding Grant Agreement (FFGA) with the MTA for \$647 million in federal funds to assist in the construction of the above two planned extensions. The FFGA was executed first on May 14, 1993, and later amended on December 28, 1994.

Due to concern over the availability of adequate local match, the MTA suspended work on the Eastside and Mid-City subway extensions until an analysis of potentially more cost effective and less capital-intensive alternatives could be completed. The MTA is currently preparing a Corridor Study for both the Eastside and Mid-City Corridors, including preparation of a Major Investment Study/Environmental Impact Statement/Environmental Impact Report (MIS/EIS/EIR). These Corridor Studies include consideration of shorter subway segments, at grade light rail and exclusive lane busway alternatives. The MTA expects to complete the MIS portion of the Corridor Studies this January 2000 and to move immediately into draft and final environmental clearance of the preferred alternative(s) in each corridor. Within two years from now, the MTA could be ready to start final design and construction of a selected alternative in at least one if not both of these corridors and could proceed depending on the then availability of local match funds which have not yet been identified.

SAN FERNANDO VALLEY--BURBANK/CHANDLER CORRIDOR

The MTA is currently conducting a Corridor Study (similar to the two described above for the Eastside and Mid-City) for the MTA-owned former railroad right-of-way along Burbank and Chandler Boulevards. The project would connect the North Hollywood Metro Red Line Station currently under construction with Warner Center Transit Hub in the western portion of the San Fernando Valley.

The MTA previously completed an approved Environmental Impact Report including consideration of heavy rail and grade separated light rail transit on the Burbank/Chandler Right-of-Way. Due to capital funding considerations, the MTA suspended work on the Burbank/Chandler corridor project until an analysis of potentially more cost-effective and less capital-intensive alternatives could be completed. The MTA is currently preparing a Corridor Study for the Burbank/Chandler Right-of-Way including preparation of a Major Investment Study/Environmental Impact Statement/Environmental Impact Report (MIS/EIS/EIR). The Corridor Study includes consideration of shorter subway segments, at grade light rail and exclusive lane busway alternatives. The MTA expects to complete the MIS portion of the Corridor Study this January and to move immediately into draft and final environmental clearance of the preferred alternative(s). Within two years from now, the

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MTA could be ready to start final design and construction of a selected alternative for this corridor subject to the availability of adequate capital funds.

BUS EXPANSION AND SERVICE IMPROVEMENT

Bus Purchases

The MTA has embarked on an aggressive program of bus service expansion to meet passenger demand, increase transit usage and satisfy Consent Decree requirements. The MTA Board has approved the purchase of 2,392 new buses through June 2004, which will allow the MTA to replace all over age vehicles and expand its fleet to meet expanded service requirements. Funding for most of this Accelerated Bus Procurement Program has been identified from FTA and local sources, but there remains an unfunded balance of approximately \$115.9 million in capital dollars.

Metro Rapid Bus

The MTA is implementing a Metro Rapid Bus Improvement program which will combine advanced signalization technology with increased frequency service on limited stop express lines to greatly speed up travel time. The goal of this program is to both improve service to our existing passengers and increase transit usage, reducing reliance on the automobile and, thereby, assisting the region in meeting our quality goals. The Metro Rapid Bus, will require \$160.8 million (1998 dollars: before inflation) in capital expenditures to support rolling stock, station facilities and advanced signalization technology. We have not yet identified \$124.5 million of these capital funds for this process. Metro Rapid Bus consists of 16 identified major transit corridors where larger capacity rolling stock will move passengers with an estimated 10 - 15% improvement in travel speed over current service. The Metro Rapid Bus program offers a viable alternative to single car usage in the regions' most congested corridors.

LIGHT RAIL VEHICLES

The MTA will require at least 18 additional light rail vehicles to expand service on the Los Angeles to Long Beach Metro Rail Blue Line and the Norwalk to El Segundo Metro Rail Green Line. The Long Beach Metro Blue Line is the most heavily used light rail line in the nation. Ridership on the Metro Rail Blue Line has increased to 57,000 passengers on weekdays. Ridership on the Metro Rail Green Line has increased to 24,500. The MTA has

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developed operating plans for the Long Beach Metro Rail Blue Line to allow for three-car trains. Station and platform modifications are being made to accommodate three-car trains. This will mean increased use of the line if additional vehicles can be made available. The MTA also plans to move from one-car to two-car consists on the Metro Rail Green Line.

The new light rail vehicles will be compatible with the currently used vehicles on the Metro Rail Blue Line and Metro Rail Green Line. Each vehicle can accommodate 76 seated passengers and 76 standing passengers and use an overhead catenary system. None of the approximately \$54 million of capital funds to purchase these cars has been identified.

I hope this information is helpful to you and the Governor, please feel free to contact me with any questions or comments at 213-922-4788.

Sincerely,



JULIAN BURKE
Chief Executive Officer

Attachment

cc: Susan Kennedy, Deputy Chief of Staff for Policy and Cabinet Affairs
Mr. Jose Medina, Director, Caltrans

**LOS ANGELES COUNTY MTA
URBAN MASS TRANSIT AND CONGESTION RELIEF PROJECTS REQUIRING STATE TRANSPORTATION FUNDING
ASSISTANCE**

Project	Potential Ridership	Estimated Annual Travel Time Saving	Estimated Project Cost	Federal Funding	State Support Needed	Expended & Local Funds
FIXED GUIDEWAY						
Eastside Corridor Preferred Alternative (First Priority)	17,700	823,000 Hrs	\$1,049 M ⁱ	\$403 M ⁱⁱ	\$403 M	\$243 M
Mid-City Corridor Preferred Alternative (Second Priority)	19,000	2,900,000 Hrs	\$488 M ⁱⁱⁱ	\$244 M ⁱⁱ	\$244 M	
San Fernando Valley Preferred Alternative (Third Priority)	16,500	510,000 Hrs	\$286 M	TBD	\$143	TBD
BUS PURCHASES			\$116 M ⁱⁱⁱ	0	\$116 M	
RAPID BUS			\$161 M ^{iv}	0	\$125 M	
LIGHT RAIL CARS			\$54 M ^v	0	\$54 M	

ⁱ Source: Suspended project cost, Full Funding Grant Agreement, and MTA Construction Quarterly Status Report, September 1999

ⁱⁱ Source: Full Funding Grant Agreement

ⁱⁱⁱ Source: MTA estimate of court imposed bus procurement costs

^{iv} Source: MTA RTAA, 1998 dollars

^v Source: MTA estimated current cost of \$3 million per railcar