

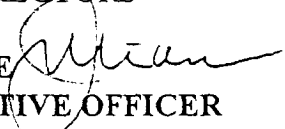


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**TO: BOARD OF DIRECTORS**

**FROM: JULIAN BURKE**   
**CHIEF EXECUTIVE OFFICER**

**SUBJECT: PROJECTED INCREASES FOR HIGHWAY AND TRANSIT  
PROGRAMS FROM TEA 21**

Staff is now completing its final estimate of Transportation Equity Act of the 21<sup>st</sup> Century (TEA 21) revenues to be distributed to Los Angeles County and programmed by the MTA. The preliminary projections are showing significant increases in funding available for uses beyond the Restructuring Plan base that fully funds the North Hollywood Extension and the Federal Bus Consent Decree.

The TEA 21 increases are lower than those estimates shown on page 46 of the Restructuring Plan. This is because the Restructuring Plan compared separate House and Senate Bills with their own authorization levels, whereas the TEA 21 increases are now based on the guaranteed levels of enacted legislation, including clean-up legislation signed by the President on July 22, 1998. Regardless, the increases shown on page 46 of the Restructuring Plan were *not* included in the base projections for that Plan. Therefore, there remain significant increases over the Restructuring Plan base in Transit Capital (Section 9), Congestion Mitigation and Air Quality Improvement (CMAQ), Regional Surface Transportation Program (RSTP), and other funds. Staff believes that the increases in these funding categories can be attributed to the addition of the 4.3 cents from the federal gas tax previously used for deficit reduction to TEA 21 coffers.

Based on a preliminary analysis, TEA 21 could meet most of the MTA's capital needs for the existing transit system through FY 2003. Substantial new money also will be available for regional programs and for new transit improvements.

That's obviously good news and now that this detail is in more precise focus, we plan a brief presentation of this detail to the Executive Management Committee next week (and to the Board the following week) in partial response to Item 24 of the meeting agenda. Understanding the TEA 21 detail is important baseline information for our formula programs, the TIP Call for Projects, and, most importantly, the Regional Transit Alternatives Analysis (RTAA).