



June 11, 1997

Los Angeles County
Metropolitan
Transportation
Authority

TO: BOARD OF DIRECTORS AND ALTERNATES

FROM: LINDA BOHLINGER
INTERIM CHIEF EXECUTIVE OFFICER

SUBJECT: UPDATE ON MTA RECOVERY PLAN

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The following are recent correspondence relating to the MTA Recovery Plan since the Board action last week:

1. FTA Administrator Gordon Linton letter of June 10, 1997 (see Attachment 1) indicates that:
 - He has signed the revised Full Funding Grant Agreement (FFGA) for North Hollywood;
 - The Eastside and Mid-City Segments FFGA's will be contingent upon the FTA's final review and acceptance of the Board's adopted Recovery Plan; and
 - In a separate conversation, he commented that he will delay sending MTA the North Hollywood FFGA until the City of Los Angeles commitment on Segment 3 is resolved.

2. The City of Los Angeles passed a motion (see Attachment 2), calling for the following items:
 - Bring action directly to City Council on the agreement for the \$200 million commitment to Metro Rail Segment 3 by June 24, 1997; and
 - Include in the agreement steps to minimize delay on the East-West San Fernando Valley Line.

3. Bob Remen, Executive Director of the California Transportation Commission (CTC) stated yesterday:
 - CTC will consider the MTA Recovery Plan at their September 1997 meeting when current uncertainties such as the final FTA-approval of the MTA Recovery Plan and the federal appropriations for 1998 are resolved.

Attachments (2)

1. Letter of June 10, 1997 from Gordon Linton
2. Los Angeles City Council Motion

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U.S. Department
of Transportation

Federal Transit
Administration

Administrator

400 Seventh St., S.W.
Washington, D.C. 20590

JUN 10 1997

The Honorable Frank R. Wolf
Chairman, Subcommittee on Transportation
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Wolf:

I am writing to inform you that on June 9, 1997, I signed Part 1A of the revised and restructured Full Funding Grant Agreement (FFGA) with the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the North Hollywood segment of MOS-3. This FFGA caps the total Federal New Start commitment for the North Hollywood segment at \$681,037,000 with \$230,746,159 of this amount yet to be appropriated by the Congress.

Construction is well underway on the North Hollywood segment, with tunneling nearly completed. The projected Revenue Operations Date (ROD) is May 2000. I am now comfortable that Part 1A of the restructured FFGA can successfully bring North Hollywood to completion on schedule and within budget. All items that the FTA raised regarding this segment have been addressed by the LACMTA, including the establishment of a \$50 million capital reserve for this project, and the discounting of local tax revenue projections to accommodate possible short term economic downswings.

With this action, I want to reiterate my support for the fiscal year 1998 new start budget request of \$100 million for MOS-3. Of this amount, \$76 million will be used to cover construction costs on the North Hollywood segment and will be needed for draw down by the grantee in the Fiscal Year 1998 time frame. The LACMTA also intends to use the entire fiscal year 1997 new start appropriation for construction expenses on the North Hollywood segment and stands ready to draw down these funds as soon as the airport revenue diversion issue is fully resolved. The remaining \$24 million of the fiscal year 1998 request will be used to support right-of-way acquisition and final design for the East Side segment. East Side has currently completed 40 percent of final design and will begin construction in 1998.

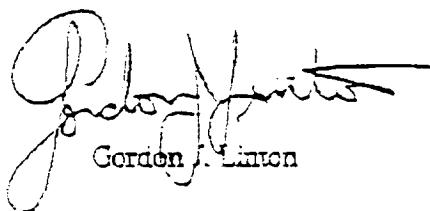
We are continuing to negotiate with the LACMTA to complete the full restructuring of the MOS-3 FFGA to include Part 1B East Side and Part 1C Mid-City. These later actions will be contingent on the FTA's final review and acceptance of the LACMTA Board's adopted Recovery Plan, the local adoption of a financially constrained long range transportation plan, and satisfactory compliance with the Consent Decree's requirements for enhanced bus service.

Attachment I

Moreover, the agreement between the city of Los Angeles and the LACMTA governing the city's contribution to MOS-3 must be consistent with these documents.

Again, I urge you to support the full \$100 million for this project in the Fiscal Year 1998 Appropriations bill. I will continue to keep you apprised of progress on this significant Federal investment. An identical letter is being sent to Congressman Saico and Senators Shelby and Lautenberg.

Sincerely,



Gordon J. Linton



MTA LEGISLATIVE BRIEF

June 10, 1997

DATE: _____

TO: MTA BOARD OF DIRECTORS AND ALTERNATES

FROM: GISSELLE ACEVEDO-FRANCO

- The L.A. City Council voted today to approve Councilman Mike Feuer's motion which:

Directs the City Controller to place an immediate freeze on any transfer of funds pursuant to the previous \$200 million agreement adopted by the City Council because the MTA has withdrawn its commitment to certain milestones in the development of the East-West Valley Rail Transit Line which had been an important part of this agreement;

The Council also approved the following amendments, which are highlighted:

Ensures fairness and equity for the bus riders. 11 Ayes (Absent: Braude, Ferraro, Hernandez, Ridley-Thomas).

Directs the City's team made-up of the Chief Legislative Analyst (CLA), the Department of Transportation (DOT) and other appropriate City agencies to begin immediately to negotiate with the MTA and report back to Council by June 24th, the development of a revised Rail Recovery Plan that includes a continued commitment to the East-West Valley and Mid-City Lines, ensures any delays necessitated by financial conditions be shared among the planned projects rather than unfairly targeting the Valley line; and report to the Transportation and Budget and Finance Committees with an action plan detailing further steps the City can take to ensure that the MTA fulfill its prior commitments to the East-West Valley Line or share the burden of delays on an equitable basis. 9 Ayes-2 Noes (Alatorre, Walters).

If you have questions regarding this issue, please contact Audrey Noda at 213/922-2238.

ATTACHMENT 2

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JUN 06 1997

Motion

For Tues June 10, 1997

At a special board meeting on June 4, 1997 the Metropolitan Transportation Authority (MTA) voted to delay construction of the East-West San Fernando Valley rail line until at least 2011 as part of its Rail Recovery Plan.

This decision is a serious reversal of earlier commitments by the MTA to adhere to a firm set of milestones for the East-West Valley Rail Transit Project that were included in an agreement adopted by the City Council to contribute \$200 million to the MTA. It also flies in the face of earlier promises by the MTA to the residents of the San Fernando Valley.

Such a reversal calls into question all aspects of the proposed transfer of the \$200 million from the City to the MTA. If any delays of rail transit projects are included in a Rail Recovery Plan the burden must be spread through all projects rather than having the San Fernando Valley rail line unfairly targeted.

I THEREFORE MOVE that the City Council direct the City Controller to place an immediate freeze on any transfer of funds pursuant to the previous agreement adopted by the City Council since the MTA has now withdrawn its commitment to certain milestones in the development of the East-West Valley Rail Transit Line, which had been an important part of this agreement.

I FURTHER MOVE that a City team, including the Chief Legislative Analyst, the Department of Transportation and other appropriate City agencies, undertake new negotiations with the MTA regarding the development of a revised Rail Recovery Plan that includes a continued commitment to the East-West Valley Line and ensures any delays necessitated by financial conditions be shared among the planned projects rather than unfairly targeting the Valley line.

I FURTHER MOVE that the City negotiating team report to the Transportation and Budget and Finance Committees with an action plan detailing further steps the City can take to ensure that the MTA fulfill its prior commitments to the East-West Valley Line or share the burden of delays on an equitable basis.

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PRESENTED BY: *Michael Feuer*
MICHAEL FEUER
COUNCILMEMBER, 5TH DISTRICT

SECONDED BY: *Laura Chick*

JUNE 6, 1997

Richard Alarcon

Janice...
John...
Maurit...
Del Benson