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Transportation
Authority

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TO: MTA BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE
CHIEF EXECUTIVE OFFICER

FROM: JAMES L. de la LOZA
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COUNTYWIDE PLANNING AND DEVELOPMENT

SUBJECT: CALIFORNIA TRANSPORTATION COMMISSION ACTION
ON MTA FINANCING PROPOSAL FOR DEFERRED LOS
ANGELES COUNTY STATE TRANSPORTATION
IMPROVEMENT PROGRAM PROJECTS

ISSUE

On December 11, 2003, the California Transportation Commission (CTC) authorized State repayment of a proposed MTA advance of \$22.6 million in Proposition C 25% funds for the Route 101 from Los Angeles Street to Center Street project. This project is linked to the Gold Line Extension to the Eastside. The repayment will take the form of a replacement State Transportation Improvement Program (STIP) project.

On the same agenda, the (CTC) approved Grant Anticipation Revenue Vehicle (GARVEE) financing for the following three projects:

- Route 405 Southbound Carpool Lane from Waterford to Interstate 10;
- Route 5 Carpool Lanes from Route 14 to Route 118; and,
- Route 405/101 Interchange Gap Closure Connector.

The CTC did not approve GARVEE financing for these two projects:

- Route 14 Carpool Lanes from Pearblossum to Avenue P-8; and,
- Route 90 Playa Vista Access Improvements.

BACKGROUND

The following is a chronology of events and discussion of the process leading to the CTC's action on December 11, 2003:

Chronology

June 2003 – MTA begins developing a financing proposal for deferred STIP projects
August 28, 2003 – MTA submits initial financing proposal to Caltrans
September 25, 2003 – MTA Board approves financing plan for deferred STIP projects
October 30, 2003 – CTC hearing on MTA financing plan
October 30, 2003 – CTC hearing on draft GARVEE bond policy
November 24, 2003 – CTC workshop on 2004 STIP and GARVEE bond policy
November 25, 2003 – Governor releases Mid-Year Spending Reductions Proposals
December 2, 2004 – MTA briefs CTC staff on financing proposal
December 4, 2004 – MTA Board reduces financing proposal and adds \$15 million
December 11, 2004 – CTC action to approve a portion of the MTA financing proposal

Discussion

On October 30, 2003, the CTC placed the Proposition C 25% advance request for the Route 101 LA Street to Center Street project on their consent calendar. Also at the October hearing, the CTC themselves did not voice any opposition to, or support for, the GARVEE bond request. In the days leading up to the hearing, CTC staff had indicated that only the two projects on Route 405, out of the 17 projects proposed, met what they believed to be the appropriate criteria for GARVEE bond funds. In response, the MTA staff began working on a proposal to eliminate all but five of the 17 projects and submitted the scaled-back financing proposal to the MTA Board for action on December 4, 2003.

On December 2, 2003, MTA staff learned that we would only have CTC staff support for the Route 101 LA Street to Center Street, Route 405, and Route 405/101 projects. We would not have CTC staff support for the Route 5, Route 14, and Route 90 projects for various reasons, as follows:

- **Route 5** – the CTC staff felt that this project should be combined with a subsequent segment and the entire length approved for bonding. CTC staff also questioned the fairness of a STIP amendment that would increase the STIP funded portion of the project. As with Route 14, below, the CTC staff felt this was jumping to the head of the line and should not be allowed by the CTC.
- **Route 14** – the CTC staff questioned the MTA's strategy of amending the STIP to include the Route 14 project. They felt this was again jumping to the head of the line that has formed for STIP funding and informed the MTA that they would suggest to the CTC that this was inappropriate.
- **Route 90** – the CTC staff felt this project was not in line with the CTC's emerging policy for GARVEE financing, which emphasizes interregional travel and goods movement over regional travel and people movement.

In the days after the December 4, 2003 MTA Board action and leading up to the December 11, 2003 CTC action, the Caltrans staff recommendation to the Commission was released as part of the CTC's agenda book. That recommendation stated the following:

"[Caltrans] recommends that the amendment be discussed at the December 2003 Commission meeting. The Commission may choose to not approve to GARVEE those projects reliant on Traffic Congestion Relief Program (TCRP) funding due to the uncertainty of the availability of the funds for allocation in the future."

Since the MTA had already agreed to backfill for the TCRP funding on December 4, 2003, all indications were that Caltrans would be supportive of the MTA's GARVEE recommendation on December 11, 2003.

On December 10, 2003, MTA representatives met with CTC Chairman Kirk Lindsey, Commissioner Robert Balgenorth, and Commissioner Esteban Torres in that order. It was during the first two briefings that the MTA learned that not only was Route 90 unlikely to be approved, but the Route 14 and Route 5 projects were also unlikely to be approved by the CTC.

The primary issue for Route 14 and Route 5 was the procedural issue first raised by CTC staff on December 2, 2003: Why should the CTC amend the STIP to add Route 14 and increase funding for Route 5 when there were already hundreds of deferred STIP projects statewide? Either in pre-meeting discussions or at the CTC meeting itself, MTA offered the following counter-arguments to this procedural question:

- December 11, 2003 was the last possible time to receive CTC approval before the annual GARVEE bond sale. Since the CTC was supporting all other GARVEE bond allocation requests on the agenda and it was procedurally impossible for any of the hundreds of other existing STIP projects to be added to the once-a-year bond sale, there was no measurable adverse impact on any other projects from the MTA proposal.
- The MTA GARVEE bond proposal, according to the CTC's own procedures, would count against the funds to be made available to Los Angeles County in the 2004 STIP Fund Estimate. Previously approved and all larger GARVEE bond proposals from Riverside, Santa Clara, and San Diego counties would be taken off-the-top, unlike the Los Angeles County proposal, and would not count against the funds in the 2004 STIP for those counties.
- Route 14 had been in the STIP previously, but was removed in response to the unraveling of the TCRP one year ago. Placing a project that was in the STIP back into that same document should not be viewed as unfair.
- Route 5 had been increased in response to the CTC's own emerging GARVEE policy which stipulated that projects with a bond size of less than \$25 million would not be acceptable. The segment of Route 5 to be widened is an extremely important interregional truck route carrying more than 30,000 trucks a day through the major interchanges at Route 405, Route 118, and Route 210.

- The MTA STIP amendment was a zero sum amendment, it deleted a like amount of project funding from the STIP in order to add Route 14 and increase funding for Route 5.

In discussions immediately prior to the CTC hearing on the morning of December 11, 2003, Caltrans Headquarters executives in attendance indicated that they could not risk a public disagreement with the CTC, even though all the projects were on the State Highway System and sponsored by Caltrans. Also prior to the hearing, a CTC Commissioner expressed concern about the implications of the MTA proposal with the bond community. The fear was that the bond community might view the procedural issues discussed above as an underlying problem with the California GARVEE bond process. Representatives of bond community satisfactorily allayed those fears in advance of the public discussion.

Just before the actual vote, CTC staff made a presentation in which they pointed out their procedural problems with the MTA proposal. David Yale, the MTA's Director of Regional Programming presented counter-arguments and the merits of the projects. The power point presentation used by the MTA during the testimony is enclosed here as Attachment A.

Prior to the final project votes, Commissioner Allen Lawrence asked that the just adopted GARVEE bond policy be re-opened for the purpose of adding a regional project emphasis, not just interregional goods movement projects, as had been approved by the CTC only an hour earlier. Commissioner Diane McKenna spoke against re-opening the policy and Chair Kirk Lindsey agreed, indicating that re-opening the policy only an hour after it had been adopted was inappropriate. The Chair then announced that the Commission would vote each project one by one. In succession, the CTC approved the Route 405, Route 405/101, and Route 5 projects.

In a voice vote, the CTC acted to defer the Route 14 project on the procedural grounds discussed above. Commissioner Esteban Torres made the motion in support of Route 14 and Commissioner Allen Lawrence seconded the motion. The following Commissioners voted against the Route 14 motion:

- CTC Chair R. Kirk Lindsey
- CTC Vice Chair Robert L. Balgenorth
- Commissioner Diane McKenna
- Commissioner Joseph Tavaglione
- Commissioner Joseph Ghielmetti

Commissioner Esteban Torres then made the motion in favor of Route 90, and Commissioner Allen Lawrence seconded the motion. On a voice vote, the CTC deferred the Route 90 project on grounds that the project was local and not interregional in nature, as called for in the GARVEE bond policy. There appeared to be two votes in favor (the makers of the motion above) and two votes opposed. The Chair did not ask for a roll call and the Route 90 matter was closed having failed to get a majority vote.

Caltrans Headquarters staff remained completely silent during the entire discussion on December 11, 2003. MTA staff considers this to be very unusual. Caltrans will typically offer their opinion on State Highway matters, and if not, the Chair will usually ask their opinion on matters involving Caltrans sponsored projects.

NEXT STEPS

We will continue to work with Caltrans District 7 to bring the approved projects into construction as quickly as possible. The Route 14 and Route 90 projects, which were not approved, will be re-evaluated as part of the required MTA Board action on the 2004 STIP for Los Angeles County. Staff will return to the MTA Board with a recommendation as to the disposition of those projects in February 2004.

If you have any questions about the CTC's December 11, 2003 action or the process leading up to it, please contact David Yale at (213) 922-2469.