

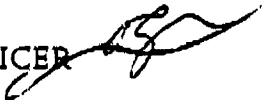
**Metro**

Metropolitan Transportation Authority

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May 26, 2004

TO: BOARD OF DIRECTORS

FROM: ROGER SNOBLE, CHIEF EXECUTIVE OFFICER 

SUBJECT: EASTSIDE FULL FUNDING GRANT AGREEMENT

This afternoon we received a copy of a letter from Representative Ernest Istook (R-OK), Chairman of the House Transportation Appropriations Subcommittee to Federal Transit Administration Administrator Jenna Dorn (Copy Attached).

In his correspondence, Chairman Istook outlined that he is withdrawing his objection to the Eastside Full Funding Grant Agreement (FFGA) that he had laid out in a May 18th letter to Administrator Dorn. This withdrawal will keep us on schedule to construct the Eastside Light Rail Line without delay.

Today marks the 54th day of the Congressional review period for the Eastside FFGA. This review period commenced on April 2nd and will end on June 1st. The U.S. Department of Transportation may execute the Eastside FFGA at anytime after the conclusion of the 60-day Congressional review period.

I am encouraged that Chairman Istook has withdrawn his objection to the Eastside FFGA and look forward to breaking ground on this worthwhile project very soon after the Eastside FFGA is executed.

MAY. 26. 2004 11:49AM
May-26-04 02:18pm From-

NO. 2564 p. 1
T-449 P.01/BUZ 4-070

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May 26, 2004

MAY 2004
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Ms. Jennifer L. Dorn
Administrator
Federal Transit Administration
400 Seventh Street, NW
Washington, DC 20590

Dear Ms. Dorn:

We have been working within the Appropriations Committee with Mr. Roger Snoble at the Los Angeles County Metropolitan Transportation Authority (LA MTA) and with directly affected Members of Congress, including Congressmen Jerry Lewis and David Dreier, regarding the pending Federal Full-Funding Grant Agreement (FFGA) for the Los Angeles Metro Gold Line East Side Extension project.

We have made significant progress, which enables me to withdraw my May 18th objection to the approval of the FFGA. This letter constitutes that withdrawal and will enable the LA MTA to meet contractual deadlines without incurring additional expense.

This does not change the fact that concerns remain regarding certain aspects of this project. Mr. Snoble advises me that the LA MTA will be able to adjust this project's cash flow needs, including a reduction to the first-year request to \$60 million, and perhaps even lower. With that in mind, plus thanks to an allocation adjustment by Appropriations Committee Chairman C.W. Bill Young, we can approve this project's advancement at this time, subject to the funding conditions that accompany all FFGAs.

Our progress on this project however has not changed the severe constraint of our overall budget. In addition, this does not change the concerns I outlined in my May 18th letter. The FTA's proposed funding levels included in the agency's fiscal year 2005 budget

MAY. 26. 2004 11:49AM
May-26-04 UC:10PM FROM-NO. 2564, IP. 2
T-64J P.002/00A .-070

request cannot be met. We will continue to review every funding proposal vigorously. We must also ensure that proposals such as New Starts program do not progress at a rate that outstrips our ability to fund them. FTA's cooperation is essential to succeed in these efforts. Demands for New Starts resources greatly exceed available funding, so we therefore must select only the best-justified and highest-priority projects, which also must have the best local funding support.

Of course, as I have stressed in previous correspondence with FTA, nothing in this letter should be construed as guaranteeing this project a specific sum for fiscal year 2005 or for any other year, nor as guaranteeing that the pace of annual appropriations for this project will match the pace currently desired. Specific amounts are subject to the annual decisions made each year in the appropriations cycle, including those made by future Congresses. This will be taken into account as the Subcommittee drafts the fiscal year 2005 appropriations bill.

Finally, I have not yet received the informational materials that I requested in my last letter, and I would appreciate it if you could have those materials ready as soon as possible.

Sincerely,



Ernest J. Istook, Jr.
Chairman
Subcommittee on Transportation, Treasury
and Independent Agencies Appropriations