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TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE

CHIEF EXECUTIVE OFFICER

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CHIEF PLANNING OFFICER

**SUBJECT: SUMMARY OF CTC-RELATED MEETINGS HELD
IN SAN DIEGO ON JULY 13-14, 2005**

ISSUE

Countywide Planning and Development staff participated in the regular monthly meetings of the California Transportation Commission (CTC), the Self-Help Counties Coalition (SHCC), and the Regional Transportation Planning Agencies (RTPA), which were held on July 13 and 14, 2005 in San Diego. The following summarizes the key topics and issues addressed at these meetings.

DISCUSSION

1. CALIFORNIA TRANSPORTATION COMMISSION

Draft 2006 STIP Fund Estimate: Over \$800 million at Risk for Los Angeles County

CTC/Caltrans staff presented the 2006 Draft State Transportation Improvement Program (STIP) Fund Estimate, highlighting the revenue and expenditure projections over the five-year period beginning in FY 2007 and ending in FY 2011. The main revenue items at risk included the disposition of Proposition 42 sales tax on gas funds, Tribal Gaming Bonds, state excise fuel tax revenues, commercial weight fees, and federal funds. While the Proposition 42 funds for 2006 will most likely be approved, the uncertainty surrounding the Proposition 42 revenue assumptions from fiscal year 2007 onwards, remain unclear due to the ongoing State General Fund deficit. For these reasons and those described below, at the request of the CTC, Caltrans developed a two-tiered funding estimate outlining the following possible programming capacity levels:

- Tier 1 would be a very conservative estimate that would provide an actual reduction in programming capacity of up to \$3.7 billion, with revenues consisting primarily of the state excise fuel tax, weight fees and federal revenues. None of the 2004 STIP in FY 2007 and beyond would be funded, resulting in an approximate risk to Los Angeles County of \$500 million.

- **Tier 2** would be a less conservative estimate based on existing law and ignoring the State General Fund deficit. Programming capacity would increase by up to \$5.7 billion, with approximately \$2.0 billion in new STIP programming capacity over the 2004 STIP program level. Most of the additional capacity would come from realizing Proposition 42 sales tax on gas transfers, Transportation Congestion Relief Fund (TCRF) Loan repayments and Transportation Deferred Investment Fund (TDIF) repayments. The approximate benefit to Los Angeles County would be \$300 million in programming authority for the Metro Board of Directors.

In total, Los Angeles County stands to lose up to \$500 million or gain up to \$300 million in the upcoming legislative processes surrounding the use of Proposition 42 sales tax on gas revenues. That is a total difference of \$800 million considered at risk, which Countywide Planning will closely monitor and report on impacts as developments occur.

The expenditure items included the Administrative, Maintenance and Operations cost for the State based on the most recent Budget Acts and adjusted for inflation. The State Highway Operation and Protection Plan (SHOPP) expenditures are based on *one-half* of the need identified in the recently enacted 10-Year SHOPP Plan. Local assistance expenditures equal the amount required to fund local assistance programs required by state or federal law or regulations.

After the revenues and expenditures are forecasted, the Fund Estimate places any remaining funds available in the STIP for capital improvement projects. The CTC approved the request by the CTC staff to delay the Fund Estimate approximately two months, highlighting the following outstanding funding assumptions issues affecting the estimate:

- Governor Schwarzenegger is still pursuing Tribal Gaming Compact funding for General Fund Loan Repayments to transportation (Assembly Bill 687);
- Congress has not yet reauthorized the Transportation Equity Act of the 21st Century (TEA-21) bill;
- Any new STIP capacity appears to be wholly dependent on Transportation Investment Fund (TIF) transfers and Public Transportation Account (PTA) spillover revenues which are less discretionary in law; and
- The funding plan for Toll Bridge Seismic Retrofit (AB 144) had not yet been approved (this was approved by the Governor on July 18, 2005).

CTC Approves \$72.8 million for Metro Rail Program

The CTC approved the STIP/AB 3090 reimbursement for the Metro Gold Line Eastside Light Rail Transit Extension (PPNO 07-3358). The \$43.6 million is the first of four equal annual repayments that will total \$174.4 million when completed in FY 2010. The CTC also approved \$29.2 million for the Light Rail Vehicle Acquisition Project (PPNO 07-3225) to be used to purchase light rail vehicles throughout the Metro light rail system. For the Eastside and Light Rail Car actions, the CTC stipulated that the payments be made from the Public Transportation Account and not from federal formula funds.

Traffic Congestion Relief Program Allocation Plan and Criteria (Resolution G-05)

The CTC has not allocated any Traffic Congestion Relief Program (TCRP) funds since November 2002. The Governor’s FY 2005-06 Budget proposal includes \$968 million for TCRP projects. The statewide funding available consists of \$678 million from Proposition 42 and \$290 million from Tribal Gaming bond proceeds. The CTC approved a set of criteria to prioritize the allocation of these limited FY 2005-06 TCRP funds for projects ready to proceed for construction. The following table outlines the priority consideration for funding the project categories.

<i>FY 2005-06 TCRP Allocation Need</i>	<i>In \$ Millions</i>	<i>In \$ Millions, Cumulative</i>
TCRP Existing Allocation Cash Reserve	86	86
TCRP Repayment-Approved AB 1335 Letters of No Prejudice	119	205
TCRP Match for STIP Programming	70	275
TCRP Construction ready in FY 2005-06	429	704
TCRP Pre-Construction Allocations	\$861	\$1,565

2006 STIP Allocation Plan Criteria

The CTC approved the 2005-06 STIP/SHOPP Allocation Plan and Criteria, which highlighted the uncertainty and risk involved in determining what the commission can allocate in FY 2005-06 and subsequent years. Most of the projects allocated in FY 2005-06 will expend their funds in FY 2006-07 and must consider expectations and risks for funding in FY 2006-07. The CTC amended sections of the STIP guidelines, including a new requirement for local agencies to award a contract within six months of the CTC allocating funds for construction or purchase of equipment (instead of the previous requirement of 12 months). The CTC may extend this six-month deadline at the request of the agency for extraordinary circumstances.

STIP Guidelines Transportation System Performance Measures

As part of the Governor’s “Go California” vision, the Business Transportation and Housing Agency developed a Performance Improvement Initiative designed to provide the State with a performance measurement tool for future transportation investments. The result has been the development of a set of Transportation System Performance Measures. These measures will be used to guide investment decisions on the following:

- State Highway Operations and Protection Plan (SHOPP);
- Inter-Regional Transportation Improvement Program (ITIP); and

- Regional Transportation Improvement Program (RTIP).

In addition, these measures will be used to inform and guide the long range planning programs of the State's highway and regional rail network.

While the RTPA presented their opposition to such measures, the CTC approved the draft amendment to include system performance measures for the 2006 STIP.

STIP Amendments

For their August 2005 CTC meeting, the CTC noticed Metro's request for \$21,979,000 in previously approved AB 3090 Replacement project funding (PPNOs 3554,3702 and 2705). The noticed programming will be in FY 2008-09 and be designated for Construction on the I-5 Widening Project (PPNO 2808). This revenue-neutral programming adjustment was put on the CTC's August 2005 consent calendar.

2. REGIONAL TRANSPORTATION PLANNING AGENCIES

The Regional Transportation Planning Agencies' (RPTAs) meeting focused on the 2006 STIP Guidelines and performance measures, with a majority of agencies represented being opposed to the system performance measures required by the CTC. The key reason for the objection was the differing levels of resources across the RTPAs to provide the CTC with the needed data. Metro took no position on this, as it is not expected to cause undue strain on our planning resources to perform these tasks. In addition, the RTPAs discussed the continuing issues described in the following summaries.

Obligation Authority

The Caltrans Local Programs representative announced that out of the \$1 billion in local Obligation Authority (OA) of federal funds available in Federal FY 2005, only 15% of \$1.0 billion or approximately \$150 million had been obligated so far. Due to these findings, the CTC acted at their meeting to only allocate half of the Local Assistance Congestion Mitigation and Air Quality (CMAQ) Program and Regional Surface Transportation Program (RSTP) funds) for FY 2005-06, pending the closing out of expenditures for FY 2004-05. Their decision was based on the fact that only 30% of projects have been delivered so far in the Federal FY 2005 ending on September 30.

Los Angeles County, in contrast, delivered almost 130% of its Federal FY 2004 target, and Countywide Planning is again seeking to exceed the Los Angeles County target in Federal FY 2005.

Rescue California

The Rescue California proposal is an effort sponsored by a collaboration of public and private transportation interests that seek to sustain reasonable mobility in California. The effort endeavors to pressure Sacramento into protecting transportation revenues and streamlining Caltrans' project delivery process. The Rescue California proponents discussed

the need to resolve perceived inequities between the rural and urban counties on the TCRP-earmarked projects.

Planning, Programming and Monitoring Funding

The CTC has been concerned in the past about allocating Planning, Programming and Monitoring (PPM) funds, given their inability to fully allocate freeway maintenance work in the SHOPP. The RTPAs heard a proposal to take PPM funds directly from the Highway Users Tax Account (HUTA) without a CTC allocation instead. The proposal uses the standard STIP formula to determine the amount available to each county. Rural RTPAs depend largely on state PPM funding, as it is the primary source of revenue used to finance their respective planning staffs in addressing state project development and delivery requirements. Countywide Planning also uses this funding source to address those same requirements for Los Angeles County.

3. SELF-HELP COUNTIES COALITION

Red Tape Implementation Committee

In April 2004, the Self-Help Counties Coalition (SHCC), in association with Caltrans, commissioned "Project Red Tape Attack." The initiative was to outline numerous inter-agency difficulties encountered between Caltrans and the counties during project planning, development, and construction. Implementation of the initiative was expected to generally explore observations of the problems and potential solutions around the State and places the findings into 20 discrete Problems, Issues and Recommendations falling into six categories: Communication and Cooperation, Making Solutions Available, The Key: Primacy of Project Management, Predictability and Stability, Internal Caltrans Issues, and Role of FHWA and Resource Agencies.

The Red Tape Implementation Committee, which includes various Caltrans staff and their district directors, and representatives from various agencies, requested that the SHCC members bring examples of the "red tape" problems that they have encountered while doing business with Caltrans. The committee is preparing the "Red Tape Implementation Committee Report" that will provide tangible solutions to the issues raised by the committee, including recognizing and rewarding red tape cutting by Caltrans staff and others.

"Rescue Transportation" Proposal

Another major effort that the Self-Help Counties Coalition is sponsoring is the "Rescue Transportation" Proposal. This effort considers a constitutional amendment on the November 2006 statewide ballot. The most recent version deletes the revenue-raising authority of the California Transportation Commission, having recognized the difficulty of creating such authority. Rescue Transportation seeks to address the following problems: diversion of transportation revenues; a cumbersome project delivery process; general inefficiencies; the increasing politicization of Caltrans; and the growth of travel demands and its negative effects on sustaining reasonable mobility in California.

NEXT STEPS

Countywide Planning and Development staff will continue to monitor and update the Board of Directors on the 2006 STIP Funding Estimate, and will continue to participate in the regular monthly meetings of the CTC, the SHCC, and the RTPAs.