



Metropolitan  
Transportation  
Authority

One Gateway Plaza  
Los Angeles, CA  
90012-2952

**SUBJECT: STATE LEGISLATION**

**ACTION: APPROVE STAFF RECOMMENDATION ON STATE  
LEGISLATION**

**RECOMMENDATION**

Staff recommends the MTA Board of Directors to consider the following state legislative bills:

- A. AB 629 (Oropeza) – AB 629 is a spot bill which makes declarative statements about the MTA relating to governance, responsibility, operational priorities, and traffic congestion in Los Angeles County. **NEUTRAL – WORK WITH AUTHOR**
- B. SB 651 (Margett) – SB 651 would make technical, nonsubstantive changes in statute relating to the structure of the Los Angeles County Metropolitan Transportation Authority Board. **NEUTRAL – WORK WITH AUTHOR**
- C. AB 630 (Oropeza) – AB 630 is a spot bill relating to the MTA calling on the agency to achieve optimal transport service for the movement of goods and people on a countywide basis. **NEUTRAL - WORK WITH AUTHOR**
- D. AB 974 (Calderon) – AB 974 is a reintroduced version of AB 2643 (2000), the Los Angeles County Municipal Operator sponsored legislation relating to the formula distribution of all bus operating funds. **OPPOSE**
- E. SB 618 (Margett) – SB 618 repeals the authority of Caltrans to rank soundwall projects. **WORK WITH AUTHOR**
- F. AB 1039 (Oropeza) – AB 1039 would remove the \$1 million cap in TDA funds that SCAG receives from the county transportation commissions. **OPPOSE**

**ISSUE**

Staff will be reviewing several transportation-related bills throughout the legislative session. The attached analyses identify six significant bills which staff believes the MTA Board of Directors should take positions.

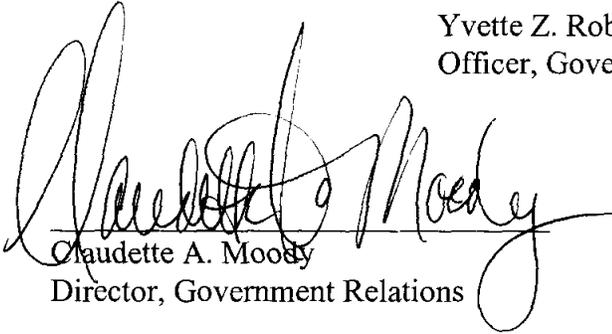
**ATTACHMENT**

Attachments A1-A6: Legislative Analyses

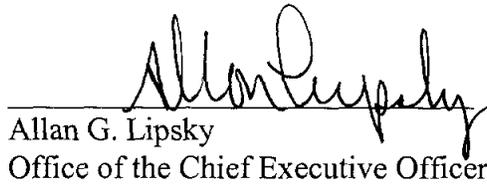
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**BILL:** AB 629

**AUTHOR:** ASSEMBLY MEMBER JENNY OROPEZA  
(D-LONG BEACH)

**SUBJECT:** MTA GOVERNANCE/ORGANIZATIONAL STRUCTURE

**STATUS:** PENDING COMMITTEE ASSIGNMENT

**ACTION:** NEUTRAL - WORK WITH AUTHOR

**RECOMMENDATION**

MTA staff recommends that the MTA Board of Directors adopt a neutral-work with author position on AB 629. Staff recommends that the Board communicate its concerns regarding the findings and declarations made in the bill.

**PROVISIONS**

Existing law creates the MTA and provides for governance, responsibilities and operational priorities. AB 629, as introduced by Assembly Member Jenny Oropeza, would make a number of findings in the State Legislature related to those elements and traffic congestion in Los Angeles County. There are two elements of the bill, however, that concern staff. AB 629 specifically states that:

- “The Los Angeles County Metropolitan Transportation Authority has experienced a number of problems in meeting its objective of improving efficiency and effectiveness of transportation services in the county, including the inability to successfully complete projects on time, the failure to effectively manage the court-ordered imposition of a rider limit, the perceived lack of accountability to its multiple and diverse constituencies, the lack of long range planning for future transportation needs on a countywide basis.”
- “There is a need to address issues of governance, organizational structure, and operational priorities with respect to the Los Angeles County Metropolitan Transportation Authority.”

These provisions are vastly overstated and for many of our projects and programs inaccurate.

**IMPACT ANALYSIS**

It is staff’s understanding that AB 629 is a “spot bill,” or placeholder legislation for more substantive provisions. It is one of four MTA-related bills introduced by Assembly Member Jenny Oropeza. Although it is a spot bill and subject to amendment, staff recommends that the Board object to the findings declared in this bill. Staff has been advised by the Member’s office that she is considering legislation specific to the MTA, but is indecisive about its direction.

Under the leadership of Julian Burke, Chief Executive Officer and the MTA Board of Directors, the MTA has improved its efficiency and effectiveness. In the last three years, the MTA has:

- Operated with prudent fiscal management.
- Successfully extended the Metro Red Line to North Hollywood on time and on budget.
- Continued to expand the platforms due to the ridership success the agency has had with the Metro Blue Line, which are scheduled to be completed this summer.
- Expedited efforts on three corridor projects that were previously suspended.
- Successfully piloted the Metro Rapid Bus service, which is attracting new public transportation patrons in large numbers, over 1000,000 a day half of which are new transit riders.
- Experienced increased growth in ridership on the MTA rail system.
- Added 680 new buses to its fleet this fiscal year, with an additional 500 more expected later this year, half of the fleet is now comprised of new clean fuel buses.

Governance of the MTA has improved significantly. In recent years the Board has worked well together and been successful in addressing the mission of the agency. The existing structure of the MTA Board, as created by AB 152 (1992), was a delicately balanced compromise to ensure the best representation of all interests within Los Angeles County. Since the day the MTA was created, numerous proposals have been presented to change the structure of the Board. None, however, have been able to capture the representative balance that exists with the current board structure.

AB 629 includes language stating that the MTA has failed to manage a “court-order imposition of a rider limit.” The consent decree is not a court order, but rather an agreement between the MTA and the plaintiffs. All of the statistical measures show that the MTA is effectively meeting the ridership targets.

The MTA also continues to work with its varied partners and constituencies to make more efficient use of scarce transportation dollars, to make transportation decisions more accountable to the public and to provide for coordinated and integrated planning for Los Angeles county’s future transportation needs through its current update of the Long Range Transportation Plan.

It is important to note that Assembly Member Jenny Oropeza also chairs the Select Committee on the MTA. She is unclear on what direction the Select Committee will take, however, she has decided to pursue a series of public hearings.

Although Assembly Member Oropeza is contemplating future legislation, staff believes it is important to express our concerns to the findings and declarations made in this bill.

**BILL: SB 651**

**AUTHOR: SENATOR BOB MARGETT  
(R-MONROVIA)**

**SUBJECT: MTA BOARD STRUCTURE**

**STATUS: PENDING COMMITTEE ASSIGNMENT**

**ACTION: NEUTRAL - WORK WITH AUTHOR**

**RECOMMENDATION**

MTA staff recommends the MTA Board of Directors adopt a neutral, work with author position on SB 651.

**PROVISIONS**

SB 651 as introduced by Senator Margett would make technical, nonsubstantive changes in the Los Angeles County Metropolitan Transportation Authority 14-member Board.

**IMPACT ANALYSIS**

It is staff's understanding that SB 651 is a "spot" bill. Over the seven-year life of the MTA, there have been numerous bills relating to board composition. The existing structure of the MTA Board, as created by AB 152 (1992), was a delicately balanced compromise to ensure the best representation of all interests within Los Angeles County. Since the day the MTA was created, numerous proposals have been presented to change the structure of the Board. None, however, have been able to capture the representative balance that exists with the current board structure.

Staff will continue to monitor this legislation and will work with the author to dissuade him from pursuing Board composition legislation at this point in time.

**BILL: AB 630**

**AUTHOR: ASSEMBLY MEMBER JENNY OROPEZA  
(D-LONG BEACH)**

**SUBJECT: MTA GOALS AND OBJECTIVES**

**STATUS: PENDING COMMITTEE ASSIGNMENT**

**ACTION: NEUTRAL-WORK WITH AUTHOR**

**RECOMMENDATION**

MTA staff recommends the MTA Board of Directors adopt a neutral-work with author position on AB 630.

**PROVISIONS**

Existing law creates the MTA and outlines its roles and responsibilities. AB 630, as introduced by Assembly Member Jenny Oropeza, would make a minor change in current law by requesting that the agency achieve optimal transport service for the movement of goods and people on a countywide basis.

**IMPACT ANALYSIS**

It is staff's understanding that AB 630 is a "spot bill," or placeholder legislation for potentially more substantive provisions. It is one of four MTA-related bills introduced by Assembly Member Jenny Oropeza. Staff has been advised by the Member's office that she is considering legislation specific to the MTA, but is indecisive about its direction. Because it is a spot bill and the author is unclear of its direction, staff recommends that the Board adopt a neutral work with author position on AB 630.

It is important to note that Assembly Member Jenny Oropeza also Chairs the Select Committee on the MTA. At the present time she is unclear on what direction the Select Committee will take, however, she has decided to pursue a series of public hearings.

**BILL:** AB 974

**AUTHOR:** ASSEMBLYMEMBER THOMAS CALDERON  
(D-MONTEBELLO)

**SUBJECT:** MUNICIPAL OPERATOR FUNDING

**STATUS:** PENDING ASSIGNMENT TO COMMITTEE

**ACTION:** OPPOSE

### **RECOMMENDATION**

Staff recommends that the MTA Board of Directors oppose AB 974. This measure inserts the state into the local decision-making process relating to the allocation of new or newly identified transit operating funds.

### **PROVISIONS**

- AB 974 is a reintroduced version of AB 2643 (2000), the Los Angeles County Municipal Operator sponsored legislation which attempted to mandate the formula distribution of all bus operating funds.
- AB 974 includes language from last year's AB 2643 adding the following to several sections of the statute: *for every dollar budgeted, allocated or expended by the authority for authority bus operating purposes, the included municipal operators in existence and receiving formula allocation program funding on July 1, 1996, shall receive at a minimum a proportional share...*
- AB 974 includes similar language to the above relating to capital bus purposes.
- AB 974 also includes language from AB 2643 stating that it is the legislature's intent that *the MTA recognize its responsibility to fund the operating and capital needs of the included and eligible municipal operators that provide bus service within Los Angeles County and not attempt to deviate from this intent through changing or eliminating funding sources that are budgeted, allocated or expended for bus purposes.*

### **IMPACT ANALYSIS**

Last year, AB 2643 failed to be passed out of the Senate Appropriations Committee. The committee was concerned that significant fiscal impacts would result from the legislation. These issues were not resolved last year resulting in the bill's failure to be passed by the committee.

Additionally, in an attempt to resolve this matter MTA's Executive Management held extensive discussions with the municipal operators last year both prior to and after the failure of the earlier bill. In order to bring this matter to some resolution, the MTA and municipal operators have agreed to pursue declarative relief through the judicial process. This process will allow the judiciary to interpret and clarify the existing statute and not require the intrusion of the state into a local matter.

Despite agreeing to pursue this option, the municipal operators have again introduced legislation which would appear to circumvent the process of declarative relief and threaten that process with the imposition of legislation.

As with AB 2643 (2000), AB 974 would negatively impact the MTA's discretionary funding decisions in the present and far into the future. Last year the MTA drafted amendments specifying that the funding source in question is Proposition C 40 percent discretionary funds. It is that funding source that municipal operators have emphasized in testimony to the board. It is clear, however, through their proposed legislation and in discussions at the Bus Operators Subcommittee (BOS) meetings that the municipal operators are seeking a proportional share of any funds identified and/or eligible for use by the MTA for bus operating and capital purposes.

The latter point relating to the potential impact on eligible bus operating and capital funds, whether or not the MTA uses the funds for those purposes, is a significant one. This apparent effort to capture funds which are now or could be eligible for bus operations and capital needs is a departure from previous testimony by the municipal operators. As noted, if this bill becomes statute the MTA could not "deviate" from the intent of the legislation for any funding "available" for use on bus purposes.

The municipal operators have characterized AB 2643 and AB 974 as simply "clean-up" legislation to current statute. Current law principally concerns funds which have historically been allocated by formula to the municipal operators. AB 974 would significantly amend current law to impact current and future funding. AB 974 would provide that any funds received, generated, identified, or that *could be available* for use by the MTA for bus or capital purposes, not exclusively identified for the MTA at the state or federal level, would need to be proportionately shared with the municipal operators, irrespective of need. The potential impact of this measure to MTA operations and capital procurement could total over \$250 million over a four-year period. This figure takes into account what is currently allocated for MTA bus operations and capital purposes and any potential new funding sources, such as defeased lease revenues.

Another issue which has arisen, and remains unresolved, is whether or not federal regulations allow federal funding to be sub-allocated by formula. The Federal Transit Administration (FTA) has previously expressed concerns that any allocation of federal funding, such as CMAQ, "should be based on demonstrated needs and system performance, not on everyone getting a certain percentage of the funding."

As with the earlier bill, the fundamental problems remain with AB 974. Further, since MTA and municipal operators are seeking a solution without the need for state intervention, staff recommends that the MTA Board of Directors oppose AB 974.

**BILL: SB 618**

**AUTHOR: SENATOR BOB MARGETT  
(R-MONROVIA)**

**SUBJECT: SOUNDWALL FUNDING**

**STATUS: PENDING ASSIGNMENT TO COMMITTEE**

**POSITION: WORK WITH AUTHOR**

### **RECOMMENDATION**

Staff recommends the Board of Directors direct staff to work with author on amendments to this measure. If staff at the author's office is unable to reach agreement, MTA staff will return to the Board with a recommendation to oppose unless amended.

### **PROVISIONS**

Existing law provides for the ranking of soundwall projects by Caltrans. Existing law also provides for these soundwall projects to be expedited when a local agency agrees to provide 33% of the project's estimated cost. SB 18 would repeal both of these provisions.

Existing law also outlines the funding priorities for the State Highway Account. The California Transportation Commission (CTC) recently modified those priorities by allocating funds for the 1989 Retrofit Soundwall list. SB 618 would put the CTC action into statute, thereby, making the CTC action state law.

### **IMPACT ANALYSIS**

Senator Margett has introduced SB 618 in an attempt to address the overall soundwall program at the State level. Senator Margett has expressed a willingness to work with the MTA to develop legislation which would assist in the delivery of soundwall projects.

The provisions of SB 618 are of some concern because they remove the proven methodology used to rank soundwall projects, the responsibility to rank soundwall projects from Caltrans and remove the opportunity to expedite projects. The effect of this is that the MTA would have to assume the responsibility of this extremely sensitive technical process.

Additionally, SB 618 puts the CTC action into state law. This may not be warranted as the Administration has fully cooperated in the implementation of the commission's action to fund the May 1989 Retrofit Soundwall List. SB 618 may be more useful if it was amended in a manner which would expedite the funding of both the May 1989 and Post 1989 Retrofit Soundwall Lists.

**BACKGROUND**

In 1999 the MTA was successful in working with the Davis Administration and the CTC in funding the 1989 Retrofit Soundwall List. In that action the CTC agreed to provide funding for the 1989 Retrofit Soundwall List. Since that time, the MTA has been working with Caltrans in implementation of the 1989 list as well as the Post 1989 list. While the MTA and Caltrans are moving forward on the implementation of the 1989 list, issues still remain with the timely completion of that list.

Since receiving the responsibility for programming and funding of the Post 1989 Retrofit Projects, MTA has committed \$107.9 million through 2007 to deliver soundwalls along freeway segments where HOV Lanes were constructed without the warranted soundwalls. The remaining Post 1989 Retrofit Soundwall Projects are being addressed through the MTA's Long Range Transportation Plan and the primary issue with completion of this list is the availability of funds. Staff has worked with Caltrans to reduce this list from an earlier estimate of over \$1 billion to approximately \$815 million by incorporating soundwall projects into other, future Caltrans highway projects.

It should be noted that while the cost of constructing the walls will ultimately be incorporated into the cost of future projects, the cost of the soundwalls themselves would be reduced by this action. Under this scenario, the MTA would still hold the responsibility to identify funding for the soundwalls which would now be incorporated into overall project costs. That cost must still be borne by resources available for other Los Angeles County highway projects. Essentially, Los Angeles County's transportation system will have less funds available because Caltrans has not constructed soundwalls as required.

Amendments could be developed to expedite delivery of the May 1989 List and provide funds for the Post 1989 List. For example, in many cases, certain portions of the soundwall implementation process could be expedited by allowing for portions of the work to be contracted by the MTA. The recently enacted Proposition 35 allows private engineers to conduct work on the state highway system and SB 618 could be amended to allow the MTA to conduct such work.

Staff, therefore, recommends that the MTA Board of Directors work with author on SB 618 to develop amendments addressing the May 1989 and Post 1989 lists as discussed.

**BILL:** AB 1039

**AUTHOR:** ASSEMBLYMEMBER JENNY OROPEZA  
(D-WILMINGTON)

**SUBJECT:** SCAG FUNDING

**STATUS:** PENDING COMMITTEE ASSIGNMENT

**ACTION:** OPPOSE

### **RECOMMENDATION**

MTA staff recommends the Board of Directors oppose AB 1039.

### **PROVISIONS**

Existing law allocates  $\frac{1}{4}$  cent of the state sales tax to counties, through the Transportation Development Act (TDA). Under TDA statutes, the Southern California Association of Governments (SCAG) is entitled to receive up to  $\frac{3}{4}$  of 1% of the annual revenues allocated to the County Transportation Commissions (CTC) in its jurisdiction. The total amount that SCAG can receive is capped at \$1 million. AB 1039 would remove the \$1 million cap.

### **IMPACT ANALYSIS**

Under the Transportation Development Act the MTA, as the county transportation commission, receives the  $\frac{1}{4}$  cent portion of the state sales tax. TDA funds are used by the MTA and allocated to municipal operators, paratransit services and for bicycle and pedestrian facilities throughout the county. The MTA then forwards to SCAG the portion of those funds required under existing law, as do all of the CTC's in SCAG's region with the exception of Ventura County. That amount is currently capped at \$1 million.

Each county contributes a population based pro-rata share of the \$1 million with the MTA's share amounting to \$627,000 in FY 2000. If the cap were removed, MTA staff estimates the total amount for SCAG would triple to \$3.0 million annually of which the MTA would pay about \$1.9 million each year. This action would directly reduce the availability of operating, bicycle and pedestrian improvement funds not only for the MTA but also for all transit operators and cities in Los Angeles County. These funds would then be provided to SCAG for use on personnel costs and studies rather than direct transit service, bicycle and pedestrian improvements countywide.

TDA funds are an important funding source for MTA operations. Those services for which the MTA allocates funds have grown with the opening of the Metro Red Line to North Hollywood, bus service added pursuant to the Consent Decree, as well as the start of Rapid Bus service. The

MTA will continue to expand its operating responsibilities as the agency anticipates future expansions of the Rapid Bus program, continued service expansion due to the Consent Decree, the start of service on the Pasadena Blue Line, and the completion of the projects in East Los Angeles, the San Fernando Valley and Mid-City/Exposition corridors. All of these new services will place demands on TDA funds.

AB 1039 is sponsored by SCAG. SCAG maintains that the agency has been more successful in obtaining federal grants requiring a local match. SCAG further maintains that there has been growth in TDA funds and that the cap prevents them from benefiting from that growth and providing the local match for federal grants.

The MTA recognizes that as the California economy has improved, TDA revenues have increased. As previously noted, the service for which the MTA allocates TDA funds has also increased. Current estimates from the State Department of Finance and the State Legislative Analyst's Office have cautioned that the growth in state revenues needs to be handled cautiously as the state of the economy may be changing.

Maintaining the TDA cap would not preclude SCAG from pursuing funding for worthwhile projects through other funding sources. The MTA has in fact contributed funds above and beyond the cap, to studies that are more typical for SCAG to perform. The MTA along with SCAG, Caltrans and local municipalities are funding studies of the I-101 and I-710 corridors. Staff suggests that these studies are models for the MTA and SCAG to work together in addressing the county's transportation needs. Staff also suggests that other fund sources are available to SCAG which would not impact transit services.

Staff, therefore, recommends that the MTA Board of Directors oppose AB 1039.