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FROM: Steve Lantz, SBCCOG Transportation Consultant

RE: SBCCOG Transportation Update – July 2013

Federal Update:

Congressional Committees Approve Transportation Appropriation Levels

The appropriations committees in both chambers of Congress passed transportation appropriation bills on June 27th that initiate Congressional funding debates for transportation, housing and urban development programs in fiscal year 2014.

The Senate committee's proposal increases the current appropriations level, includes \$550 million for TIGER grants, and creates a new \$500 million "Bridges in Critical Condition" rehabilitation program. The "BRICC" program would introduce a new dedicated program outside the "simplified" MAP 21 federal funding formulae and would be awarded on a competitive basis by U.S. DOT.

The House bill would eliminate both TIGER and high-speed rail funding (as have all House-passed budgets in recent memory), cut Amtrak's subsidy by a third, and eliminate federal sustainability grants. FTA would receive nearly \$2 billion, which is \$329.7 million below last year's level. New Starts funding is cut only about 2%, while "Small Starts and "all current Full Funding Grant Agreement projects are fully funded. FRA would receive \$1.16 billion, which is \$468 million (40%) below last year. Rail safety programs are fully funded.

In total, the two versions of the Transportation, Housing and Urban Development appropriation bills are more than \$10 billion apart, with the Senate Committee proposing \$54 billion and the House Committee proposing \$44 billion, a cut of \$7 billion from last year and more than \$4 billion lower than the current sequester level. Both bills are significantly lower than President Obama's \$60 billion request.

With such divergent bills from both chambers, the next step in the appropriations process will have the bills considered on chamber floors. Ultimately, Congress will need to reconcile funding levels. As in previous years, the gap raises the potential for continuing resolutions that would keep all three programs at the current year sequestered spending levels.

Anthony Foxx Confirmed by Senate as next Secretary of Transportation

The U.S. Senate confirmed Charlotte Mayor Anthony Foxx as the next Secretary of Transportation on June 28th by a vote of 100-0. How often do you see all 100 Senators agree on anything?

\$750 Billion Infrastructure Bank Bill Endorsed by 30 House Members

A bipartisan group of more than 30 House members is advocating for a national infrastructure bank to pay for road and transit projects (H.R. 2084, described in the June 2013 Transportation Update). In a "Dear Colleague" letter released on June 27th, the group of 15 Republicans and 15 Democrats pressed for a national transportation fund created to attract private investment into a national infrastructure bank with minimal federal spending.

Sacramento Update:

Governor Brown Signs FY 14 State Budget; Diverts Cap and Trade Funds

Governor Jerry Brown signed a state spending plan for the coming fiscal year on June 27th, three days before the beginning of the state's fiscal year. The budget that begins July 1 provides \$96 billion in general fund expenditures and a \$1.1 billion General Fund reserve in addition to special funds and bonds. The new budget adds billions of dollars to K-12 schools and begins to restore social service programs that were cut during the recession. It also expands Medicaid to an additional 1.4 million low-income Californians, adopting an optional provision of the federal Affordable Care Act.

Lost in all the hoopla over the expanded expenditure plan is the FY13-14 \$20 billion Transportation Agency budget that pays for Caltrans, Department of Motor Vehicles, California Highway Patrol, the High Speed Rail Authority, and several smaller agencies and commissions. The state transportation budget is the state's third largest budget category behind Health and Human Services (at \$46 billion), K-12 education (at \$40 billion), and ahead of Higher Education (at \$11.4 billion) and Corrections /Rehabilitation (at \$11.2 billion). The Transportation Agency budget is funded using \$19.9 billion in special taxes, fees and federal grants and \$83.4 million from the State General Fund.

For the first time, the state-wide budget includes revenues from the Cap and Trade Account of the Greenhouse Gas Reduction Fund. However, because the governor believes the expenditure plan for the Cap and Trade account is not yet ready, the Fund has lent the General Fund \$500 million "to be repaid without interest immediately when needed to meet the needs of the (Cap and Trade) fund."

Another interesting budget morsel: the two-year impact of Federal Sequestration on the State's General Fund through FY12-13 and FY 13-14 is projected to be \$65 million.

SCA 4 Wending through State Senate

The 2013 State Constitutional Amendment 4 would reduce the majority needed to pass a local transportation sales tax from more than two thirds to more than 55%. The bill continued to quietly wend its way through the State Senate. The bill is set for Senate hearing on July 9th.

SCA 4 also would prohibit a local government from expending any revenues derived from a special transportation tax approved by 55% of the voters at any time prior to the completion of a

statutorily identified capital project funded by revenues derived from another special tax of the same local government that was approved by a 2/3 vote. The bill will require a 2/3 majority vote in both the Senate and Assembly.

Southern California Update:

Metro Board Approves Crenshaw-LAX Design / Build Contract

The Metro Board on June 27th awarded the design / build contract for the \$2.06 billion Crenshaw / LAX Transit Corridor project to Walsh Construction and J. F. Shea Company. The action and several other related items and motions that protect South Bay sub-regional transportation funds from being cannibalized if there are future funding shortfalls are summarized at the end of this update.

SBCCOG Wins Bifurcation of Metro Transit and Highway Measure R Funding Acceleration Proposals and Funding Protections

The SBCCOG Board proposals to bifurcate highway and transit funding acceleration and to protect sub-regional transportation funds were approved by the Metro Board on June 27th. A summary of the complex array of Metro's protective actions appears at the end of this Transportation Update.

Metro Approves Study of New Route to Connect Crenshaw – LAX Transit Corridor with People Mover at LAX

Nearly lost in the chaos of Metro Board Actions at its June 27th meeting, was a Board item #73 that approved up to \$600,000 to study another option for bringing airport travelers on the Crenshaw Line closer to LAX. Rather than having riders transfer at the location of the currently planned transfer station at Aviation and Century, the new alternative would connect the Crenshaw Line and the automated people mover at a new Intermodal Transportation Facility (ITF). The ITF was proposed in the LAX Specific Plan Amendment Study to be located near Lot C along 96th Street approximately 1/2-mile from the terminal horseshoe.

Metro Kills Congestion Mitigation Fee, Seeks to Alter State Congestion Management Program

The Los Angeles County Metropolitan Transportation Authority on June 27th killed a controversial plan to impose fees on developers to pay for transportation projects. The agency's board voted instead to direct staff to work with state legislators to seek alternatives to the state-mandated Congestion Management Program. The board had been set to approve the congestion fees in May, but opposition from developers and business groups organized by the Los Angeles County Business Federation, or BizFed, forced the agency first to postpone consideration until last week and then ultimately to kill the plan.

Another Mile Opens on I-405 Northbound Carpool Lane

Another one-mile section of new freeway lane on the I-405 between Santa Monica Boulevard and Wilshire Boulevard opened on June 18th, making good on a Metro/Caltrans promise to continue opening sections as soon as they're ready for public use. This latest lane opening now officially extends the new lane nearly three (3) miles – one-third of the overall 10-mile freeway

widening project. The lane closest to the freeway median will continue to operate as a general purpose lane until the contractor can later convert it to an HOV lane.

Metro Begins to Require TAP Cards to pass through Metro Rail Fare Gates

Starting June 19th, you need to pay your Metro fare using a TAP card to open Metro Rail turnstiles at Los Angeles Union Station and at a growing number of subway and light rail stations over the next nine months. Fare gates at entrances to the Red and Purple lines will be locked over the next few months. Light rail stations on the Gold Line and on the Green Line will start locking their gates by the end this year and Blue Line will start doing so in early 2014.

Once latched, gates will only open with a TAP card with valid fare (single ride, pass or transfer from another system) or a TAP-compatible Metrolink pass/ticket. Riders that do not have a TAP card can purchase one for \$1 for the card plus a fare product (such as stored value, one ride, day pass, 7 day pass and 30 day pass). TAP vending machines are located near the entrances of all stations.

Previously, the subway had an honor system which relied on fare inspectors to issue citations to scofflaws. During the testing of the locked gates, the agency found it had fewer riders but more revenue. Metro expects the new system will result in about \$7 million more in annual revenue.

New Shuttle Serves Riviera Village, Terranea Resort and Crown Plaza Hotel

A new Terranea Resort/Riviera Village free shuttle service began service on June 29th between Terranea Resort in Rancho Palos Verdes and Riviera Village in South Redondo Beach. A shuttle between Riviera Village and the Crowne Plaza Hotel on Harbor Drive began as well. The shuttle costs are being shared between the Riviera Village Business Improvement District and participating hotels and resorts.

To start, the shuttle will run four times a day: morning, afternoon, evening and late night. The schedule will adjust according to demand. The Riviera Village shuttle stop is located at the intersection of Catalina Avenue and Vista del Mar in front of the Soil Gardening kiosk. The city recently refurbished the location with new hardscape, landscaping and two mature palm trees. Benches, waste receptacles and signage are forthcoming.

L.A. Councilman LaBonge wants Harbor Freeway to San Pedro Freeway

Los Angeles Councilman Tom LaBonge announced on June 16th he believes has the name of the Harbor Freeway should be changed to the San Pedro Freeway. "Almost every freeway is named after a city," LaBonge said. "There's the Santa Monica Freeway, San Diego Freeway, San Bernardino. Only the Harbor Freeway has no city." LaBonge said he is studying what steps are needed to implement a name change, adding that he recognizes it goes against the grain these days of identifying all the freeways by numbers instead of names. "That's an East Coast thing," LaBonge said. "All their freeways and highways have numbers. I'm a West Coast guy. I like the names."

Metro Approves and Accelerates Key Projects and Protects South Bay Sub-Regional Funding

The Metro Board of Directors, at its June 27, 2013 meeting, approved five key items with provisions that will benefit the South Bay. The South Bay cities and chambers worked with the South Bay Cities Council of Governments and its key Metro Board members to achieve significant changes in the initial Metro staff proposals through a combination of resolutions, letters, media stories, and Board Motions. The Metro Board acted to:

Award the Crenshaw / LAX Transit Corridor Design-Build Contract

Use Unobligated funds to cover regional project funding shortfalls – Rather than cannibalize funding from Sub-Regional Equity projects, including more than \$94 million from the South Bay Highway Program and LAX-Metro Connector projects to help fund a \$160 million budget shortfall on the Crenshaw project, the Board approved using \$381 million in unobligated Proposition C 25% funds and authorized, if necessary, issuing bonds secured by these funds to cover the shortfall for the Crenshaw project and several other current Metro projects around the county with shortfalls .

Accelerate key Measure R Projects – The Metro Board approved an Amendment to the Measure R Ordinance and Expenditure Plan to advance “Funds Available Beginning” dates for transit corridor projects to potentially construct the Green Line South extension to South Bay Galleria by 2020 rather than 2035 and to construct the LAX-Metro Connector project by 2020 rather than 2027. The approval of the Amendment is only the first step of a complex plan that requires federal grants and loans before the countywide acceleration of Measure R, Proposition A and Proposition C funding will be committed.

Allow highway projects to “opt out” of acceleration – South Bay cities expressed strong concern over their ability to deliver 30 years of highway projects by 2023. The Metro Board action protects the \$1.5 billion commitment to South Bay Ramp and Interchange Improvements made by the Board to the South Bay following voter approval of Measure R in 2008. The original \$906 million Measure R commitment (in 2008 dollars) is projected to escalate to \$1.512 billion over the 30-year-life of Measure R.

Retain Contingency Funding in the Measure R Highway Program – The Board also approved retaining the Highway Subfund contingency line item balance. The South Bay Highway Program could claim up to 17% share of the Highway Program Contingency line item, if needed.

Allow Contingency to be included in Subfund Transfers – Measure R allows funds to be transferred between the Highway and Transit Subfunds once a decade beginning in 2019. This would allow the South Bay to use its highway funds on transit projects, and vice versa. If a transfer is approved, the proportionate share of Subfund Contingency funding would also be transferred.

Protect Sub-Regions from future Proposition C 25% funding and borrowing – The Board approved the following provision that provides protection for the South Bay Highway Program’s Proposition C 25% funding - “Proposition C 25% funding or borrowing (shall) be planned in a manner that does not impact the schedule and scope of work funded in the LRTP in... the South Bay.”