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U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL TRANSIT ADMINISTRATION
FEDERAL HIGHWAY ADMINISTRATION
METROPOLITAN OFFICE
201 N. Figueroa Street, Suite 1460
Los Angeles, California 90012
213-202-3950

April 6, 1998

IN REPLY REFER TO

HSC-CA
Document # 125

Mr. Mark Pisano, Executive Director
Southern California Association of Governments
818 W. 7th Street, 12th Floor
Los Angeles CA 90017-3435

Mr. Julian Burke, Interim CEO
Metropolitan Transportation Authority
One Gateway Plaza
Los Angeles CA 90012-2932

Attention: Mr. Arnie Sherwood

Attention: Carol Inge

Dear Mr. Pisano and Mr. Burke :

SUBJECT: SUBALLOCATION OF FEDERAL FUNDS BY LACMTA

It has come to our attention that the Los Angeles County Metropolitan Transportation Authority (LACMTA) is pursuing language in state bill AB 1759 (Runner) that would suballocate STIP Regional Choice funds on a formula basis to balance regional and subregional needs. Federal Metropolitan and Statewide planning regulations specifically prohibit distributing ISTEA funds (STP, CMAQ, Section 5307, etc) to local jurisdictions based on a formula. The planning process should be based on demonstrated needs and system performance, not on everyone getting a certain percentage of the funding.

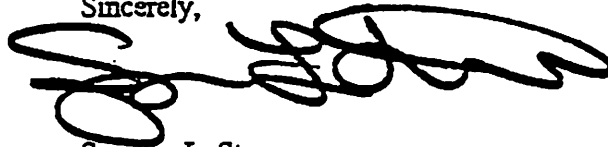
Federal Statewide and Metropolitan Planning rule specifically states:

"Procedures or agreements that distribute suballocated Surface Transportation Program or section 9 [now called section 5307] funds to individual jurisdictions or modes within the metropolitan area by predetermined percentages or formulas are inconsistent with the legislative provisions that require MPOs in cooperation with the State and transit operators to develop a prioritized and financially constrained TIP and shall not be used unless they can be clearly shown to be based on considerations required to be addressed as part of the planning process." [23 CFR §450.324(1)]

We will be happy to assist SCAG and LACMTA in ensuring that the regional project selection criteria is consistent with all necessary rules and regulations. If you have any questions

pertaining to this or any other Federal planning regulations, please do not hesitate to contact Spencer Stevens of the LA Metropolitan Office at (213) 202-3954.

Sincerely,

A handwritten signature in black ink, appearing to read 'Spencer L. Stevens', written over a horizontal line.

Spencer L. Stevens
Transportation Planning Engineer

cc:

FHWA:

Dennis Scovill, CA Division
Bob O'Loughlin FHWA Region IX

FTA:

Erv Poka, Metro office
Bob Horn, FTA Region IX

Caltrans:

Zahi Faranesh : District 7 LA
Tremain Downey : HQ Sacramento

BILL NUMBER: AB 1759 AMENDED
BILL TEXT

AMENDED IN ASSEMBLY APRIL 27, 1998
AMENDED IN ASSEMBLY APRIL 15, 1998
AMENDED IN ASSEMBLY APRIL 13, 1998

INTRODUCED BY Assembly Member Runner

FEBRUARY 4, 1998

An act add Section 14528 to the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1759, as amended, Runner. Transportation: funding.

(1) Existing law requires regional transportation planning agencies and county transportation commissions to adopt and submit to the California Transportation Commission and the Department of Transportation, not later than March 1, 1998, and December 15 of each odd-numbered year thereafter, a 4-year regional transportation improvement program, as specified. Existing law prescribes procedures for implementing that requirement.

This bill would require that prior to the preparation and adoption of the 2000 State Transportation Improvement Program, a regional transportation planning agency or a county transportation commission in a county with over 8,000,000 persons review and revise the process, as specified, by which it allocates funds for regional improvement programs identified by the California Transportation Commission. The bill would require the Los Angeles County Metropolitan Transportation Authority by March 31, 1999, to develop an allocation process that includes the revised process and identifies a percentage of funds available for subregional transportation policy decisions for each cycle of the state transportation improvement program. The bill would require the percentage of funds identified for subregional transportation policy decisions be less than 10% and not more than 25% of the available state funds. *The bill would require the chair of the authority to appoint authority members to assist the authority's staff in developing the process.* Because the bill would thereby impose additional duties upon those entities of local government, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: **majority**. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 14528 is added to the Government Code, to read:

14528. (a) For the State Transportation Improvement Program, a regional transportation planning agency or a county transportation commission in a county with over 8,000,000 persons shall review and revise the process by which it allocates the funds identified for regional improvement programs under subdivision (b) of Section 14525 of the Government Code and shall adopt changes to this process prior to the preparation and adoption of the 2000 State Transportation Improvement Program, consistent with the following principles:

(1) Ensuring a balance between regional and subregional needs.

(2) Ensuring an equitable distribution of funds among subregional areas over time.

(3) Maintaining the region's ability to fund major projects located in one or more subregional areas that significantly contribute to the region's mobility needs.

(4) Providing greater participation in funding decisions by the localities that comprise subregional areas.

(5) Balancing the need for transportation improvements in the most densely populated areas in the region with the transportation needs of more distant and geographically separated areas.

(6) Ensuring that all of the requirements for the use of state transportation improvement program regional choice funds are met.

(b) By March 31, 1999, the Los Angeles County Metropolitan Transportation Authority shall develop an allocation process that includes the revised process required in subdivision (a) and the identification of a percentage of funds available for subregional transportation policy decisions for each cycle of the state transportation improvement program. The percentage of funds identified for subregional transportation policy decisions for each cycle of the state transportation improvement program shall not be less than 10 percent nor more than 25 percent of the available state funds.

For the purposes of developing the allocation process described in this subdivision, the chair of the Los Angeles County Metropolitan Transportation Authority shall appoint three or four authority members to assist the authority's staff in developing that process.

SEC. 2. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.