



Board Report

File #: 2015-1358, **File Type:** Informational Report

Agenda Number: 57.

EXECUTIVE MANAGEMENT COMMITTEE SEPTEMBER 17, 2015

SUBJECT: STATE AND FEDERAL LEGISLATIVE REMARKS

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE status report on **State and Federal Legislative Remarks**.

DISCUSSION

This report was prepared on September 3, 2015 and will be updated with more current information at the Executive Management Committee meeting.

Special Session Continues to Consider Proposed Transportation-Related Measures*

Debates on the transportation funding proposals continue in the first extraordinary session of the State Legislature. Pursuant to Board direction, staff has continued to advocate that transit state of good repair needs be addressed in the special session and to advocate for authority for Metro to pursue public private partnerships.

Earlier this month a coalition of legislators (State Senators Jerry Hill and Ben Allen and Assemblymembers Adrin Nazarian, David Chiu, and Richard Bloom), transit stakeholders, unions, and environment advocates to urge passage of two bills (SBX17 & SBX18) that combined would provide over \$600 million annually for critically needed public transit funding in California. The State Senate Transportation and Infrastructure Development Committee voted to approve SBX17 - Diesel Sales Tax Increase & SBX18 - Cap and Trade Adjustment. The coalition urged the State Assembly to also consider similar measures before that body: ABX17 - Cap and Trade Adjustment & ABX18 - Diesel Sales Tax Measure. In addition, Assembly Member Nazarian introduced AB 1X 12 which would authorize Metro to pursue public private partnerships on the state highway system.

The Legislature is scheduled to finish this year's session on Friday, September 11, 2015.

Metro's Orange Line Improvement Legislation Moves Forward *

AB 726 (Nazarian) is Metro's sponsored bill which would authorize us to operate up to 82 feet buses on the Metro Orange Line route in Los Angeles County. AB 726 is now at the Senate Desk to be scheduled for a Floor vote soon.

Assembly to Approve Metro's Sales Tax Legislation*

SB 767 (De Leon) is Metro's sponsored bill which authorizes Metro to place a sales tax measure on a future ballot is currently pending in the Assembly.

*Comments will be updated at Committee meeting.

This report was prepared on September 3, 2015 and will be updated with more current information at the Executive Management Committee meeting next month.

Chairman Ridley-Thomas and members of the committee, I am pleased to provide an update on a number federal transportation issues.

Surface Transportation Authorization Bill:

On July 30, 2015 the U.S. Senate passed a six-year transportation authorization bill called the Developing a Reliable and Innovative Vision for the Economy Act or DRIVE Act - H.R. 22. The total bill costs approximately \$361 billion over six-years, however the Senate's version only provided for roughly half or 3 years of the funding needed to reach the six year mark. Over six years, the bill provides 11.4% growth for highway program funding and 15.4% growth for transit programs.

The DRIVE Act provides a marker for the U.S. House of Representatives to return to Washington, DC in September and mark-up their own transportation bill that can then be conferenced with the Senate's version. As H.R.22 represents the most substantial federal policy proposal to pass either branch of Congress in three years, I want to summarize the bill for members of this Board Committee.

The DRIVE Act would, if adopted into federal law:

- Establish a formula freight program based on a state's total freight miles compared to the national number of freight miles and allow for those funds to be used on intermodal projects that would improve the movement of goods. This program could potentially be a good source of funds for any freight related congestion improvement projects on the I-710 or any of Los Angeles Counties designated freight corridors.
- The DRIVE Act Creates an Assistance for Major Projects Discretionary Grant Program which would benefit projects of regional and national significance that are eligible under Title 23. Funding is approximately \$300 million per year.
- With respect to the New Starts Pilot Program - the DRIVE Act would establish a pilot program to expedite the delivery of projects seeking minimum federal participation. The pilot program will

receives a set-aside of between \$276 million and \$311 million per year of the CIG authorization.

- For the Bus and Bus Facilities program, the DRIVE Act would establish a discretionary grant program in addition to the current formula program that would provide further flexibility for use of these funds.
- On Positive Train Control, the DRIVE ACT would provide \$199 million for the installation of Positive Train Control systems nationwide. The grant funds could be used for credit-risk premiums on a RRIF loan. Also included in the legislation is a change in the deadline for railroads to implement a Positive Train Control Systems. The policy change requires railroads to submit a plan that will then be approved by the Secretary of Transportation. The Secretary would be able to review each plan to enforce implementation no later than December 31, 2018.
- With respect to Innovative Procurement, the DRIVE Act seeks to create a new regulation that allows for contracts to purchase rolling stock and related equipment for multiple participants.
- On Buy America, the DRIVE Act increases the Buy America requirement on rolling stock from 60% to 70% (incrementally) by 2020.
- The DRIVE Act reduced funding for the Transportation Infrastructure Finance and Innovation Act (TIFIA) and stipulated that TIFIA funds from prior years will not be redistributed to other programs. Due to low participation nationally, reduced funding for the program will not impact Metro's ability to secure future TIFIA loans. Additionally, transit oriented development projects were added to eligible expenses in the TIFIA program.

We will continue to closely track congressional efforts to adopt a new surface transportation authorization bill. Among the key issues we will be working on is advancing specific issues identified in our Board-approved 2015 federal legislative program, including but not limited to, ensuring full funding for a national freight program, reforming federal Local Hire rules, enhancing federal P3 regulations, and bolstering the federal New Starts and TIGER grant programs.

PEPRA/13(c)

Last month, we were pleased that the U.S. Department of Labor (DOL) certified four Federal Transit Administration (FTA) grants for our agency that had been withheld due to 13(c) objections filed by labor unions in response to the California Public Employee's Pension Reform Act (PEPRA). In May 2015, DOL sent notifications to California transit agencies stating that the Department would certify grants if the agencies agreed to certain new conditions. Pursuant to Board direction, Metro accepted DOL's new conditions subject to qualifications and clarifications. The four grants certified total approximately \$45 million and are programmed for the Crenshaw/LAX Transit Corridor Project (\$24 million), Rail Preventive Maintenance (\$7.1 million), Eastside Access Project (\$11.8 million) and Innovative Platform Track Intrusion Detection System Project (\$1.7 million). This is welcome news because we anticipated that another \$280 million in federal grants scheduled to be received by year's end would be delayed due to the PEPRA/13(c) issue. We now expect to receive all of Metro's federal grant funds without further delay. We anticipate that other transit agencies will pursue further litigation against DOL related to the PEPRA/13(c) issue, but our acceptance of the new DOL grant

conditions will allow our federal grant funds to continue to flow during such litigation.

Fiscal Year 2016 Appropriations Process:

We are working with House and Senate appropriators to ensure that our New Starts projects again receive funding, consistent with their pre-existing Full Funding Grant Agreements, in the Fiscal Year 2016 transportation spending measures. We are also working to ensure that Congress fully funds Section 2 of the Purple Line Extension, which was recommended for a Full Funding Grant Agreement in the President's Fiscal Year 2016 Budget. It is our hope to secure over \$200 million in New Starts funding during this Federal Fiscal Year - which is about three times more than our historical average of securing New Starts funds.

America Fast Forward Transportation Bond Initiative:

We are very pleased that over 250 Chambers of Commerce from around the nation have endorsed our America Fast Forward Transportation Bonds initiative - along with hundreds of Mayors. We continue to work with House and Senate members, from Los Angeles County and elsewhere, to embed this innovative finance tool in either the next surface transportation bill or in a tax reform package that Congress may consider later this year.

Local Hire - Appropriations and Authorization Tracks:

During the 113th Congress we worked closely with Congresswoman Karen Bass (D-CA) on our Board-adopted Local Hire initiative. Thankfully, Congresswoman Bass successfully included language reforming federal Local Hire rules in the omnibus spending bill (H.R. 83) adopted during the very last days of the congressional session. The language, in part, allows for local hiring for transportation projects using Federal Fiscal Year 2015 funds. In September of 2011, our Board of Directors amended our America Fast Forward initiative to include reforming federal Local Hire rules as a major goal for our agency.

At present, we are working closely with the U.S. Department of Transportation and Members of Congress, like Congresswoman Bass and senior Transportation and Infrastructure Committee member - Congresswoman Grace Napolitano (D-32), to advance this issue. Our ultimate goal is to include reforms to current Local Hire rules in the next long-term surface transportation authorization bill.

Earlier this year, the Obama Administration announced that they will be launching a one year pilot program to permit local hiring for projects funded through FHWA and FTA. Metro has submitted a letter of support for this program to USDOT and looks forward to being a leading participant in the Obama Administration's one year pilot program - for construction projects and rolling stock as well.

TIGER

Earlier this year, United States Department of Transportation Secretary Anthony Foxx announced that \$500 million will be made available under the Transportation Investment Generating Economic

Recovery (TIGER) competitive grant program. TIGER grants are for capital transportation projects that will have a significant impact on the nation, a region, or metropolitan area. Grant awards in a single state, for projects in both urban and rural areas, cannot exceed a combined total of \$125 million. Last year, the average grant for projects in urban areas was about \$14 million.

TIGER is a highly competitive discretionary grant program that supports innovative projects, including multi-modal and multi-jurisdictional projects, which are difficult to fund through traditional federal programs. Since 2009, the TIGER grant program has provided a combined \$4.1 billion to 342 projects in all 50 states, the District of Columbia and Puerto Rico. Demand has been overwhelming, and during the previous six rounds, the Department received more than 6,000 applications requesting more than \$124 billion for transportation projects across the country.

Two Metro projects were selected for a funding award last year for a combined total of about \$22 million. In fact - Metro received the two largest TIGER grants awarded in the State of California last year - \$10.3 million for the Rosa Parks Station enhancement project and \$11.8 million for the Eastside Access improvement project.

This year, Metro is seeking a \$21.3 million federal TIGER grant for our Rail to Rail Active Transportation Corridor Connector Project. This project is an innovative 6.4 mile long corridor project that will convert a rail right-of-way to an active transportation corridor that will facilitate opportunities for improved access to major transit facilities, both locally and regionally. Metro is also seeking a \$10.3 million federal TIGER grant for our All-Door Bus Boarding Project. This is a smartly designed project that will significantly improve bus boarding times, enhance on-time performance and reduce bus bunching of Metro buses.

We will continue to coordinate closely with Board members, members of the Los Angeles County Congressional Delegation and key stakeholders to increase our prospects for securing TIGER grants for these worthwhile projects.

Conclusion:

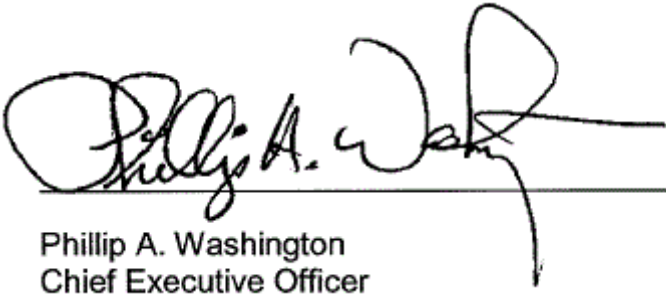
Chairman Ridley-Thomas and members of the committee, thank you for your attention to the issues addressed in this report. This concludes my remarks before the committee. I would very much welcome the opportunity to respond to any questions members of the committee may have on this update or any other matter.

ATTACHMENTS

Attachment A - State and Federal Legislative Matrix

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