



Metro

Board Report

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

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EXECUTIVE MANAGEMENT COMMITTEE MAY 17, 2018

SUBJECT: STATE AND FEDERAL REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE State and Federal Legislative Report.

DISCUSSION

Executive Management Committee Remarks Prepared By Raffi Haig Hamparian Government Relations Senior Director, Federal Affairs

Chair Garcetti and members of the Executive Management Committee, this is an update on a number of federal matters of interest to our agency. This report was prepared on May 2, 2018 and will be updated, as appropriate, at the Executive Management Committee meeting on May 17, 2018.

Federal Grants for Fiscal Year 2018

As we noted to Board members last month, Metro has applied for a number of federal grants this year - including a number of major INFRA grants.

We have and continue to engage a broad array of stakeholders to ensure that our grant applications have the best opportunity of being approved by the USDOT. We remain cautiously optimistic that Metro's INFRA grant applications will be favorably reviewed by the USDOT. At present, we believe that INFRA grants will be announced at the end of May - beginning of June.

Most recently, the USDOT issued two Notices of Funding Opportunity. The first notice is for \$1.5 billion in surface transportation grants provided by the Fiscal Year 2018 omnibus appropriations act (The BUILD program, formerly known as TIGER); and second, for \$84 million for Technologically Advanced Transit Buses (also referred to as the LoNo grant). Metro staff are reviewing these NOFA's and we will identify for the Board which Metro projects meet the eligibility requirements.

Trump Administration Announces Tariffs on Chinese Imports

As our Chief Executive Officer promptly informed our Board of Directors - on March 23, 2018, the White House issued a Presidential Memorandum that announced that the United States will be imposing over \$50 billion in tariffs on Chinese imports. Later, the White House indicated that tariffs exceeding \$100 billion were under consideration.

Given that our Board has taken actions to approve the purchase of 100 zero emission buses (including options) from Build Your Dreams and 282 heavy rail cars (including options) from the China Railway Rolling Stock Corporation, we are concerned about any added tariffs related to steel and other materials from China.

At present, Metro staffers are preparing comments to submit to the Office of the U.S. Trade Representative as well as to the American Public Transportation Association regarding the negative impacts these tariffs will may have on our rail and bus procurement contracts. We will continue to closely track and analyze this matter and will update the Board as this issue evolves.

New Starts Update

Staff are encouraged that Republicans and Democrats on Capitol Hill are encouraging the USDOT to move, without delay, to apportion the \$2.6 billion in New Starts funds appropriated by Congress in the Fiscal Year 2018 spending bill. Most recently, U.S. Senator Dianne Feinstein authored a letter to USDOT Secretary Elaine Chao on April 30, 2018 in which she thoughtfully outlined her expectation for New Starts projects in the State of California to be fully funded. In her correspondence, Senator Feinstein also detailed her expectation that USDOT act on our Westside Purple Line Extension - Section 3 project.

Opportunity Zones

The Tax Cut and Jobs Act that was adopted by Congress and signed into law by the President last year included a provision creating Opportunity Zones. Opportunity Zones are economically distressed areas that may be eligible for preferential tax treatment. With great assistance from our planning department - we are working to identify all of the Opportunity Zones identified by the Governor's Office of Business & Economic Development and which they submitted to the IRS for approval. It is our hope that once the IRS is done with their rulemaking on this new program - that our agency can take the lead in both educating our region about this program and then pivot to exploring how we can leverage this new IRS tool to benefit our mobility efforts across Los Angeles County.

Conclusion

I look forward to expanding on this report at the Executive Management Committee meeting with any new developments that occur and would welcome any questions that you may have.

**Executive Management Committee
Remarks Prepared by Michael Turner**

Deputy Executive Officer, Government Relations

Chair Garcetti and members of the Executive Management Committee, I am pleased to provide an update on a number of the state matters of interest to our agency. This report was prepared on May 2, 2018 and will be updated, as appropriate, at the Executive Management Committee meeting on May 17, 2018. Status of relevant pending legislation is monitored on the [Metro Government Relations Legislative Matrix](#), which is updated monthly.

California State Legislative Process Update

May 11, 2018 is the last day for policy committees to hear and report to the floor non-fiscal bills. May 25, 2018 is the last day for fiscal committees to hear bills. Staff will be working with members of the legislature and staff of policy committees to ensure that Metro's priorities and goals outlined in the 2018 State Legislative Program are met. Staff will continue to update the Board as bills move through the legislative process.

Assembly Member Richard Bloom (D-Santa Monica) has introduced amendments to AB 1594, Metro's sponsored measure, to clarify the provisions of Metro's authority to contract using the Design-Build method of project delivery, and, to clarify the existing statewide authorization to use private financing for public transit projects. This sponsored legislation streamlines the current Design-Build process and will give Metro greater ability to deliver projects in support of the agency's LRTP, Measure R and Measure M Goals. The Board-adopted 2018 State Legislative Program outlines the Board's commitment to sponsoring this legislation. The bill will next be referred to the relevant policy committee for consideration. Staff will keep the Board apprised as the bill moves through the legislative process

Metro's sponsored legislation, AB 2548 (Friedman) which would authorize Metro to adopt a commuter benefit ordinance has been approved in the Assembly and will now proceed to the Senate for consideration. The Board-adopted 2018 State Legislative Program outlines the Board's commitment to sponsoring this legislation.

Metro's sponsored legislation, SB 1479, authored by Senator Henry Stern (D-Malibu) which would clarify utility billing is being held at the Senate Energy, Utilities and Commerce Committee. Metro is working closely with LA County utilities to clarify Metro's utility billing issues. Metro staff will be participating in a small working group to discuss Metro's long-term energy needs to support the conversion to an electric bus fleet pursuant to the Board-adopted Zero-Emission Bus Strategic Plan. The Board-adopted 2018 State Legislative Program outlines the Board's commitment to sponsoring this legislation.

California State High Speed Rail Project Update

On May 2, 2018, the California High Speed Rail Authority's CEO Brian Kelly visited Los Angeles and met with Metro CEO Phil Washington to finalize the funding agreement for the Rosecrans Avenue/Marquardt Avenue Grade Separation Project in Santa Fe Springs. The Joint Funding Agreement allocates \$76.7 million in Proposition 1A bond funding to the vital freight safety and capacity improvement project. The Memorandum of Understanding for the High Speed Rail project

includes \$500 million in investments for Southern California; funding this key grade-separation project and other early connectivity projects will pave the way for the future of High Speed Rail in Southern California. The Rosecrans Avenue/Marquardt Avenue Grade Separation Project is the first of the projects to be funded. Metro looks forward to working with the state to fund a number of connectivity and capacity enhancing projects in Los Angeles County.

Senate Bill 1 Transportation Funding Update

Senate Bill 1 implementation is underway statewide, with funding for local streets and roads being allocated to counties and cities for priority road repair projects. The California Transportation Commission (CTC) staff recommendations for funding of three Senate Bill 1 (SB 1) discretionary programs are under consideration at the Regular meeting of the CTC in San Diego. The California State Transportation Agency (CalSTA) recently announced the funding awards from Transit and Intercity Rail Capital Program (TIRCP).

The CTC is considering recommendations for funding from the first cycles of three SB 1 discretionary programs: the Local Partnership Program, Solutions for Congested Corridors Program, and Trade Corridor Enhancement Program. Funding recommended for Los Angeles County projects totals \$703 million, representing almost 27% of the total funds available across the three programs. Future cycles of these SB 1 programs are anticipated to provide additional funding opportunities for many other transformative projects in Los Angeles County that are currently in development. The CTC is scheduled to consider and approve the funding recommendations at its meeting on May 16, 2018.

The CalSTA awarded funding for projects throughout the state for the TIRCP. Funding from this program for Los Angeles County projects totals \$1.088 billion, representing 25% of the total funds available in the program. The recommended projects are anticipated to be presented to the CTC on the same date as the SB 1 award recommendations, on May 16 and 17, 2018.

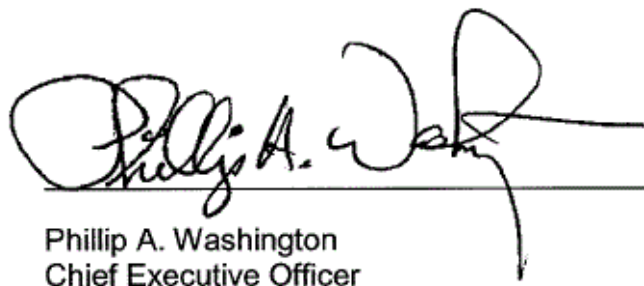
Many of the projects recommended for funding are part of the Measure M Expenditure Plan and 28 x 2028 List, which depends upon significant participation from state and federal funds; thus the recommended awards will play an important role in supporting Measure M and making full and timely implementation possible. Los Angeles Metro appreciates the CTC and CalSTA staffs' consideration of the applications submitted by Metro and our partner agencies in Los Angeles County, and their recommendations for funding. Upon award, we will work closely with both the CTC and CalSTA to deliver these projects expeditiously.

Conclusion

Chair Garcetti - I look forward to expanding on this report at the Executive Management Committee meeting with any new developments that occur over the next several weeks.

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