

**Board Report**

File #: 2018-0437, **File Type:** Informational Report

Agenda Number: 32.

**EXECUTIVE MANAGEMENT COMMITTEE
NOVEMBER 15, 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 Kuehl 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 October 31, 2018 and will be updated, as appropriate, at the Executive Management Committee meeting on November 15, 2018. Status of relevant pending legislation is monitored on the [Metro Government Relations Legislative Matrix](#), which is updated monthly.

Federal Grants for Fiscal Year 2018

The funding decisions for Federal transportation programs were extended until December 7th, at which point Congress will either seek to approve funding for the remainder of Fiscal Year 2019 - or push off a final decision on funding until early next year. We look forward to working with our Congressional delegation in Washington, DC to support strong funding for priority federal transportation programs - as outlined in our Board-approved Federal Legislative Program.

Metro continues to closely track the outcome of U.S. DOT's BUILD Grants. Metro has two pending applications for the SR-71 and for the I-605/SR91 projects.

Staff continues to positively engage with the FTA and our Congressional Delegation to ensure that we remain on track to secure a federal funding agreement for the Westside Purple Line Extension Section 3 Project.

Trade/Tariffs

As we noted to Board members in October, the Trump Administration had and continues to announce the review and implementation of tariffs on imports from China that could potentially impact some of bus and rail cars that Metro has purchased. Metro continues to remain in close contact with our rolling stock contractors to monitor any potential impacts to our procurements. Metro has also submitted a response letter to the Office of the United States Trade Representative regarding the implementation of tariffs on the imports from China that may negatively impact our transportation program.

Opportunity Zones

Last week, the U.S. Department of the Treasury issued proposed guidance related to the new Opportunity Zone tax incentive. The tax benefit, created by the 2017 Tax Cuts and Jobs Act, is designed to spur economic development and job creation by encouraging long-term investments in economically distressed communities nationwide. Staff has created maps that overlay the opportunity zones in LA County with Congressional, State and Supervisorial districts to start outreach to members about how Metro can work to benefit from those designations.

Conclusion

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

**Executive Management Committee
Remarks Prepared by Michael Turner
Deputy Executive Officer, Government Relations**

Chair Kuehl and members of the Executive Management Committee, this is an update on a number of the state matters of interest to our agency. This report was prepared on October 31, 2018 and will be updated, as appropriate, at the Executive Management Committee meeting on November 15, 2018. Status of relevant pending legislation is monitored on the [Metro Government Relations Legislative Matrix](#), which is updated monthly.

California State Legislative Process Update

The State Legislature continues to be on recess. A new two-year session will begin in January 2019.

Senate Bill 1 Transportation Funding Update

Staff continues to provide outreach throughout LA County to educate the public about how SB 1 investments are helping Metro to reach its Measure M and 28 by 2028 goals. Staff has provided updates to various stakeholder groups at Metro and throughout the county. Staff has created a full program of informational materials to empower all departments at Metro to be informed about SB 1. Staff continues to work with cities to engage in outreach in communities about local streets and roads funding investments that are coming annually through SB 1 directly to cities.

On Wednesday, October 17, 2018, the CTC approved baseline agreements for a number of projects awarded and funded through this first round of SB 1 funding. Approval of these baseline agreements makes it possible for the SB 1- funded, major capital projects in Los Angeles County to come forward

for their funding allocations in order to begin work. These projects include the Airport Metro Connector 96th Street Transit Station, I-5 North, SR 71 Conversion, the SR 57/60 Confluence and the Rosecrans Marquardt Grade Separation. These approved baseline agreements cover \$472 million in SB 1 funding awarded to projects in Los Angeles County. Additionally, baseline agreements for twelve Caltrans highway safety and road resurfacing projects in Los Angeles County totaling \$663 million were approved.

The CTC also amended the 2018 State Highway Operation and Protection Program to include 28 additional projects, including one in Los Angeles County. With new funding from SB 1, Caltrans is able to initiate additional safety and road repair projects throughout the state, including a \$165 million pavement rehabilitation project on the SR 60 from the 710 to the 605. This portion of the highway reaches the communities of Monterey Park, Montebello, Rosemead and South El Monte. The project is going to restore the condition of 74 lanes miles of degrading pavement, improving the quality of this section of the highway, making it safer to travel on. The project is going to begin in early 2019.

Additionally, the CTC allocated \$14.3 million towards the implementation of the Transit Access Pass (TAP) Bus Farebox & Rail Station Validator Upgrades. This project will upgrade TAP bus farebox equipment and rail station validators across Metro and local municipal transit operators in Los Angeles County to address equipment obsolescence, enhance system security, communicate in near real-time, and enable new payment technologies.

Implementation of the Wayfair Decision

The US Supreme Court recently issued a decision in a case involving the imposition of internet sales tax for online transactions. This decision clears the way for states to begin to fully collect sales tax revenue for taxable goods for all internet sales. Metro's Treasury Department has begun inquiries into the California Department of Tax and Fee Administration (CDTFA) as to the timing of their implementation of this decision. CDTFA has begun to look at current policies and technology to help the state implement the decision. At this point in time, it is not clear exactly how much revenue that Metro will receive from the new tax collection. We will report back to the Board as more information becomes available and as the Wayfair online sales tax collection decision is implemented throughout the state.

Conclusion

Staff will expand on this report at the Executive Management Committee meeting with any new developments that occur over the next several weeks.

Prepared by: Michael Turner, DEO, Government Relations, (213) 922-2122
Raffi Hamparian, Senior Director, Government Relations, (213) 922-3769

Reviewed by: Pauletta Tonilas, Chief Communications Officer, (213) 922-3777



Phillip A. Washington
Chief Executive Officer