

**Executive Management Committee
Remarks Delivered By Raffi Haig Hamparian
Government Relations Director, Federal Affairs
March 15, 2012**

Federal Update

Chairman Katz and members of the Committee, I am pleased to provide an update on a number federal and state transportation issues that impact our agency.

Yesterday, the U.S. Senate voted overwhelmingly (74 to 22) to adopt its surface transportation bill (S. 1813), also known as MAP-21. The bill, championed by U.S. Senators Barbara Boxer (D-CA) and James Inhofe (R-OK), represents an unusual triumph of bipartisan legislating in the current Congress. The bill will fund surface transportation projects through 2013 at a cost of \$109 billion.

The bill includes an innovative finance section, entitled America Fast Forward (title II of Division A of the bill) that was the product of our agency's Board-approved plan to accelerate our Measure R funded highway and transit program. As recently as last week, Senator Boxer praised her strong working relationship with Los Angeles County transportation leaders in crafting her bill, namely the America Fast Forward title of S. 1813.

As we shared in a Legislative Alert yesterday, the U.S. House of Representatives is in recess this week. The House leadership expects to work on their surface transportation bill (HR 7) in a yet-to-be determined form when they come back to Washington next week. Metro's federal team is actively engaging with our Los Angeles County House Delegation to ensure that they and their aides have all the information they need on our Board-approved legislative program should the House bring HR 7 to a vote next week. The current surface transportation bill extension expires on March 31, 2012.

In other federal news, our agency is seeking a number of grants. Most prominently, we are working to secure TIGER IV grants. These grant requests include funds for the Crenshaw/LAX transit project, a bridge over Sepulveda Boulevard in Manhattan Beach and a pathway for Orange Line and Red Line passengers to more easily connect with one another. Lastly, we are also supporting a Foothill Rail Authority request for funding for Phase 2B of their rail project in the San Gabriel Valley.

While the authorization process unfolds and we seek federal grants – we are also seeking to advance our appropriations request for our New Starts projects. Specifically, we are seeking to support President Obama's Budget request of \$81 million in New Starts funding for our agency - \$50 million for the Westside Subway Extension and \$31 million for the Regional Connector.

That concludes my remarks before the Committee, I would welcome the opportunity to respond to any questions you or members of the Committee may have.

**Executive Management Committee
Remarks Delivered By Michael Turner
Government Relations Director, State Affairs
March 15, 2012**

State Update

Good morning Mr. Chairman and members,

I would like to start by providing an update on the state's fiscal condition and its impact to transportation projects. The State Controller has recently commented that the state does not face any immediate threats of running out of cash. The state has implemented short term borrowing and cash management to resolve the threatened cash shortage. DOF has also issued its monthly bulletin and notes that employment is picking up. However, Department of Finance also notes that revenues are continuing to trend below estimates.

Despite these concerns the state is moving forward with its bond sale program and expects to conduct a small sale in the fall. Most of the transportation needs, however, are expected to be addressed in the fall sale. Preliminary indications from the California Transportation Commission and The Department of Finance are that they expect to have enough cash to keep projects funded and expect to engage in a fall sale sufficient to fund current project needs. Key projects for us include the Corridor Mobility Improvement Account projects. These are the major freeway improvements in Los Angeles County funded out of Proposition 1B and they include the I-5 South which is a widening and HOV lane from the Orange County Line to the 605, the HOV lane and other improvements on the I-5 north in the San Fernando Valley, closing an HOV gap on the 10 in the San Gabriel Valley, and last but not least the 405 Sepulveda pass improvement project.

We have been working with Caltrans and the CTC to ensure that the I-5 south in particular and all these major improvements stay on schedule. These are investments in the billions and the improvements will have significant benefits for our region. We will continue our partnership with Caltrans and the CTC to both ensure that these projects stay on schedule and to ensure that the funding for these projects stays on schedule as well.

Metro also continues to support the High Speed Rail project and the need to invest concurrently in Los Angeles County. The next step in the process will be the issuance of a revised financing plan from the Administration. In his January Budget proposal, Governor Brown noted that the Department of Finance is analyzing the High Speed Rail Authority's business plan and that he would submit a more detailed financing plan to the legislature.

One of the major issues facing the legislature this year is pension reform. A number of very aggressive pension reform initiatives had been submitted to the Secretary of State. Many of these proposals were sponsored by conservative activists and proposed drastic changes in California's pension system. Additionally Governor Brown has proposed a 12 point pension reform plan. Recently, proponents of the initiatives announced that they would not be pursuing reform through the initiative process. That essentially leaves the Governor's proposal as the main plan under discussion. The Legislature is using a joint committee process to review the Governor's Proposal. This committee is chaired by Assembly Member Warren Furutani and State Senator Gloria Negete-McCleod. The committee held a number of

informational hearings on the Governor's proposal and is currently preparing a report which will be submitted to the legislature in the coming months.

This issue could have significant impacts to our agency as we have a number of staff that are currently eligible to retire. Regressive pension reforms, meaning pension reforms that affect current employees as well as new employees could cause many of these employees to retire leading to both staffing issues as well as a loss of experienced employees.

As you can see from the long list of bills we have before you today there will be a significant number of transportation issues before the legislature this year. Some of these include opportunities to obtain new funding such as cap and trade and others will help to address the various mobility challenges we face in our region.