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**Executive Management Committee
Remarks Delivered By Raffi Haig Hamparian
Government Relations Director, Federal Affairs
March 21, 2013**

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

Continuing Resolution and Rescission:

Yesterday, in a welcome development, the U.S. Senate adopted a six-month stop gap funding bill for the federal government. The measure (H.Res.933), which provides funding through September 30, 2013, now moves to the U.S. House of Representatives, where it is expected to be swiftly adopted in a bi-partisan vote.

The Senate bill included language that aligned the level of funding for federal transportation programs with the amounts authorized for those programs under the newly adopted surface transportation bill, MAP-21. Under the previous stop gap funding bill that covered the first six months of Federal Fiscal Year 2013, the Congress ignored MAP-21 funding levels and kept the funding for federal transportation programs at the lower level provided in Federal Fiscal Year 2012.

Initial estimates of this change in policy indicate that federal transportation programs will receive a boost of \$385 million dollars of regular discretionary budget authority for the balance of Federal Fiscal Year 2013. For the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program, the increase in funding to MAP-21 levels is particularly important, given that the program received a nearly ten-fold increase in funding in the new surface transportation bill.

The White House has indicated that President Obama will sign H.Res.933 into law.

Staff is currently analyzing the Senate bill, which was adopted this afternoon, to fully understand the specific fiscal impact the bill will have on our agency.

Our agency is deeply appreciative of the efforts of U.S. Senators Dianne Feinstein (D-CA) and Barbara Boxer (D-CA) for ensuring that H.Res.933 included funding equal to the amounts authorized for federal surface transportation programs under MAP-21.

The main impact of H.R. 933 for our agency is that it applies sequestration of approximately 5% for the balance of the Federal Fiscal Year – through September 30, 2013.

It also applies a .098% across the board rescission for federal spending – based on the assumption that the previous continuing resolution – H.Res. 117 – is extended by another six months (which is what H.Res. 933 would achieve).

Because Highway Trust Fund dollars are largely exempt from the sequestration – these provisions will have a largely benign impact on our agency with respect to federal highway formula funding.

Because the federal New Starts funding is a discretionary program – it will be subject to the sequestration process. While MAP-21 authorized the New Starts program at \$1.9 billion – and

while the U.S. Department of Transportation recommended New Starts funding in the amount of \$2.2 billion for Federal Fiscal Year 2013 – sequestration will likely result in a program funded at approximately \$1.8 billion.

Exactly how that will impact our New Starts projects is unclear. Because the OMB and USDOT will have to outline their specific rescissions within 30 days of passage of a continuing resolution – we will – at that time – have a clearer understanding of our position with respect to the New Starts program and our projects.

Finally – here are two other impacts of the rescission:

First - it will reduce – as Donna Mills shared with the Finance Committee yesterday – the subsidy underwriting our Build America Bonds – which will cost our agency approximately \$1 million annually for the duration of the bonds (28 years).

Second, upon passage of the continuing resolution this week – it is very likely that the Transportation Investment Generating Economic Recovery (TIGER) program will receive another round of funding. Since 2009, more than 180 multi-modal projects with a national scope have been approved through TIGER, including a \$20 million grant in 2010 that underwrote a \$546 million TIFIA loan for the Crenshaw/LAX Transit project. Because of sequestration – the \$500 million grant program will likely be reduced to \$474 million.

President's Federal Fiscal Year 2014 Budget:

Like all of Capitol Hill and the nation – we are awaiting the release of President Obama's Budget. Traditionally, the budget is released in early February. At present, it is our understanding that the White House will release their budget in early to mid-April.

PEPRA 13C Issue:

We continue to work with the U.S. Department of Labor to favorably resolve our PEPRA 13C issue that has led to the freezing of a number of federal transit grants. To date, over \$30 million in grants are being held by the Federal Government – with our total exposure this year standing at just over \$400 million. We are hopeful that the State of California and the Federal Government, with input from all stakeholders, will end this unfortunate standoff without delay.

Westside Subway Extension/Regional Connector – TIFIA Loan:

We continue to work with the U.S. Department of Transportation and members of the Los Angeles County Congressional Delegation to advance our roadmap to secure Full Funding Grant Agreements for the Regional Connector (September 2013) and the Westside Subway Extension (December 2013). The next step towards this effort is to submit documents related to our financial plan and our TIFIA loan documents to the USDOT by the end of this month.

America Fast Forward Transportation Bonds:

We continue to work with our local and national partners to advance our America Fast Forward Transportation Bond proposal. The proposal was, most recently, highlighted in a report released yesterday by the American Society of Civil Engineers. We were also pleased that the White House has announced their own America Fast Forward bond proposal, which while not exactly our plan, is a tribute to our Board-approved initiative. Lastly, we are very thankful that the Los Angeles Area Chamber of Commerce made our America Fast Forward Transportation Bond initiative a centerpiece of their recent Access DC trip to Washington, DC.

Visits to Washington, DC:

Lastly, our Federal Program was advanced by a recent trip to Washington, DC by our First Vice Chair, Director Diane DuBois. My understanding is that her trip with our CEO, as part of a broader Mobility 21 visit to Washington, DC - was very well received. Mayor Villaraigosa led the LA Chamber's Access DC visits on Capitol Hill - which helped advance our Board-approved Federal Legislative Program. Likewise, Director O'Connor was also in Washington, DC for a portion of the Access DC effort and for APTA's annual Legislative Conference - and was a positive influence in advancing our Board-approved Federal Legislative Program.

Conclusion:

Chairman Antonovich 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 T. Turner
Government Relations Director, State Affairs
March 21, 2013**

Good morning Chairman Antonovich and members of the Committee, today I would like to provide an update on a few significant changes at the CTC and Caltrans and an update on a few key legislative issues.

California Transportation Commission

CTC Commissioner and former Metro Director Yvonne Burke was reappointed to the California Transportation Commission by Governor this past month. Commissioner Burke has been a tremendous asset on the commission and has helped us advance a number of issues before the CTC. However, we were saddened to hear of the passing of CTC Executive Director Bimla Rhinehart. Ms. Rhinehart was a leader in the transportation community and her tenure at the CTC helped advance a number of key initiatives including the implementation of Proposition 1B funding throughout California. Most recently Ms. Rhinehart was instrumental in resolving the allocation of Corridor Mobility Improvement Account funds allocated to Interstate 5. Her leadership will be missed and we are all saddened by her passing.

Andre Butros has been nominated as her successor and we look forward to a similarly constructive working relationship with Mr. Butros.

Caltrans

The Senate Rules committee today is also considering the confirmation of Malcolm Dougherty as the head of Caltrans. We have enjoyed a very strong working relationship with Mr. Dougherty and we are pleased that he is making himself available for regular meetings with our CEO in Los Angeles. Since his appointment Mr. Dougherty has shown a willingness to work with local agencies and has been very proactive in that regard. We have submitted a letter of support to the committee and our Sacramento advocates will be speaking in support of his confirmation at the hearing this afternoon.

Legislative Issues

On the legislative front I would like to provide an update a few major issues which we expect will be addressed this year.

Cap and Trade

First is that the state is moving forward with the implementation of its Cap and Trade Program. The California Air Resources Board has begun implementing this program and the state is expected to generate significant sums of revenue from this program. Last year, the Legislature passed AB 1532 by Speaker Perez which required CARB and the Department of Finance to develop an expenditure plan for the allocation of these revenues. That effort is now underway and the state is engaging in a public hearing process to gather input on the expenditure plan.

Last year the Board of Directors adopted a support position on AB 1532 as it called for the allocation of cap and trade revenues to transportation. We have since that time been working with the California Transit Association to advance the idea that cap and trade revenues should be allocated to transportation. We are pleased that those efforts have borne fruit in that it is

widely and publicly acknowledged by the Gubernatorial administration that transportation projects play a key role in reducing greenhouse gas emissions.

A coalition has formed to advocate specifically for the inclusion of transportation as an eligible use of cap and trade revenues. This coalition began with the California Transit Association, the California League of Cities, the California State Association of Counties, the Alliance for Jobs and Transportation California and has grown to include a number of regional councils and metropolitan planning organizations. This coalition has adopted principles which we are recommending the board adopt as principles for our advocacy. There is one key distinction however in that the coalition's principles include a provision that calls for regional project selection while in Southern California, the county transportation commissions are responsible for project selections and funding allocations and we believe this process should continue for cap and trade revenues.

Additionally we are working with all the agencies in southern California to coordinate efforts to ensure that sufficient funds are allocated to our region and specifically our county and to ensure that the role of local agencies in allocating funding is respected.

Public hearings have been held and Metro submitted a comment letter earlier this month. An additional opportunity for public comment will be available in April as well. The process from here is that CARB and the Department of Finance will continue the public input process and a draft plan will be released in the Governor's May Revise. That proposal will then be considered in the legislature's consideration of the budget.

MAP-21 Implementation

The Assembly Budget Subcommittee for Transportation, Chaired by Assembly Member Richard Bloom recently held a hearing to discuss the state's implementation of MAP-21. Metro's advocates spoke at the hearing to share the Southern California consensus letter and the proposals developed by the southern California agencies to implement MAP-21 programs. The Senate Budget Subcommittee also had a hearing but no public comment was received. However, Metro also shared the Southern California consensus letter with Committee staff.

Bills to be Considered by the Board

Over 2000 bills were introduced last month. Metro staff has been reviewing all the bills for impacts to Metro's project and programs. This month the Board will be considering cap and trade principles, and measures on infrastructure finance districts, a HOV demonstration project, extension of alternative fuels and air quality programs and a spot bill reading funding for sustainable communities strategies.