1. Call to Order
Renee Berlin (Chair) called the meeting to order at 9:34 am. Randy Lamm (MTA) took roll and declared a quorum was present.

2. Approval of Minutes
The minutes from the January 9th meeting were approved with a correction by Brynn Kernaghan -- Page 5, under TEA 21 Reauthorization, comment about principles and AB 1677 was intended to be under the Legislative Update, not the TEA 21 Reauthorization section.

3. New TAC Member Welcome and Introduction
Renee Berlin welcomed the new TAC members. The new members introduced themselves. Ms. Berlin commented that the TAC Orientation package was available for anyone who wanted a copy.

4. Agenda Reports by Standing Committees
BOS (Brynn Kernaghan)
  • Met January 29th
  • Adopted goals for the year and are still working on priorities
  • Adopted the TEA-21 Reauthorization comments that had previously been distributed
  • Received a Legislative update
  • Discussed federal deadlines and the new requirements for expending federal funds including the new ITS requirements from FTA and FHWA, that will ensure that regionally, ITS projects are coordinated. There will be a training workshop after the next BOS meeting on February 26th
  • Received an update on the Regional Pass and Universal Fare System
  • In the process of amending the Subcommittee By Laws to delete the Brown Act, requirement similar to what TAC has done
  • Next meeting is February 26th.
LOCAL TRANSIT SYSTEMS (Joyce Rooney)
- Met January 31st
- Approved two representatives to sit on the 5310 Review committee
- Elected officers – re-elected both Joyce Rooney as Chair and Kara Bouton from Baldwin Park as Vice Chair. Secretary is Scott Williams from Diversified Para Transit
- Received updates on the new subregional Para-transit application
- Received Para-transit MOUs for FY 02
- Received an update on the Universal Fare System and Regional Pass Task Force
- Received a report on the lapsing of 5309 funds
- Had some discussion regarding MTA staff request for data collection of regional ridership on local systems
- Next meeting is February 28th

STREETS AND FREEWAYS (Bill Winter)
- Discussed State budget
- Received report on TRIP, which provides information on the conditions of Roads in California
- Discussed Proposition 42
- Had annual election of officers, Bill Winter was re-elected as Chair and Haripal Vir was re-elected as Vice Chair
- Discussed TEA-21 Reauthorization
- Received an update on the RSTI Evaluation study
- Received an update on the US 101-MIS. The community workshops are underway and a final report is scheduled for February 2003
- The February meeting was cancelled and the next meeting will be in March

TDM/ AIR QUALITY (Mark Yamarone)
- Meeting was rescheduled for February 19th

5. Chairperson’s Report (Renee Berlin)
- Ms. Berlin reported that prior to the TAC meeting, an orientation was held for new TAC members. There are copies of the orientation package available for anyone that would wish to take one.
- Attachment 2 of the TAC agenda contains an updated rolling agenda. She reiterated that this is a fluid document. If there are any items members would like placed on the TAC agenda, please contact Renee Berlin or Randy Lamm.
- Gerald Francis has been named the MTA’s General Manager of Rail Operations effective January 28th. He has 22 years experience in rail, freight and mass transit. He was Assistant Vice President of Rail Operations at DART.
- Matt Raymond has been named Director of Communications effective March 1st, he is also from DART.

- On January 9th, the Board held a close session meeting on the Consent Decree. At that meeting, the Board approved a proposal by Mayor Hahn to direct staff to return in 60 days with an action plan to present to the Special Master on how the MTA will further implement the Consent Decree. On a parallel track, the Board voted to appeal to the U.S. Supreme Court to clarify how to measure compliance and what role the federal courts can play in solving transportation problems.

- During the February Board cycle, the Board will act upon The Valley East-West project EIR and the East LA Rail Project EIS.

- Reminder for everyone that next week the MTA together with Caltrans and the County will hold sub-regional workshops. The purpose of the workshop is to have potential project sponsors start thinking about the 2003 Call and to present funding opportunities outside of the MTA and how to access those funds. Pat DeChellis (LA County) Pat Proano (LA County), Kirk Cessna (Caltrans) and the MTA modal leads will be presenting at the workshops. Schedule is as follows:
  - February 11th – Las Virgenes/ Malibu, Arroyo Verdugo & North County, Burbank City Hall @ 9:30 am
  - February 13th – South Bay, Carson Community Center @ 9:30 am
  - February 20th – City of Los Angeles, TBD, Council Chambers
  - February 27th – Gateway Cities, Long Beach City Hall @ 2:00 pm
  - February 28th – Westside Cities, Culver City, City Hall @ 10:00 am

San Gabriel Valley – In the Planning Stage

**January Board Recap**

- Resolutions were presented to departing Chief Operations, Officer Allan Lipsky and Executive Officer Construction, Charles Stark.

- Approved under reconsideration awarding a firm fixed price contract to North American Bus Industries for 30 light weight, low floor, high capacity CNG buses, spare parts, diagnostic equipment, training aides and spare fuel cylinders for $12.67 million.

- Approved as amended by Councilman Bernson, the 2002 proposed legislative program – second session. The amendment included adding the following language in Passenger Rail Improvement Safety and Modernization Program: work with intercity, commuter and urban passenger rail operations to support improved funding for rail rehabilitation and modernization funds.

- Approved working with Cities of Norwalk, Santa Fe Springs and Los Angeles World Airports (LAWA) to institute direct bus connection between the Norwalk/ Santa Fe Springs Metrolink Station and LAX.
Approved on consent including the Canoga Avenue right-of-way as an initial alternative to be evaluated in the San Fernando Valley North-South Transit Corridor MIS

Approved on consent as revised:
- Proposition 42 (Dutra) to permanently dedicate sales tax on gasoline to transportation-support (no change).
- AB 629 (Oropeza) require two-way communication devices on specified public transit vehicles – support (work with author)
- SB 18 (Alarcon) striked items 1 and 2- one extend statute by which the MTA transfers TDA funds to the County and restructuring of the MTA Board. Bill includes 1) study of membership and governance structure of MTA and 2) requires transit agencies in California to adopt (strike bus) transit riders bill of rights- neutral position (change from oppose)

6. TEA-21 Reauthorization
Claudette Moody (MTA) provided the following update.
- Revenue Aligned Budget Authority (RABA) -- The fiscal year for the federal government covers the period Oct 1 - Sep 30. For the 3 months from October - December, the Federal Government is proposing to place the sales tax on sales on gasoline into the general fund which results in less funds available for transportation purposes. Funds such as CMAQ and STP are generated using RABA funds. Through SB45, RABA funds are reallocated to the regions. MTA along with the Governor are concerned about this measure. The Governor wrote to the President regarding the impact to the State, which is about $600 million. Projects that could be affected by this measure include Metro Rapid Bus expansion, Pasadena Gold line, ASI, highway and local street programs. Nationwide, it is estimated that there will be $8.2 billion dollars less than there is for FY 02 funding. The impacts will trickle down to the various programs.

The General Accounting Office (GAO) is looking at the assumptions of the President’s estimate and hearings are being scheduled. This is an election year so Congress is looking closely at the assumptions. The hit to Los Angeles County is estimated at $125-135 million in FY 03. Steve Finnegan (Auto Club) commented that there was an article in the LA Times regarding this issue. Richard Burtt (League of Cities) asked if this was different from what the California Transportation Commission (CTC) is proposing with SB 45. Ms. Moody answered yes, but it is related because SB 45 takes away discretion from the State.

- On the State side, the Board of Equalization (BOE) is proposing to exempt diesel fuel purchased by farmers for the purpose of transporting farm

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products to the final destination, rather than the first shipping destination. This means there is not just the $21 million hit that was originally expected, but now a $70 million hit. This is just for this year, it gets worse for future years. John Fasana (MTA Board Chairperson) has sent a letter and State Senator, Kevin Murray is carrying two bills. The first in the extraordinary session and the second in the regular session to clarify the intent of the original legislation. Other transit properties are working with BOE staff to see if they can change the regulation. A final decision has not been made.

Magan Champaneria (City of Los Angeles alternative) commented that TEA-21 High Priority Demonstration projects authorized through Caltrans, received cuts from 6%-9%. Caltrans can add RABA funds to make up the difference. Ms. Moody commented that this shows that the cut in RABA funds could have an impact on other fund sources and projects as well. She cited the example of the Bay Bridges, which received RABA funds, and if those are cut, where is the difference going to be made up? They may take funds from Southern California.

- Ms. Moody commented that MTA Government Relations has received many comments on the TEA-21 Reauthorization package. Those comments will be placed in a matrix. She anticipated taking the package along with the comments to the Board in March. Ms. Moody also said she thinks MTA and the Governor are in synch with the Reauthorization principles. If anyone has comments, they can submit them until February 14th.

7. STP-L Final Recommendations
Gigi Burns (MTA) distributed a handout that list all the justifications for STP-L extensions and lapsing balances. Last month there were 39 projects that were subject to lapse, but as of today, staff recommends that none of the agencies will lapse and 11 agencies receive extensions. The staff will probably relay this information to the Board in the form of a Board Box. Ms. Berlin commented that this item is on the agenda for discussion and possible action and questioned whether TAC wanted to take action on the staff recommendation. Pat DeChellis made a motion to support staff’s recommendation, which was seconded by Brook Geer-Pearson (TDM/ AQ Subcommittee). The motion passed. Mr. Burtt asked when TAC will see a revision. Ms. Burns replied that STP-L balances are reviewed quarterly. For the next allocation, information will be available in late May or June.

8. 2002 STIP
David Yale (MTA) reported that overall the 2002 STIP was in balance with the amount of funds available, but the programming itself was drastically front
The chart distributed showed the extent of the problem. The figures are Statewide numbers comparing the 2002 STIP fund estimate to the total proposed programming. Looking at the funds available against the total programming, there is roughly $2 billion of programming in the first two years for which there are no funds available. Caltrans invited MTA to submit a frontloaded program on the assumption that most agencies would reserve funds rather than program the funds. The CTC is conducting a workshop on February 7th in Sacramento to discuss how to find a solution. Mr. Yale has been pushing the State to develop a way of financing the funding so that the FY 07, funds could be accelerated into the first two years. If the State does not solve the problem, the MTA will have to evaluate whether it can advance funding and receive reimbursement later by the State.

About 25% of the $2 billion shortfall represents LA County projects which would result in a $500 million program in the first two years that may not be supported by the State. The MTA would have a hard time picking up the bill for $500 million. If the State is unable to finance the funding advancement, projects will have to be pushed back to the years they were approved for programming in the Call. About $57 million of the $500 million is for projects, costing under $2 million. This number seems like something the MTA can finance. Projects over $10 million would have to be looked at more carefully.

Mr. Lantz (SCRRA) commented that SCRRA is trying to determine with the State whether it has the authority to issue a bond. He asked how agencies can explore this option without prematurely jeopardizing what the State can do. Mr. Yale replied that he is in the same situation with the State. The State has not decided, but in the mean time the MTA needs to determine which projects are slipping for non-funding reasons to reduce the size of the problem. Mr. Lantz asked if the same goes for projects that have purchase options subject to expiration. Mr. Yale said that could be a possible next step to determine the criteria for prioritizing.

Mark Bozigian (League of Cities) asked about the back log/surplus at the State level and how it plays into this issue. Mr. Yale said that Caltrans shows the State Highway Account (SHA) balance dropping precipitously over the year, therefore, there's a cash crunch that will hit in about a year due to the Bay Bridges coming online and a bunch off-the-top for Caltrans projects. The Governor’s budget borrows some of the SHA funds for General Fund shortfall by using the TCRP program as an intermediate account. They need to figure out how to keep an acceptable cash amount in the SHA. The conservative acceptable level is $400 million. The Governor’s budget proposes to allow Caltrans to borrow up to $400 million to zero out the account, if needed, but that does not solve the problem. Mr. Bozigian asked if projects funded by the Governor are tying up the money. Mr. Yale said no, based on the TCRP schedules, Caltrans
doesn’t believe there’s any assistance that the TCRP can offer to the SHA. There’s a general fund shortage and an unwillingness to change the fund estimate because of RABA. Any funds that could have been freed up by delaying Caltrans projects has already been taken for the General Fund shortfall.

Mike Uyeno (City of LA alternate) asked if there’s an estimate of how much will be available in the next Call. Mr. Yale said that the fund estimate information would not be available for about a year. A preliminary estimate will be available in December, but first MTA staff needs to see how TEA-21 Reauthorization develops.

Mr. Burtt asked about the CTC and SB 45. Mr. Yale replied that the CTC in its annual report reviewed the status of the STIP reform represented by SB 45. It recommended that the Legislature consider changing the percentage that Caltrans receives versus the regions (currently 25% Caltrans & 75% regions) to some other percentage. The Administration supports changing it, as they want a bigger hand in how the State funding is allocated. However, it is not clear what the Legislature will decide.

9. Legislative Update
Michael Turner (MTA) provided the following update.
- In regard to the State budget, there will be Subcommittee hearings next month. There will be a lot of questions about the structure of financing.
- Looking at the BOE’s adoption of a regulation changing sales tax imposed on diesel fuel (previously discussed by Claudette Moudy), MTA staff wants to address this through the BOE. A bill introduced by Senator Murray could correct the definition that BOE is using to adopt the regulation. If this does not work, there could be some move in the Subcommittee process to deal with the BOE action. Steve Finnegan (Auto Club) asked what can be done now. Mr. Turner said that agencies could write letters to BOE. Ms. Berlin asked Mr. Turner to provide an overview of the issue for new TAC members. Mr. Turner explained that last year in the Budget agreement, a bill was passed that allowed for a series of tax credits that went primarily to farmers. One of these credits allowed farmers to claim a credit on the sales tax paid for the use of diesel fuel. It was specified that the tax credit was available for the transport of farm products to the market place. The Governor interpreted that to mean that the transport of farm products to the first point of destination. Once the bill was adopted the BOE proposed regulations to expand the definition to include the transport potentially all the way to the final destination. Revenues derived from sales tax on fuel goes into the Public Transportation Account and half of that goes into the State Transit Assistance program where counties get most of their transit operating
dollars. The impact of this regulation on the County is roughly $12 million less operating funds. The BOE regulation has been drafted and is going through the BOE for approval by their Board. If approved, the tax credit goes into affect and counties will have less and less transit operating funds. Senator Murray’s bill would specify that the credit would only apply to the first trip. Agencies can try to convince the Board not to adopt the regulation and push for the approval of Senator Murray’s bill once it’s introduced.

- The Governor sent a letter to the President asking him to reconsider the reductions in the federal budget.
- The legislature approved AB 749, a bill pertaining to Workers Compensation on Monday. It increases Workers Compensation benefit payments. There was a general consensus of the need to increase payments, but it’s questionable whether those payments actually go to the person that gets injured. Two administrative reforms were included: 1) limited authority to get a second opinion and ability to question the physician’s assessment; 2) sharing of medical information to review a claim and get more information.
- SB 1262 (Torlakson) would require 10% of STIP funds to go towards Transit Oriented Districts (TODs). It’s a Smart Growth bill that was introduced in mid-January. Hearings will be held in March. This would change the 25%/75% ITIP/RIP split to a 25%/65%/10%, with the 10% going towards TODs.
- AB 321 (Vargas) was amended to allow the creation of assessment districts around transit stations. It did not get approved this month.
- SB 18 (Alarcon) is still being watched closely and has to do with restructuring the MTA Board.
- AB 630 (Oropeza) requires the study of security on transit systems in Los Angeles County. MTA completed its part of the study and is working with the municipal operators on reviews of their systems.

10. Sales Tax Revenue Forecast
Terry Matsumoto (MTA) distributed a report prepared based on actual data from the BOE for the quarter which ended September 30th. The BOE sends the data approximately three months after the end of the reporting period, with MTA staff receiving it in late December. The impact of September 11 was not reflected in the data, however, the data does show that actual revenue closely tracked the budget. There is no evidence of a recession, although sales tax revenues were a little under last year’s. Staff does not anticipate any major impact to the MTA budget of FY02 budget. Ms. Kernaghan asked if there would be no adverse impact to other agencies. Mr. Matsumoto replied there was no impact on the Subsidies to Others budget for FY 02. The next report will be available at the end of March.
11. **MTA Mid-Year Budget**

Mr. Matsumoto reported that MTA staff just completed a review of sales tax revenues in the budget. The CEO directed staff to live within FY01 actuals. Staff believes that on the revenue side, sales taxes will be on budget. MTA fare income is on budget as well. On the expenditure side, the MTA is pulling back on planned expansion of costs. Staff believes the MTA will finish the year within the cost per revenue service hour and that MTA expenditures will be under the FY02 budget. In February, staff will present to the Board the Financial Standards that outline FY03 budget planning parameters. Staff is recommending a 27% sales tax growth. Mr. Burtt had a question regarding operating transfers out. Mr. Matsumoto replied that this is part of the Proposition A & C Audit agenda item.

12. **Proposition A & C Audit**

Terry Matsumoto reported that the 1998 MTA Reform and Accountability act requires an annual audit, specifically of Proposition A and C revenues. The term operating transfers out is an accounting term, which simply means that money is moved from one place to another within the organization. Revenues are collected into the Special Revenue funds and then transferred to MTA’s Enterprise fund – which is the MTA Operating fund, hence term, transfer out. A transfer to debt service to pay outstanding debt is also a transfer out. Subsidies to Others are shown as an expenditure item. Mr. Burtt asked if that is different than what you consider normal expenditures? For the third straight year, the auditors issued a clean opinion that the statements are accurate. In addition, in their review of internal controls they had no findings this year. Steve Lantz asked if the auditors break down the fund by its component parts; Prop C 10, Prop C 20, etc. so you can see where the $104 million surplus is actually sitting. Mr. Matsumoto replied that the auditors do not do this, but that staff has the detail that supports that. The auditors have to ensure that MTA’s accounting by those categories is in accordance with the ordinances. Staff reported to MTA Chair Fasana in October on the uses of Proposition A and C Administration money. The MTA Financial Standards report to the Board in February will provide a comprehensive view of MTA finances.

13. **Wilshire BRT Update**

Tim Papandreou (MTA) gave an update on the BRT project. The project is currently in the environmental clearance phase. The total project cost is $235 million, which is a decrease of between $50-75 million. The decrease is due to reduced miles of lane and lower costs of re-enforcing the curb lane from the original Locally Preferred Alternative which included 14 miles of lane reconstruction, median islands and replacement parking.

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• Bus vehicle procurement - 80 large capacity vehicles will replace existing 40 foot buses.
• Expand bus divisions to accommodate larger vehicles by purchasing land, probably adjacent to MTA Division 10.
• Expand current Metro Rapid Bus Stations, some have one shelter, but will be expanded to 2-3. There will be 30 shelters between Wilshire / Western and Santa Monica.
• Fare vending equipment will be procured through the Universal Fare Card procurement.
• Lane reconstruction of 3.8 miles between Wilshire/ Western and Wilshire/ San Vicente will be done by City of LA or MTA.
• Will go to Board to certify the Environmental Impact Statement in June. Construction will commence in FY03 and will be completed in November 2005.
• A demonstration lane test during peak hours on selected segments will be conducted and will be independent of the study. Mr. Finnegan asked if the study could be brought to TAC so that TAC can provide input on how the test will be conducted, etc. Mr. Papandreou said that comments/suggestions are welcomed. Mr. Lantz asked if staff was looking at replacement parking. Mr. Papandreou said no, no parking would be taken away. Mr. Finnegan asked if there would be further Board action before identifying a dedicated lane. Mr. Papandreou said that MTA cannot proceed without cities’ concurrence.

**Item added**
San Fernando East-West BRT Project Kathleen Sanchez (MTA)
• An exclusive busway on rail right-of-way between Metro Red line North Hollywood Station and Warner Center. Stations will be similar to rail stations, low-floor buses, quick boarding. 5 stations will have park and ride lots. There will be a total of 13 stations.
• Procurement specifications are being developed. One major element is a quieter bus.
• A bicycle-pedestrian path is also being designed that will parallel the busway.
• The EIR, has been finalized and community outreach conducted. MTA received over 700 comments on the draft.
• MTA is not anticipating using federal funds. Therefore, a CEQA document has been prepared.
• Mark Yamarone asked if project costs include the right-of-way. Ms. Sanchez replied that the right-of-way was purchased 10 years ago so it is not included in the costs.
• Mr. Vir (La City) asked if the cost of the bikeway are being included. Ms. Sanchez replied that these are separate.
14. **MTA Bikeway Master Plan**

Lynne Goldsmith (MTA) reported that the Board will be presented with a response to Supervisor Molina's motion to form a Bicycle Transportation Master Plan working group to recommend the best way MTA's plan can satisfy the requirements of the Bicycle Lane Account. In order to qualify for funding, the plan must address 11 elements that could be extensive according to how the agency decides to approach them. The working group is on-going. Currently, the account has $7.5 million for the next five years, after that it will revert to $5 million per year, unless the legislation is changed. It is estimated that out of 88 cities 15 have bicycle plans. Staff will go to the Board with a recommendation that will incorporate these 11 elements in the MTA's Countywide Bicycle Master Plan, which can be adopted by local cities and the county. All the local information in the plan must be provided by the local agencies. Bill Winter asked if MTA will be reviewing priorities. Ms. Goldsmith replied that each city will determine their priorities. MTA in conjunction with the Working Group and community outreach will determine regional priorities.

15. **New Business**

Ms. Berlin reported that five sponsors have not submitted draft 2002 MOU/LOA's. A letter is being mailed to those sponsors letting them know that their funds are subject to deobligation. MTA staff is also gearing up for the Call for Projects Recertification/Deobligation. Mr. Burtt asked if an educational session could be conducted on the Call for Projects. Ms. Berlin replied that the workshops starting next week are for this purpose and Jon Grace has put together a workbook that can be given to anyone interested.

16. **Adjournment**

Renee Berlin adjourned the meeting at 11:45 am. The next TAC meeting will be held March 6th at 9:30am in the Union Station Room.