America Fast Forward:

CREATING JOBS THE RIGHT WAY

Moving Ahead For Progress In The 21st Century

Metro

Metro Overview
July 2012

Broad Overview

- **Duration:** 27 month bill – expires on October 1, 2014 / Extends motor fuels tax through October 1, 2015
- **Total Funding:** $105 Billion
  - **Highway Funding:** $39.7 Billion in FY13 and $40 Billion in FY14
  - **Transit Funding:** $10.5 Billion in FY13 and $10.7 Billion in FY14
- Includes **America Fast Forward** Innovative Financial Provision
  - Does not include Qualified Transportation Improvement Bonds (QTIB)

Highway Funding

Highway programs are restructured by eliminating or consolidating approximately 60 programs and structuring the Highway Program around four core formula programs.

- $22.25 billion in FY 2013 and $22.4 billion in FY 2014 for the National Highway Performance Program, which consolidates the existing Interstate Maintenance and National Highway System formula programs and aspects of the existing Highway Bridge program that cover bridges on the Federal-aid system.
- $10.2 billion in FY 2013 and FY $10.3 billion in FY 2014 for the Surface Transportation Program to assist states and local governments in improving the condition and performance of Federal-aid highways and bridges on public roads. This program would continue to provide broad eligibility and would be suballocated within the state to local governments based on population.
- $2.44 billion in FY 2013 and $2.46 billion in FY 2014 for the Highway Safety Improvement Program (HSIP) to support projects that improve the safety of road infrastructure.
- $2.26 billion in FY 2013 and $2.28 billion in FY 2014 for the Congestion Mitigation and Air Quality program (CMAQ).

America Fast Forward - Transportation Infrastructure Finance and Innovation Act Program

- As part of the America Fast Forward portion of the bill (Section 2), the Transportation Infrastructure Finance and Innovation Act program (TIFIA) would see funding increased to $1.7 billion over two years. Prior to MAP-21 – TIFIA was funded at approximately $110 million annually.

America Fast Forward TIFIA Reforms Include:

- Increasing the maximum share of project costs from 33 percent to 49 percent.
- Broadens the definition of “Project” to include related projects secured by a common pledge.
- Authorizes DOT to make Master Credit Agreements (MCAs). An MCA can be made for a single project as well as for a large program of related projects. This would make TIFIA assistance more predictable for larger, multi-year phased capital programs by giving an upfront conditional commitment (through a Master Credit Agreement)
- Authorizes DOT to allow limited interest rate buydowns. The rate buydown can occur with a regular project (from time of application) as well as for a project or program receiving a Master Credit Agreement (from date of MCA).
- Authorizes DOT to waive the springing lien (non-subordination) provision for public agency borrowers that are financing ongoing capital programs and have outstanding senior bonds under a pre-existing indenture

Surface Transportation Program

- The bill authorizes apportionments of $10.0 billion in FY 2013 and $10.1 billion in FY 2014.
  - California's share is estimated to be $873 million in FY 2013 and $880 million in FY 2014.
- Revises list of eligible projects; may have impact on Call for Projects for projects (e.g., roads functionally classified local or rural minor collectors, bridges).
- No longer requires 10% set-aside for Transportation Enhancement Activities (funded as separate new Transportation Alternatives Program).
- Allocation formula changed; requires 50% of the funds to be obligated in any area of the State and the other 50% of the funds to be obligated according to relative population share:
  - SAFETEA- LU split was 37.5%/62.5%
- Estimated share of Los Angeles County: $119 million per year ($133 million in FY 2011)
  - Lancaster- Palmdale UZA: $4 million per year
  - Santa Clarita UZA: $3 million per year (large UZA as of Us 2010 Census)
- Requires annual set-aside not less than 15% of amount apportioned to the State in FY 2009 for the Highway Bridge Program (about $87 million)
  - Language is not clear about the source of the set-aside (50% of funds to be obligated in area of the State or the funds allocated by relative population share).
- Will need to amend existing State of California law, as codified in Streets & Highway Code.

Congestion Mitigation and Air Quality Program

- The bill authorizes apportionments of $2.2 billion for FY 2013 and FY 2014, respectively.
  - California's share is estimated to be $445 million in FY 2013 and $449 million in FY 2014.
  - About 20 % of the funds apportioned for the CMAQ Program nationwide (better than estimated 17% share from revised apportionment formula originally proposed by the Senate
- Revises and expands list of eligible projects:
  - Priority for projects than reduce PM2.5 (including diesel retrofits)
  - Operating assistance for transit projects, but it is not clear if still limits the number of years.
- No changes in apportionment formula; State will not retain funds and no requirement to fund construction equipment as originally proposed by the Senate.
- Estimated share of Los Angeles County: $144 million per year ($138 million in FY 2009)
  - About 32 % of the CMAQ funds apportioned to California
- Will need to amend existing State of California law, as codified in Streets & Highway Code.

Transportation Alternatives Program

- The bill authorizes apportionments of about $800 million for FY 2013 and FY 2014, respectively.
  - California's share is estimated to be about $72 million in FY 2013 and $73 million in FY 2014.
- Revises list of eligible projects; may have impact on Call for Projects for projects
- Allocation formula similar to STP; requires 50% of the funds to be obligated in any area of the State and the other 50% of the funds to be obligated according to population share:
- Estimated share of Los Angeles County: about $10 million per year
- Requires competitive selection process:
  - MPO (UZA larger than 200,00 people)
  - State (other areas)
- Will need to amend existing State of California law, as codified in Streets & Highway Code.

Projects of National and Regional Significance

- The bill authorizes $500 million in FY 2013 for high-cost surface transportation projects of national and regional significance.
- The Senate FY 2013 appropriations bill contains $500 million for the TIGER Program.
- Unfortunately, the House of Representatives recently adopted a funding bill for FY13 that includes no funding for this category.
  - The House has appropriated $500 million to AMTRAK

Freight Movement

- The bill calls for the development of a National Freight Strategic Plan and provides incentives for states that fund projects to improve freight movement.

- Establishment of a “National Freight Network”: Within one year of passage, the Secretary of Transportation shall establish a National Freight Network to assist States in strategically directing resources toward improved system performance for efficient movement of freight on highways, including national highway system, freight intermodal connectors and aerotropolis transportation systems.

The National Freight Network shall consist of the following:

- A Primary Freight Network based on an inventory of national freight volume (inventory to be conducted by FHWA, in consultation with system stakeholders). The Primary Freight Network will be no more than 27,000 centerline miles of existing roadways that are most critical to freight movement. The Secretary can add up to 3,000 additional centerline miles critical to *future* movement of freight on the primary network. The Secretary must redefine the Primary Freight Network every ten years.

- Portions of the Interstate System not designated as part of the Primary Freight Network.

- Critical rural freight corridors.

Public Transportation

- Urbanized Area Formula grants ($4.398 billion for FY 2013 and $4.459 billion for FY 2014)
- Elderly and Disabled Formula grants, which includes the former New Freedom program ($254.8 million for FY 2013 and $258.3 billion for FY 2014)
- Rural Area Formula grants ($599.5 million for FY 2013 and $607.8 million for FY 2014)
- Bus and Bus Facilities Formula grants ($422 million in FY 2013 and $427.8 million in FY 2014)
  - The existing competitive program is transitioned into a formula program where $65 million of program funds will be distributed evenly among states and territories and the rest will be distributed according to population and Sec. 5336 bus factors.
- State of Good Repair grants (former Rail Modernization program) ($2.136 billion in FY 2013 and $2.166 billion in FY 2014)
  - Funding tiers and earmarks in the old rail modernization program have been eliminated and replaced with a new structure that focuses on the age of the system, revenue vehicle miles and directional route miles.
- High Density Formula grants ($518.7 million in FY 2013 and $525.9 million in FY 2014)

New Starts Program

- The bill authorizes $1.9 billion in FY13 and $1.9 billion in FY14 for the Federal New Starts Program. This funding is roughly equivalent to funding levels in the past few years for the program and just slightly below the FY 2012 level.
- Continues to fund Small Starts (less than $75 million in New Starts funding and overall project cost of less than $250 million) and certain bus rapid transit projects out of this overall program.
- The New Starts program process would be streamlined by eliminating duplicative steps in project development and allowing for quicker proposal reviews by the FTA. The bill also establishes a new category for core capacity projects within New Starts; these projects would be required to achieve at least a 10 percent increase in capacity along its corridor.
- Adds core capacity projects to the program - defined to be substantial corridor based capital investments in an existing fixed guideway system and required to achieve an increase in capacity of a corridor by at least 10% to qualify.
- Adds a program of interrelated projects for projects that have a logical connectivity to each other. A funding priority is to be given these projects if the local share exceeds 20%, ensures that locally funded projects do not have Federal requirements imposed, and allows local funds committed to a project in the program of interrelated projects to be used to meet the local share requirement for other projects within the program if the federal share of each does not exceed 80%
- Creates a pilot program for expedited project delivery that will examine whether innovative project development and delivery methods or innovative finance arrangements can expedite project delivery.
- Reforms and streamlines the project approval process and provides for quicker review by FTA.

Donor State Issue

- The Conference Report provides that every state must receive a minimum return of 95% of what they pay into the highway trust fund. This is an increase over the last bill which provided a 92.5% minimum return.

- Currently, all states now receives more than 100% of what they pay into the highway trust fund. This is because the highway trust fund is no longer able to pay for the full cost of the federal aid highway program and Congress has to add general fund revenue to back fill it.

NEPA-CEQA Environmental Streamlining Program

- The Conference Report makes permanent the current pilot program that lets USDOT delegate NEPA authority to states that have equal or stronger environmental review laws.
    - This authority is expanded in the bill to all states and includes rail, public transit, and multi-modal projects – not just highways as the current program does.
- California is the only current participant in this program.

Key Issues Not Addressed in MAP-21

- **Positive Train Control not in the Conference Report**
  - The Conference Report does not include any changes to the current federal mandate that requires railroads to implement Positive Train Control (PTC) on passenger rail lines and lines carrying dangerous toxic-by-inhalation hazardous materials by Dec. 31st, 2015.
  - These deadlines are important as a response to the Metrolink Train Disaster of 2008.
  - There were proposals in the House and Senate bills that would have delayed and weakened implementation but those proposals are not included.
- **Commuter Benefit**
  - MAP-21 does not restore parity between the parking and transit tax benefit.
- **High Speed Rail**
  - The Conference Report does not include any provisions regarding high speed rail.
- **Privatizing Engineering Provision not in the Conference Report**
  - There was a very controversial provision in HR 7 that would have privatized public engineering services that was strongly opposed by Caltrans Engineers.
  - This provision is not in the conference report.
- **Transit operations flexibility not in the Conference Report**
  - Many California transit agencies and transit unions wanted language in the bill that allows transit agencies to use some federal transit funds that are currently dedicated to capital improvements for operations.

MAP-21 Project Streamlining Provisions: Highlights

- To streamline project permitting and delivery, MAP-21 includes changes to environmental review procedures that intend to shorten the average review time for new transportation projects to seven years from 15.
- The Secretary of Transportation, through a rule, shall treat any repair or reconstruction of a road, highway or bridge damaged in a declared emergency as categorically excluded from environmental assessments or impact statements.
- Projects that receive less than $5 million of Federal funds, or with a total cost estimate of not more than $30 million and federal funds comprising less than 15% of the total estimated cost, are designated a categorical exemption.
- Expands the modes (to include rail, transit, and multimodal) under which the Secretary of Transportation can assign and the state may assume responsibilities of the Secretary under NEPA. Expands this opportunity to all states.
- Shortens the statute of limitations for filing a challenge to a project from 180 days to 150 days after the Record of Decision.
- Allows the Secretary of Transportation to designate a single modal administration to serve as the lead Federal agency in a multimodal project.
- Federal agencies that fail to decide approval/disapproval within 180 days of a completed federal application or Federal lead agency issuing a decision, up to $20,000 a day is rescinded from the office budget of the agency head (capped at 2% of an agency budget per project and 7% of a budget for all projects).

Questions?