



U.S. Department
of Transportation
**Federal Transit
Administration**

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JUL 18 2011

Mr. Arthur T. Leahy
Chief Executive Officer
Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza
Los Angeles, CA 90012

Re: Funding Assumptions for the FY 2013 New
Starts Annual Report submittal

Dear Mr. Leahy:

In recent conversations between Los Angeles County Metropolitan Transportation Authority (LACMTA) and Federal Transit Administration (FTA) staff, LACMTA indicated that it wishes the Regional Connector and Westside Subway Extension projects to be considered as potential New Starts funding candidates in the upcoming FY 2013 *Annual Report on Funding Recommendations*. For project sponsors seeking consideration as funding candidates, FTA requires that updated information be submitted for its *Annual Report*. This includes being provided updated New Starts templates, Standard Cost Category worksheets reflecting updated costs in 2011 dollars, and updated financial plans. This information is typically due to FTA in early September, so that FTA recommendations concerning the President's FY 2013 budget proposal may be made in late fall.

As LACMTA prepares the updated information for the FTA's FY 2013 *Annual Report* submittal, the agency should address the items outlined in the preliminary engineering approval letters to the extent practicable at this stage of project development. In particular, this includes the statements regarding the amount of annual New Starts funding assumed, the project schedules, and the estimated capital costs.

Given the current uncertainty surrounding a timeframe for surface transportation reauthorization, the significantly reduced FY 2011 budget for the New Starts program, and the current conversations on Capitol Hill surrounding development of the FY 2012 budget, LACMTA should assume in its financial plan no more than \$100 million per year in annual New Starts funding for each project. Given the considerable number of large, high cost projects currently in the New Starts pipeline, it is not possible for the program to provide significantly higher amounts than this on an annual basis to any one project should the program funding level remain at its FY 2011 level of \$1.6 billion. In the event the New Starts program's funding level increases prior to execution of Full Funding Grant Agreements for the two projects, FTA will reconsider adjustments to the annual New Starts funding assumptions and coordinate with LACMTA appropriately.

Currently, LACMTA is assuming a total New Starts contribution of \$819.6 million or 60 percent for the Regional Connector project and a total New Starts contribution of \$2.06 billion or 38 percent for the Westside Subway Extension project. Because demand for New Starts funds greatly exceeds supply, typically project sponsors seeking very large amounts of New Starts funding provide significant overmatch to make their projects more competitive. FTA suggests that LACMTA consider lowering the 60 percent New Starts share request for the Regional Connector project to 50 percent or less to make it more competitive within the pipeline of projects currently seeking funding. This loss in New Starts funding for the Regional Connector project could be offset by raising slightly the share for the Westside Subway project. FTA plans to issue the FY 2013 *Annual Reporting Instructions and Templates* later this month. Should you require additional clarifications to support your *Annual Report* submittal for these two projects, please coordinate with Mr. James Garland, the New Starts Team Leader for these projects, by contacting him at (202) 366-0526 or by email at James.Garland@dot.gov.

Sincerely,



Leslie T. Rogers
Regional Administrator