



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

**Arthur T. Leahy**  
*Chief Executive Officer*  
213.922.6888 Tel  
213.922.7447 Fax  
metro.net

August 11, 2009

Honorable Robert Menendez  
U.S. Senate  
Chairman, Senate Committee on Banking,  
Housing and Urban Affairs, Subcommittee on Housing,  
Transportation and Community Development  
538 DSOB  
Washington, DC 20515

Dear Chairman Menendez:

On behalf of the Los Angeles County Metropolitan Transportation Authority, I want to express our appreciation for the rail modernization hearing held by your subcommittee on August 4, 2009. We welcome the opportunity to express our views regarding the rail modernization program.

First and foremost, we share the views articulated by you, Mr. Chairman, Federal Transit Administration Administrator Peter Rogoff and others that the rail modernization program is an essential part of ensuring the safety of rail transit in the United States. We are particularly mindful of the comments you made on the resources the federal government needs to invest to ensure the integrity and safety of our transit system. And we also share Administrator Rogoff's belief that "we all must focus our attention and resources on this important issue of maintaining the significant public investment in transit systems, if we are to maintain public confidence."

Los Angeles County Metro is a strong supporter of the federal fixed guideway infrastructure investments made possible under Section 5309(b)(2) of the Federal Transit Act. This section, in our considered opinion, appropriately authorizes capital projects to modernize existing fixed guideway systems. Our concern regarding the rail modernization program relates to the complex formulas, established in SAFETEA-LU and its predecessor acts, used by the Secretary of Transportation to apportion the funds for the program. This complex formula includes seven "tiers" of funding. In general, eleven "older" rail systems are heavily funded in the earlier tiers, receiving close to \$500 million in the 1<sup>st</sup> tier exclusively. Newer fixed guideway systems, like ours, receive incrementally more funding in the later tiers; however, the older cities still receive between fifty percent (50%) and sixty-five percent (65%) of funding allocated in the later tiers.<sup>1</sup>

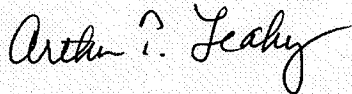
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<sup>1</sup> The formula allocates a specific amount of funding in each tier: \$497.7 million for the first tier; \$70 million for the second tier; \$5.7 million for the third tier; \$186.6 million for the fourth tier; \$70 million for the fifth tier; \$50 million for the sixth tier; and the remaining funds in the seventh tier.

Los Angeles County Metro believes there are clear inequities with respect to the current formula used to apportion rail modernization funds. Given this, we are supportive of a substantial restructuring of the fixed guideway modernization program, one that also advances the idea, which you have expressed, to increase the level of federal support for this much-needed program. Clearly, the program should distribute funds in a fair manner and recognize the growing and unmet needs of systems built in recent years. The fixed guideway program was established by Congress for maintenance and repair activities; the need for these capital activities is as critical in growing new cities as it is in older ones. In our view, the current formula is inequitable, outdated, and unjustified and must be changed to more fairly distribute critical federal maintenance investments.

We look forward to working with you to strengthen the rail modernization program and advance our shared goal of ensuring the safe operation of all transit systems across the United States.

Sincerely,



Arthur T. Leahy  
Chief Executive Officer

cc: U.S. Senator Dianne Feinstein  
U.S. Senator Barbara Boxer