



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 T
metro.net

40

**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
FEBRUARY 15, 2007**

SUBJECT: STATE LEGISLATION

ACTION: ADOPT STAFF RECOMMENDED POSITIONS

RECOMMENDATION

SB 9 (Lowenthal) – Would establish conditions for allocating goods movement project funds from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act. WORK WITH AUTHOR

SB 19 (Lowenthal) – Would establishes conditions for allocating air quality improvement funds from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act. WORK WITH AUTHOR

SB 45 (Perata) – Would establishes conditions for allocating transit security funds from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act . WORK WITH AUTHOR

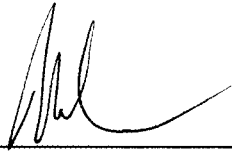
SB 47 (Perata) – Would establish condition for allocating State and Local Partnership Program funds from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act. WORK WITH AUTHOR

ATTACHMENTS

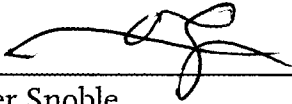
Attachments A - D

Prepared by: Michael Turner
Government Relations Manager

Patricia Torres Bruno
Government Relations Officer



Matthew Raymond
Chief Communications Officer



Roger Snoble
Chief Executive Officer

BILL: SB 9

AUTHOR: STATE SENATOR ALAN LOWENTHAL
(D – LONG BEACH)

TITLE: TRADE CORRIDORS IMPROVEMENT FUND

STATUS: SENATE RULES COMMITTEE

POSITION: WORK WITH AUTHOR

RECOMMENDATION

Adopt a Work with Author position on SB 9 (Lowenthal), which would establish a process for the selection of transportation projects for the Trade Corridors Improvement Fund.

ISSUE

Proposition 1B the Highway Safety, Traffic Reduction, Air Quality and Port Security Fund of 2006 authorized \$19.9 billion for various categories of transportation improvements. Many of the categories in the bond are subject to further legislation which will define how bond funds are to be administered. This legislation will have a significant impact on the ability to fund transportation improvements in Los Angeles County. SB 9 which has been introduced by Senator Lowenthal would establish a process for the selection of transportation projects for the Trade Corridors Improvement Fund. Metro's goal would be to establish a process which ensures that Los County competes well in this bond category given the significance of the San Pedro ports to the state and national economy.

PROVISIONS

Proposition 1B requires that \$2 billion to be transferred to the newly created Trade Corridors Improvement Fund. The money in the fund is required to be available, upon appropriation in the annual budget and subject to further legislation by the Legislature. The funds shall be allocated by the California Transportation Commission for infrastructure projects along "Trade Corridors of National Significance" or along other corridors within this state that have a high volume of freight movement.

SB 9 would:

- This bill would enact legislation that establishes a process for the selection of transportation projects to be funded from the Trade Corridors Improvement Fund.

IMPACT ANALYSIS

The voters overwhelmingly approved Proposition 1B last November to make significant investments to the State's infrastructure. As part of the bond package \$3 billion will be available for goods movement projects including highway and rail improvements, air quality,

safety and security. The bond allocates \$2 billion for infrastructure projects and \$1 billion for air quality improvements. Further legislation is needed to more clearly define the selection process for transportation projects.

SB 9 was introduced by Senator Alan Lowenthal to establish that selection process. The bill is only in concept at this time and requires additional provisions that outline the selection process for the Trade Corridors Improvement Fund. Staff recommends that the Metro Board of Directors adopt a basic set of principles that should be incorporated in this legislation. These principles would be as follows:

- Funds for goods movement projects should be based on the volume of cargo moved through the State's ports
- Funding allocations should also consider the projected growth of cargo to be handled by the State's ports
- Funding should be allocated to regions that experience high levels of congestion caused by the movement of cargo.
- Funding should support the economic contribution of this sector of the economy to the State's overall fiscal health.

Metro will continue to working closely with Senator Lowenthal and members of the Los Angeles County delegation to ensure the above factors are considered in establishing a project selection process. Metro staff is also participating in a goods movement working group established by the California Transportation Commission which has been established to further develop guidelines for this program. Staff will continue to monitor SB 9 and will return to the Metro Board for a formal position once the bill is better defined.

BILL: SB 19

AUTHOR: STATE SENATOR ALAN LOWENTHAL
(D – LONG BEACH)

TITLE: CALIFORNIA PORTS INFRASTRUCTURE, SECURITY, AND AIR
QUALITY IMPROVEMENT ACCOUNT.

STATUS: SENATE RULES COMMITTEE

POSITION: WORK WITH AUTHOR

RECOMMENDATION

Adopt a Work with Author position on SB 19 (Lowenthal), a bill that would establish criteria for projects to be funded by the California Ports Infrastructure, Security, and Air Quality Improvement Account.

ISSUE

Proposition 1B the Highway Safety, Traffic Reduction, Air Quality and Port Security Fund of 2006 authorized \$19.9 billion for various categories of transportation improvements. Many of the categories in the bond are subject to further legislation which will define how bond funds are to be administered. This legislation will have a significant impact on the ability to fund transportation improvements in Los Angeles County. SB 19 which has been introduced by Senator Lowenthal would establish a process for the selection of air quality improvement projects for the California Ports Infrastructure, Security, and Air Quality Improvement Account. Metro's goal would be to establish a process which ensures that Los County competes well in this bond category given the significance of the San Pedro ports to the state and national economy and the level of pollution and congestion created by goods movement.

PROVISIONS

Proposition 1B allocates \$1 billion of the goods movement bond proceeds to be deposited in the California Ports Infrastructure, Security, and Air Quality Improvement Account. The bonds proceeds will be appropriated by the Legislature and subject to further legislation. Upon appropriation by the Legislature, the bonds proceeds will be made available to the State Air Resources Board for emission reduction programs related to goods movement along trade corridors.

SB 19 would:

- Enact legislation that establishes criteria for air quality improvement projects related to goods movement along trade corridors.

IMPACT ANALYSIS

Proposition 1 B which was approved by the voters last November allocates \$3 billion for goods movement, air quality, safety and security improvements. Specifically, the bond allocates \$1 billion for air quality improvements related to goods movement along trade corridors. Further legislation is needed to more clearly define criteria for eligible projects to compete for these funds

SB 19 was introduced by Senator Alan Lowenthal to establish eligibility criteria. The bill is only in concept and requires additional provisions that outline conditions and criteria to compete for air quality improvement funds. Staff recommends that the Metro Board of Directors adopt a basic set of principles that should be incorporated in this legislation. These principles would be as follows:

- Funds for goods movement projects should be based on the volume of cargo moved through the State's ports
- Funding allocations should also consider the projected growth of cargo to be handled by the State's ports
- Funding should be allocated to regions that experience high levels of congestion caused by the movement of cargo.
- Funding should support the economic contribution of this sector of the economy to the State's overall fiscal health.

Metro staff will continue to work closely with Senator Lowenthal and members of the Los Angeles County delegation to ensure the following factors are considered in establishing criteria to compete in the process. Metro staff is also participating in a goods movement working group established by the California Transportation Commission which will discuss guidelines for the implementation of this program. Metro staff will continue to monitor SB 19 and will return to the Metro Board for a formal position once the bill is better defined.

BILL: SB 45

AUTHOR: STATE SENATOR PERATA
(D – OAKLAND)

TITLE: TRANSIT SYSTEM SAFETY, SECURITY, AND DISASTER RESPONSE
ACCOUNT

STATUS: SENATE RULES COMMITTEE

POSITION: WORK WITH AUTHOR

RECOMMENDATION

Adopt a Work with Author position on SB 45 (Perata).

ISSUE

Proposition 1B the Highway Safety, Traffic Reduction, Air Quality and Port Security Fund of 2006 authorized \$19.9 billion for various categories of transportation improvements. Many of the categories in the bond are subject to further legislation which will define how bond funds are to be administered. This legislation will have a significant impact on the ability to fund transportation improvements in Los Angeles County. Proposition 1B allocates \$1 billion to the newly created Transit System, Safety, Security, and Disaster response Account. SB 45 (Perata) would establish a process for the allocation of funds from the Transit System, Safety, Security, and Disaster response Account. Metro staff recommends that the funds be allocated by a risk-based formula.

PROVISIONS

Proposition 1B the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund. allocates \$1 billion for infrastructure projects that increase protection against security and safety threats. In addition, the bond proceeds can be used for capital expenditures to increase the capacity of transit operators to develop disaster response transportation systems. The bond proceeds will be made available upon appropriation by the Legislature.

Specifically, SB 45 would:

- Establish the allocation process for funds from the Transit System Safety, Security, and Disaster Response Account.

IMPACT ANALYSIS

Proposition 1B the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund. allocates \$1 billion for infrastructure projects that increase protection against security and

safety threats. Further legislation is needed to more clearly define the allocation process for projects. This legislation will affect the amount of funding available to Los Angeles County from this program.

SB 45 was introduced by Senator Don Perata to establish an allocation process for funds made available for transit safety and disaster preparedness. The bill is only in concept and requires additional provisions that outline the allocation process.

This program was originally conceived as a purely transit security program when the infrastructure bond was initially considered. Negotiations in the Legislature increased the amount of funding that was made available for this program and also expanded the purpose of the program to include funding for transit agencies to expand their capabilities in the area of disaster response. In the event of a major disaster, transit agencies will be called upon to provide emergency services.

Current discussions around this program generally center around two areas. First is how the money should be allocated. Some of the smaller more suburban and rural transit providers maintain that funds should be made available on a purely formulaic basis using some existing transit calculation. Staff is concerned that since these funds are meant for transit security purposes they should be allocated to areas exposed to higher risks. A strictly transit formula allocation will dilute the effectiveness of these funds. Secondly, geographic concerns also exist with the allocation of these funds. It is clear that Bay Area members would like to develop a water-borne transit system that could function in the event of a major disaster. Staff recognize this concern and would like to work with our counterparts in the Bay Area to ensure that this program also recognize the unique needs of Southern California.

Staff therefore recommends that these funds be allocated to areas based on the level of their security risk. The federal government has initiated such programs and these could be applied to the State's efforts.

Metro will continue to work closely with Senator Perata and members of the Los Angeles County delegation to ensure that funds are allocated by a risk-based formula given the significance of Los Angeles County and the considerable risk faced by urban areas. Metro staff will continue to monitor SB 45 and will return to the Metro Board for a formal position once the bill is better defined.

BILL: SB 47

AUTHOR: STATE SENATOR DON PERATA
(D – OAKLAND)

TITLE: STATE AND LOCAL PARTNERSHIP PROGRAM

STATUS: SENATE RULES COMMITTEE

ACTION: WORK WITH AUTHOR

RECOMMENDATION

Adopt a Work with Author position on SB 47 (Perata), which would establish eligibility requirements and the application process for the State and Local Partnership Program

ISSUE

Proposition 1B the Highway Safety, Traffic Reduction, Air Quality and Port Security Fund of 2006 authorized \$19.9 billion for various categories of transportation improvements. Many of the categories in the bond are subject to further legislation which will define how bond funds are to be administered. This legislation will have a significant impact on the ability to fund transportation improvements in Los Angeles County. Proposition 1B allocates \$1 billion to a newly created State and Local Partnership Program. SB 47 (Perata) would establish eligibility matching fund requirements and the application process for this program. Metro staff would like to ensure that funds are made available based on the amount of funding contributed by local taxpayers.

PROVISIONS

Proposition 1B the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund authorize the allocation of \$1 billion in bond proceeds for the State-Local Partnership Program. These funds would be disbursed by the California Transportation Commission for transportation projects nominated by transportation agencies and subject to appropriation by the Legislature. Existing law requires a dollar for dollar match of local funds for projects funded with these bond funds.

Specifically, SB 47 would:

- Establish project eligibility criteria, matching fund requirements and the application process relative to allocation of bond proceeds to the State-Local Partnership Program.

IMPACT ANALYSIS

Proposition 1 B allocates \$1 billion to a newly created State and Local Partnership program. Further legislation is needed to establish eligibility and matching fund requirements and an application process for this program. This legislation will affect the amount of funding available to Los Angeles County from this program. SB 47 was introduced by Senator Don Perata in concept only and requires additional provisions that outline eligibility, matching fund requirements and an application process.

Local funds constitute a significant portion of California's transportation funding program. These funds are mostly sales taxes approved by local voters. The State and Local Partnership Program would reward the commitment of local voters who have willingly taxed themselves for transportation improvements. As a self help county, LA County contributes significantly to its future and the local contribution is approximately 2/3 of the to the transportation funding for the County.

Recently, Bay Area representatives have indicated that they feel certain bridge related tolls should also be included in this equation since they were approved by Bay Area voters. Although one could conceivably argue that these funds are not the traditional types of self help revenues in that they are broadly applied, some portion of the bridge tolls were approved by the voters and are allocated to transportation improvements. The basis of this argument is that Bay Area voters approved sales taxes and tolls for transportation and should be rewarded for that foresight. By that same token Los County taxpayers approved two sales tax measures which together contribute over \$1 billion each year for transportation and should be rewarded accordingly. Staff therefore feels that the new State and Local Partnership Program should be structured so that voters are rewarded for their commitment in proportion to that commitment (i.e. the amount of taxes they pay)

Metro staff will continue to work with Senator Perata on SB 47 and will return to the Metro Board for a more refined position as the bill is further defined.