



Metro

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Highway Trust Fund Expected to Go Bankrupt in Two Years

The Congressional Budget Office (CBO), a nonpartisan arm of Congress that provides objective budgetary estimates and analysis, concluded in its [just-released annual budget forecast](#) that the Highway Trust Fund (HTF) will slide into deficit status in the early part of Fiscal Year 2009. CBO's baseline analysis projects that the Highway Account of the HTF will reach a negative balance of \$3.6 billion prior to the expiration of SAFETEA-LU, whose authorization period ends on September 30, 2009. It should be noted that the Mass Transit Account of the HTF is not expected to go into default in 2009, primarily due to accounting procedures for transit programs enacted in SAFETEA-LU that reduced the rate of outlays and allowed balances to build up over time.

In addition to the CBO forecast, the White House Office of Management and Budget (OMB) is expected to release its own projections of HTF revenue and outlays as part of the President's budget submission to Congress on February 5th. OMB and CBO projections typically differ from one another. Last year, CBO's projections were significantly more optimistic than that of OMB.

CBO's latest findings are timely for several reasons. First, Congress is faced with a major decision on transportation funding -- whether to fund the highway and transit program at FY07 authorized levels or FY06 levels. Because Congress failed to complete most spending bills last year, the new majority is taking the unusual step of passing a year-long continuing resolution (CR) that would freeze nearly all domestic discretionary programs at last year's levels. While an immediate freeze on the highway and transit program would delay the onset of a negative cash balance in the HTF, a year-long CR that fails to fund

the program at FY07 levels would violate the spending "guarantees" in SAFETEA-LU and could have significant economic ramifications in terms of project delivery and job growth. As such, transportation advocates in Congress (including Senator Boxer and Los Angeles House members on the Transportation & Infrastructure Committee) as well as some industry groups are starting to mount a major effort to persuade the House and Senate Appropriations Committees to fully fund transportation programs at FY07 levels in the year-long CR. Metro intends to add its voice to the debate in the days ahead.

Second, the CBO report underscores the looming crisis faced by the HTF and adds urgency to the work of the National Surface Transportation Policy and Revenue Study Commission (also known as the "1909 Commission"). The Commission, which will hold a field hearing at Metro headquarters next month, was created by SAFETEA-LU to identify short and long term funding solutions to preserve the solvency of the HTF.

We will keep you informed as new developments on the year-long CR unfold in the weeks ahead.

House Committee Holds Hearing with Section 1909 Commissioners

The House Transportation & Infrastructure Committee's Subcommittee on Highways and Transit held its first hearing in the 110th Congress yesterday. The hearing, which was presided over by the Subcommittee's new Chairman, Rep. Peter DeFazio (D-OR) and Ranking Member Rep. John Duncan (R-TN), focused on the future challenges for the nation's surface transportation system. Among the witnesses called to testify were Jeffrey Shane, Under Secretary of Transportation Policy for the U.S. Department of Transportation, Steve Heminger, Executive Director of the Metropolitan Transportation Commission and a member of the National Surface Transportation Policy and Revenue Study Commission and Jack Schenendorf, an attorney who presently serves as the Vice Chairman of the Commission. In his testimony, Steve Heminger shared that the Commission (popularly known as the Section 1909 Commission) is slated to complete its work by December 31, 2007. He indicated that the Commission's focus areas include: traffic congestion, freight and goods movement, highway safety, national energy security, and finance/revenue requirements.

Metro Orange Line 65-Foot Evaluation Bus

This morning, the *Daily News* inquired about Metro's plans to evaluate a 65-foot articulated bus for possible application on the Metro Orange Line. This inquiry came on the heels of today's Board approval of an additional \$100,000 to

Metro's existing contract with North American Bus Industries, Inc. (NABI) to allow for the production of a demonstration bus that will accommodate nine more seated passengers -- a 16% increase in seating capacity. NABI will be able to produce this prototype vehicle without significant cost, technical or mechanical challenges. The new vehicle will also contain upgraded frameless windows, adding to its design appeal.

Yesterday the agency was granted an exemption from Caltrans to permit operation of the 65-foot vehicle expressly on the Metro Orange Line. Staff continues to evaluate new bus technologies, including an 80-foot design that would contain double articulated joints and even greater seating capacity. These efforts are in response to greater-than-anticipated customer demand for Metro Orange Line service. The 65-foot bus is expected to be completed and ready for evaluation this summer.

In related news, Metro Orange Line service frequency improved from five minutes to four minutes during peak service hours as of January 21st. The story is expected to run tomorrow.

Traffic Congestion Discussed on "Which Way L.A." Radio Show

Earlier today, Director Katz participated in a segment of "Which Way L.A.," a show on National Public Radio. He joined Steve Lopez of the *Los Angeles Times* and Ted Balaker from the Reason Foundation to talk about how to deal with traffic congestion while balancing both growth and transit demand. Other topics covered included the value of carpool lanes and the Reason Foundation's push to convert high occupancy vehicle lanes into toll roads. The show will air this evening at 7:00 p.m.

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