

Board Action Update - April 26, 2001

NEW! MTA to Seek Exemption from Power Outages on Metro Rail Lines

In other Board action:

Big Lease Deal, Transit Subsidy Bills, Non-Rev Vehicles Approved by Board

(April 26, 2001) The MTA Board voted, Thursday, to seek an exemption from the rotating power outages that sometimes have affected the Metro Blue Line and Metro Green Line during recent Stage 3 alerts.

Southern California Edison notified the agency, April 11, that the MTA will be classified as a "non-essential customer," a move that could reduce or cut power to light-rail lines in an electrical emergency.

The Board's motion cited the need to ensure the safety of passengers, MTA employees and Los Angeles residents who live near or use train stations or rail crossings.

Separately, the Rail Operations and Regulatory Subcommittee of the California Transit Association, which represents the state's rail transit properties, is asking the California Public Utilities Commission to approve a blanket exemption for rail operators. The CPUC recently granted such exemptions to BART and the underground portions of the MUNI light-rail system in San Francisco.

In other Board action:

A leasing deal that could bring in millions of dollars in revenue, federal legislation on employee transit subsidies and orders for new non-revenue trucks and vans are among items approved this month by the MTA Board.

Some of the MTA's most important properties would be featured in a lease arrangement that could earn up to \$14 million for the agency. Included in the deal are the Regional Rebuild Center, rail divisions 20 and 22, the Rail Operations Center, and bus divisions 3 and 18.

"Defeased lease" deal approved by the Board. Under the proposal, the properties would be "sold" to an outside investor, Agilent Technologies, Inc., for a fair market value of approximately \$280 million. The MTA would immediately lease the properties back from the investor, while holding the funds in trust.

The MTA's profit on the deal, called a "defeased lease," would come primarily from the interest the agency would earn on the funds held in the trust account. The MTA would be permitted to exercise an early buy-out option no later than the 30th year.

Employee transit subsidies

The Board voted to support this congressional legislation.

Legislation now before both the U.S. Senate and House of Representatives would raise the tax-free benefit for those who commute by mass transit or vanpools.

Existing federal law permits employers to give employees only \$65

Included in this report:

[Employee transit subsidies](#)
[New non-revenue vehicles](#)
[Schedule of Committee Meetings](#)

per month in tax-free commuter subsidies. Currently, both the employer and the employee must pay taxes on subsidies that exceed that amount.

The MTA gives employees who use mass transit a TransitChek subsidy of up to \$102 per month and provides a number of free employee vanpools.

The bills before Congress – S. 217 and H.R. 318 – would raise the tax-free limit from \$65 per month to \$175 per month. If approved and signed into law, the legislation would not tax employers or employees on any transit subsidy up to \$175 per month.

The legislation also amends the Internal Revenue Code to provide “cost of living” increases for commuter subsidies, a provision that could increase future commuter benefits.

New non-revenue vehicles

Approved by the Board.

The MTA staff is recommending that the agency buy 97 new vans and 43 new pickups and utility trucks for a total of \$3.2 million.

The purchase will include 24 mini-vans, eight full-sized passenger vans and 65 cargo vans. The agency will buy seven pickup trucks, 34 utility trucks and two trucks for field equipment technicians.

The first 20 cars on an order of 207 new, four-door Ford Taurus passenger vehicles are expected to be delivered in late May. Sixty more are expected in June and again in July with the remainder of the order to be delivered in coming months.

[Back to MTA Report](#)