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**PLANNING AND PROGRAMMING COMMITTEE
MARCH 16, 2005**

**SUBJECT: REGIONAL PROGRAMMING OF SUPPLEMENTAL FFY 2004
CONGESTION MANAGEMENT AND AIR QUALITY IMPROVEMENT
FUNDS**

**ACTION: RECEIVE AND FILE REVIEW OF SUPPLEMENTAL FUNDS, AND
APPROVE CONCEPTUALLY THE PROPOSED PROGRAMMING OF
FUNDS**

RECOMMENDATION

- A. Receive and file a review of the proposal that we have developed for the Board of Directors to approve programming of \$40 million in supplemental Congestion Mitigation and Air Quality Improvement (CMAQ) funds that Congress has provided for Federal Fiscal Year (FFY) 2004.
- B. Approve conceptually the proposed programming of \$40 million in supplemental FFY 2004 CMAQ funds to regional projects shown in Attachment A.

ISSUE

Last December, the State of California Department of Transportation (Caltrans) informed the Regional Transportation Planning Agencies (RTPAs) that FFY 2004 CMAQ funding was higher than previously estimated. In January, we also learned that the State of California apportioned \$149 million of FFY 2004 CMAQ funding to Los Angeles County, or about \$40 million more than previous estimates. We have developed a proposal for programming the \$40 million in supplemental CMAQ funds and planned on presenting recommendations to the Board of Directors for approval in the coming months. However, the Board has requested recently that we first provide a review of our proposed programming, before we request final Board approval of recommendations.

DISCUSSION

For programming purposes, we have conservatively estimated the amount of CMAQ funding that would be available to Los Angeles County beyond FFY 2003. Based on Congressional actions for FFY 2003, we have estimated that the FFY 2004 CMAQ allotment for Los Angeles County would be \$109 million. The estimate was deliberately conservative because Congress had not yet reauthorized the Transportation Equity Act of the 21st Century (TEA-21), and the U.S. Department of Transportation (USDOT) was contemplating formula changes that could significantly reduce CMAQ funding.

Shortly before FFY 2004 ended, Congress appropriated Supplemental Minimum Guarantee funds that eventually would give Los Angeles County \$40 million more in CMAQ funding than staff had estimated. This atypical supplemental action arose at the very end of FFY 2004 because TEA-21 expired in FFY 2003, without any Congressional reauthorization. Instead of reauthorizing TEA-21, Congress enacted six interim authorizations for FFY 2004. The last FFY 2004 action, occurring on September 30, 2004, added the supplemental funds for the State of California. On December 3, 2004, the Federal Highway Administration notified Caltrans of the statewide figure, and then on December 22nd, Caltrans notified the RTPAs. We learned of the additional funds on January 5, 2005, and immediately began evaluating how to program the added funds. The additional funds must be obligated by September 30, 2006, or else they will lapse and be returned to the State of California for redistribution according to state AB 1012 requirements.

Los Angeles County Programming Processes

According to state and federal laws, the Los Angeles County Metropolitan Transportation Authority (Metro) must follow a continuing, comprehensive, and cooperative planning and programming process beginning with a Long Range Transportation Plan, progressing through a Short Range Transportation Plan, and finally culminating with a Los Angeles County Transportation Improvement Program (TIP). Once adopted by the Board, the County TIP is incorporated into the Southern California Association of Governments (SCAG) Regional TIP. Caltrans and the USDOT then must review and approve the Regional TIP. The USDOT-approved TIP includes designated Transportation Control Measure (TCM) projects that reduce mobile emissions. The Clean Air Act requires that these TCM projects be expeditiously implemented. If the TCM projects are not implemented in a timely fashion, TIP approval could be lost and federal funds for the entire SCAG region could be suspended. TCM projects, as defined in the Clean Air Act and listed in Attachment B, are eligible for CMAQ funds.

Strategic Use of CMAQ Funding

In keeping with Board direction and priorities established in the aforementioned processes, and to comply with federal law, any additional CMAQ funding that Congress appropriates at the very end of the Federal Fiscal Year must first go to fund projects on the Board-approved, Los Angeles County TIP list. We have sought to maximize the use of available federal and state funds by using them first whenever possible. This allows local Proposition C sales tax funds to be used as the last dollar in and preserves the Board's flexibility in pursuing its Long and Short Range Transportation Planning objectives for Los Angeles County. When this first-use strategy is employed successfully, the net available CMAQ funds in FFY 2005 would increase because FFY 2004 funds would be used for FFY 2005 grant contracts. Over time, the strategic approach reduces borrowing costs and accrues to additional Proposition C programming capacity.

Regional Programming FFY 2005 CMAQ Funds

In April 2003, the Board established priorities for CMAQ-eligible projects countywide that could be implemented with the ongoing State Budget shortfall. Following this Board decision, staff presented a list of projects that could be funded to the Planning and

Programming Committee at its February 2004 meeting. This project list included Transportation Control Measure (TCM) projects identified from the TIP and used the forecasted FFY 2005 CMAQ apportionment of approximately \$109 million. In September 2004, the Board adopted a supporting action to fund the TCM projects, including the Exposition Light Rail Transit (LRT) Project, by proposing to bond a larger portion of Proposition C funds.

OPTIONS

The regional projects selected for proposed programming and shown in Attachment A are consistent with the strategy described above. These projects represent the most efficient use of the supplemental CMAQ funds, given our TCM responsibilities under the Clean Air Act. We have evaluated other projects in the committed Los Angeles County TIP for the use of these CMAQ funds and have found that they are not as acceptable as the recommended regional project list in Attachment A, because the funds freed up may be used for projects that are not enforceable TCM projects under the Clean Air Act. For example, these funds could be used to pay for additional Metro bus purchases. Under this scenario, funds currently committed in the Metro bus capital program for these purchases would be freed up for other bus capital or operating uses. As these other bus capital and operating uses are not now in the TIP, they could not possibly be enforceable TCM projects.

Contrasting the Metro bus purchase programming scenario with the Attachment A projects demonstrates the rationale used for our proposal. Each of the Attachment A projects must be funded with an alternate source, if CMAQ is not used. All of the Attachment A projects, except the Eastside LRT Deferred Projects, are eligible for Proposition C 25% bond funds. If the Proposition C 25% bond funds were to be used instead, Metro would incur added interest costs and reduce its ability to remain within its Proposition C 25% debt policy limits. As described to the Board in September 2004, Metro's commitment to deliver TCM projects by borrowing against Proposition C 25% funds brought Metro to the limit of its debt capacity. As Proposition C 25% bond funds are now a critical component of the Metro strategy to comply with the Clean Air Act TCM requirements, we do not recommend alternate programming scenarios that would lead to impacting the Proposition C 25% funded program.

NEXT STEPS

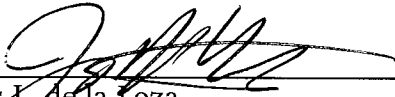
In separate Board Reports, we will be asking the Board to approve our proposed programming of \$40 million in additional CMAQ funds to the next available CMAQ-eligible, priority projects as shown in Attachment A. These regional projects have other funding sources that are time-sensitive, and Los Angeles County may lose future funding if project costs are not met. This list includes several TCM projects that are critical for the county and the region to conform to federal air quality requirements. If these requirements are not met, capacity-enhancing projects throughout the region may be denied federal funding. For now, we are requesting that the Board conceptually approve our proposed programming of the \$40 million, before we bring the projects to the Board individually for final action.

The Board may choose not to approve all or part of the programming recommendations that we will be bringing forward. The Board instead may choose to assign other funding, such as available Proposition C 25% bond funds, to the regional projects listed in Attachment A. All of the projects shown in Attachment A, except for the Eastside LRT Deferred Projects, are eligible for Proposition C 25% bond funds. Certain elements of the Eastside LRT Deferred Projects are ineligible for Proposition C 25% funds, so they need \$14 million of the \$40 million in supplemental FFY 2004 CMAQ funds. If the Board approves our Eastside CMAQ programming recommendation, then the Board could choose to direct us to program the remaining \$26 million of supplemental FFY 2004 CMAQ funds to other eligible TCM projects.

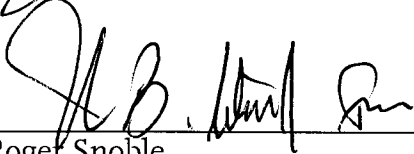
Prepared by: David Yale, Director, Regional Programming
Frank Flores, Deputy Executive Officer, Programming and Policy Analysis

ATTACHMENT

- A. List of Proposed Projects for Supplemental CMAQ Funds
- B. Transportation Control Measures Eligible for Federal CMAQ Funds



James L. de la Loza
Chief Planning Officer



Roger Snoble
Chief Executive Officer

Project	CMAQ (\$mil)	Proposed Schedule for Board Action
I-5 from Rte 118 to Rte 14	\$8.8	February
I-5 Waterford Ave to I-10	\$4.9	February*
Douglas Street Gap Closure	\$0.5	March
Eastside LRT Deferred Projects	\$14.0	March
I-405/US-101 Connector Gap Closure	\$0.4	TBD
Exposition LRT Project	\$11.4	TBD
Total	\$40.0	
* This commitment was addressed through the Board-approved abbreviated process for authorizing Caltrans cost increases of \$5 million or less.		

Transportation Control Measures Eligible for Federal CMAQ Funds

Transportation Control Measures, as listed in Section 108 of the Clean Air Act and 42 USC Section 7408(f)(1) include, but are not limited to:

- (i) programs for improved public transit;
- (ii) restriction of certain roads or lanes to, or construction of such roads or lanes for use by, passenger buses or high occupancy vehicles;
- (iii) employer-based transportation management plans, including incentives;
- (iv) trip-reduction ordinances;
- (v) traffic flow improvement programs that achieve emission reductions;
- (vi) fringe and transportation corridor parking facilities serving multiple occupancy vehicle programs or transit service;
- (vii) programs to limit or restrict vehicle use in downtown areas or other areas of emission concentration particularly during periods of peak use;
- (viii) programs for the provision of all forms of high-occupancy, shared-ride services;
- (ix) programs to limit portions of road surfaces or certain sections of the metropolitan area to the use of non-motorized vehicles or pedestrian use, both as to time and place;
- (x) programs for secure bicycle storage facilities and other facilities, including bicycle lanes, for the convenience and protection of bicyclists, in both public and private areas;
- (xi) programs to control extended idling of vehicles;
- (xii) programs to reduce motor vehicle emissions, consistent with subchapter II of this chapter, which are caused by extreme cold start conditions;
- (xiii) employer-sponsored programs to permit flexible work schedules;
- (xiv) programs and ordinances to facilitate non-automobile travel, provision and utilization of mass transit, and to generally reduce the need for single-occupant vehicle travel, as part of transportation planning and development efforts of a locality, including programs and ordinances applicable to new shopping centers, special events, and other centers of vehicle activity;
- (xv) programs for new construction and major reconstructions of paths, tracks or areas solely for the use by pedestrian or other non-motorized means of transportation when economically feasible and in the public interest. For purposes of this clause, the Administrator shall also consult with the Secretary of the Interior.

