

## Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 6-7, 2006

Reference No.: 2.6e.(3)  
Action Item

From: CINDY McKIM  
Chief Financial Officer

Prepared by: Ross A. Chittenden  
Division Chief  
Transportation Programming

Ref: **ALLOCATIONS FOR TRAFFIC CONGESTION RELIEF PROGRAM (TCRP) PROJECTS  
RESOLUTION TFP-06-**

### **RECOMMENDATION:**

The California Department of Transportation (Department) recommends that the California Transportation Commission (Commission) defer approval of the following allocation request for \$166,914,000 in new TCRP funding to reimburse the previously approved AB 1335 Letter of No Prejudice (LONP) for the project identified below.

### **ISSUE:**

Under Resolution TL-05-02, the Los Angeles County Metropolitan Transportation Authority (LACMTA) received approval of a LONP authorizing the expenditure of \$166,914,000 for Construction for TCRP Project #36 – Los Angeles Eastside Transit Extension. The LACMTA is requesting that the LONP be reimbursed at this time.

However, as allocations are currently made based on a modified accrual basis, current revenues are insufficient to meet the projected allocation needs as identified in the April 2006 Progress Report. As projected allocation needs outweigh available resources combined with uncertain future financial conditions contingent on the upcoming Proposition 1A and the Proposed Fiscal Year (FY) 2007-08 Budget, the Department cannot recommend approval of the LACMTA's request due to the impact of such allocation for other transportation projects, thereby affecting ability of the Commission to approve other TCRP project allocation requests.

The Department recommends deferral until such time allocation needs can be reassessed using information to be collected in the upcoming October 2006 Progress report, as well as the capacity to allocate based on the decision concerning Proposition 1A and the release of the FY 2007-08 Budget.

### **BACKGROUND:**

On May 26, 2005, the Commission approved LACMTA's request for a LONP for \$166,914,000 for Construction. The application amendment that accompanied the LONP request was approved with the project schedule indicating that Construction would not be completed until FY 2010-11.

When the application amendment and the LONP request were submitted, LACMTA did not request a non-proportional reimbursement of TCRP funding. In addition, Resolution G-03-12, Guidelines for Letter of No Prejudice, Traffic Congestion Relief Program (Guidelines) were still in effect. While Section 5.3 of the Guidelines provides for reimbursement for partially completed phases, such revenue was not available nor was future funding assured. Yet, LACMTA sought approval of the LONP with the understanding reimbursement would not occur until the phase is completed in FY 2010-11.

LACMTA's current LONP reimbursement request is not consistent with the approved project application (upon which the LONP was approved) as reimbursement of this amount represents a non-proportional reimbursement of TCRP funding.

Despite the recent influx of an additional \$315 million, current available revenues for TCRP allocations totals \$458 million compared against an approximate \$800 million remaining projected allocation need for FY 2006-07, as indicated in the April 2006 Progress Report. This projected allocation need does not include the \$166,914,000 as requested by LACMTA. Given the current limited allocation resources in relation to the projected number of projects seeking to obtain funding in FY 2006-07, the Department cannot recommend the full reimbursement.

For LONPs approved prior to June 30, 2005, Commission guidelines permit reimbursement of LONPs on an equitable basis that serves the interest of the entire state transportation program, including, but not limited to, the impact of such allocation(s) for other transportation projects.

TCRP funds constitute approximately 23 percent of the total funds budgeted for construction. LACMTA's request for reimbursement of the full LONP amount constitutes approximately 54 percent of total construction expenditures to date. The proportional amount would be \$71,500,000.

The Department recommends the Commission defer approval until the reassessment of allocation needs of the upcoming October 2006 Progress Report is completed, the decision on Proposition 1A is resolved, and the proposed FY 2007-08 Budget is released, thus providing a more accurate picture of future funding revenues.

Attachment

2.6 Mass Transportation Financial Matters

Project # Allocation Amount Implementing Agency District-County	BREF # and Project Description Description of Allocation	Item # Program Code	Total Allocation Amount
<b>2.6e.(3) Traffic Congestion Relief Program AB 1335 LONP Reimbursement</b>		<b>Resolution TFP-06-__</b>	
1 \$166,914,000 Los Angeles County Metropolitan Transportation Authority 07 – Los Angeles	<b>Project #36 – Los Angeles Eastside Transit Extension; build new light rail line in East Los Angeles, from Union station to Atlantic via 1st Street to Lorena in Los Angeles County.</b>  Construct a six-mile, nine station (eight new) light rail line through East Los Angeles, which will include a 1.8-mile tunnel. The design/build East Side Light Rail Transit Project will also serve as an extension of the Pasadena Gold Line. The lines will be physically connected at Union Station which will serve as a station stop of the Gold line, then continuing on as the East Side line.  This allocation is to reimburse a previously approved AB 1335 Letter of No Prejudice for \$166,914,000 for Construction.	Chapter 91 of the Statutes of 2000  899-3007 30.10.710.010	\$166,914,000
<b>The Department does not recommend this allocation at this time.</b>			