

Memorandum

DATE: June 30, 1969

In reply
refer to:

UPTA

TO : Addressees Listed Below

FROM : Assistant Administrator, Office of Program Planning, UMTA

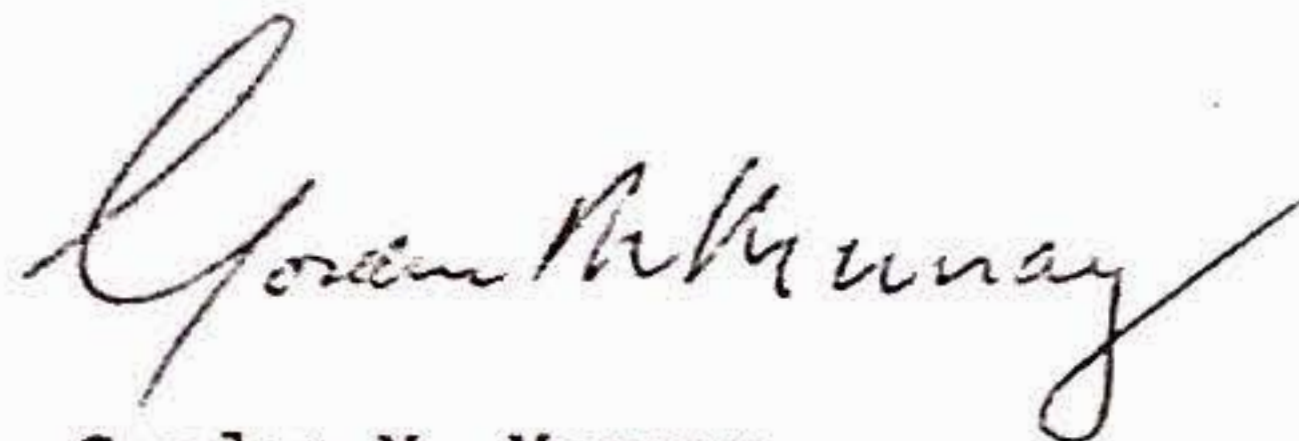
SUBJECT: UMTA Legislative Program

In the attached paper the Task Force on UMTA Legislation has attempted to state the positions on major issues agreed upon by the Secretary in his meeting with Messrs Burns, Mayo, McCracken, et al.

Alternative funding mechanisms for which DOT staff would have preference are set forth in the second attachment. We understand that the door is open to further discussion if DOT policy officials wish to pursue the matter further. Alternative 3 on this second attachment would give DOT the greatest programming flexibility and would give local public agencies the greatest assurance of continuing Federal support.

Items 2, 4, 5 and 6 reflect the views expressed by interested agencies in commenting on previous drafts of the UMTA legislation. Item 3, which was looked upon with disfavor by several participants in the discussion, has been retained in its original form because the Task Force understands that DOT policy officials wish to continue with the position reflected in the text of the bill.

When addressees have reached final conclusions on the merits of the issues, the principal paper can be revised and may serve as a basis for further discussions with Dr. Burns, Mr. Mayo and Mr. McCracken or for a working session of the Transportation Subcommittee of the Urban Affairs Council and, of course, as the basis for further revision of the draft bill and related documents.



Gordon M. Murray

ADDRESSEES

Deputy Under Secretary, S-5

Assistant Secretary for Policy and International Affairs, TPI-1

Assistant Secretary for Urban Systems and Environment, TUE-1

Administrator, Urban Mass Transportation Administration, UOA-1

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AGREEMENTS ON UMTA LEGISLATIVE PROGRAM

1. Policy. The preamble of the bill would contain a statement of congressional intent to sustain a high funding level for the UPTA program to make reasonable progress in meeting urban transportation problems. The duration of this program would be specified to be twelve years with total funding of \$10 billion.

2. Funding Mechanisms. The program will be supported by general fund revenues with an authorization for appropriations of \$3.1 billion for the Fiscal Years 1971-1975. (Two-year advance appropriations would be sought and these appropriations would remain available until used. Appropriations requested in FY 1970 would be \$300 million for FY 1971 and \$400 million for FY 1972.) The two-year lead would be maintained by requesting an additional year of advance appropriations in each succeeding year, e.g., \$600 million would be requested in 1971 for Fiscal Year 1973 and \$800 million would be requested in 1972 for Fiscal Year 1974. (In Fiscal Year 1972, a proposal would be made to extend the authorizations for an additional five years.)

3. Private Participation. Direct application by private carriers would be provided. The proposal made in previous draft bills is supported by the private carriers who suggested that the funding of depreciation accounts be required as a condition of participation. The Department believes that this arrangement is preferable to the arrangement by which private carriers participate through local public agencies created for this purpose.

4. Advance Acquisition of Right-of-Way. The program would include explicit authorization of advance acquisition of right-of-way to be financed by 100 percent loans advanced by the Federal Government bearing interest at the going Federal rate and carrying a terminal date of five years or the date the Federal grant for project development is approved whichever occurred first.

5. Excess Land Acquisition. The proposal would include authorization to finance the acquisition of land in excess of system requirements in order to control development adjacent to transportation systems and to recoup a portion of system costs. These loans would bear interest at the going Federal rate and would have a fixed term of ten years or would terminate with the completion of the transportation project, whichever was earlier.

6. Relocation Assistance. No specific provisions for relocation assistance would be included in the bill, but if S.1 is not enacted into law, the Department would support the amendment of the bill to include provisions of those similar to S.1.

7. State Allocations. The bill would contain a provision to ease the present ceiling on allocations to any one State by increasing the discretionary funds. Several States are already at the existing ceiling and further Federal assistance to those States will be impossible unless the ceiling is raised.

8. State Participation. The proposal will contain a provision requiring local applicants to forward a copy of every application for Federal assistance to the Office of the Governor for review and comment to UMTA.

9. Extension of Emergency Provision. The provision for emergency 50 percent aid (Section 5 of the Urban Mass Transportation Act of 1964, as amended) expires on July 1, 1970. No further extension of the provision would be proposed in the bill but if sufficient interest develops in the course of the legislative process, amendment of the bill could provide for further extension of the emergency program.

10. Public Hearings. The proposal will include a requirement of public hearings in connection with applications for capital grants and other grants affecting the development of the community. The intention is to bring the mass transportation program into conformity with the new hearings requirements adopted administratively by the FHWA.

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ALTERNATIVE FUNDING MECHANISMS

The level, duration and availability of Federal aids for urban mass transportation may substantially affect (a) the willingness and the ability of municipalities to plan large transportation investment programs and to obtain voters consent through specific referenda, and (b) the support of the bond market for the funding of local shares. (Separate papers are being written on each of these issues.) Accordingly, in addition to the funding proposal set forth in the Discussion Paper, the following alternatives should be considered:

1. A lump sum authorization of \$3.1 billion in 1971 to cover the five-year period 1971 through 1975. With this authorization, it would be possible to request the same appropriations as proposed in the original draft bill or substantially larger appropriations during the early years with consequent smaller appropriations in the latter years of the five-year cycle. These larger sums would permit somewhat larger underwritings of longer range local programs.
2. Somewhat greater assurance of Federal support might result from a five year authorization of contract authority at the annual program levels previously suggested, i.e., \$300 million, \$400 million, \$600 million, \$800 million and \$1 billion.
3. Even greater assurance would be afforded local agencies by providing contract authority in the amount of \$3.1 billion in the first year of the five-year cycle to cover the entire five-year period. No further contract authorizations would be sought for the five-year period. Of course, before the end of the five-year period, it would be necessary to seek new authorizations for the remaining seven years of the twelve year program.