

TESTIMONY OF MR. JOHN TAYLOR

before

THE CALIFORNIA TRANSPORTATION COMMISSION - REVIEW COMMITTEE

August 23, 1979

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August 23, 1979 -- footage 430 - 720, Tape #1, Side 1

DEAN MEYER: Why don't we start with Mr. John Taylor, the Assistant Administrator for Transit Assistance from UMTA, Washington.

JOHN TAYLOR: Good morning. First of all, I'd like to say it's a pleasure to be here. I was on vacation last week and I had no anticipation that I'd be here in Los Angeles, but the weather has been beautiful and we enjoyed the trip, and it's been a pleasure to have this opportunity to talk to you this morning. I had a couple of notes here that I made to myself, and perhaps I can speak to those originally because there seem to be two fundamental issues as far as the Federal position on this project. The first is availability of Federal funds. I think there are and there probably will be questions remaining as to the precise source of Federal funds. But the Urban Mass Transportation Administration at this point in time is willing to commit that we will produce at the full Federal share the funds that are necessary for this project up to the \$175 million dollar estimate. We're doing that not because we don't believe in the Federal Highway Administration or other Federal agencies might have some proper role to play in supporting this project, but rather so that you can know now that we in UMTA will support the project if that becomes necessary up to whatever is necessary to build this project. The second is the possible impact of this project on the Wilshire Corridor project. First of all, the DPM Program

was started in UMTA approximately three years ago and it was decided at that time that this was to be the demonstration nationally of our ability and the local community's ability to use the concept of DPM. We earmarked funds for that purpose. They are available only for that purpose, they are not available to this community or any other community except for the purpose of building a DPM. Going back to the first issue we do have sufficient funds earmarked at this time for the project here in Los Angeles. The second issue then is, well, if we build the DPM, will that somehow relieve us and this community of the necessity, desirability, or whatever it might be, of developing a rail corridor in Wilshire portion of Los Angeles out to the Valley. Well, my feelings are strongly no! That the DPM and the Wilshire corridor can be mutually supportive. They are not mutually exclusive. There are obviously some problems, and we will be working on those as we move forward to be sure that we do get a mutually supportive result. But there's nothing at this point in time that would have to lead us to say that they cannot be complementary. They very definitely can be. Those are the two questions that I made notes on. I've tried to answer those in a way that you understand what our position would be on these. I did make some notes on the staff's recommendation, and I might run through those briefly if you desire. I think I've answered, basically, the first issue, number one

here, that the Urban Mass Transportation Administration is ready to commit \$118 million dollars. Basically, we're talking about it may be \$118, it may be \$130, it may be something higher, we're willing to support it. If the funds are necessary, fairly -- we have an estimate of \$175 million for the overall project and we're hopeful, I feel strongly, that we better stay within that amount. But assuming that that can be done and we have no reason to believe otherwise, then we're willing to support the project.

QUESTION: In other words, the \$118 million is not a ceiling?

JOHN TAYLOR: That is not a cap on how much money we would produce. We have tentatively, and we've been working on this for some time, indicated \$100 million. And that left, in some people's mind, \$118 million. I think there are other issues involved here, and what I'm trying to say is that we will support with Federal funds, at the 80% level, the money that you need for the project. Now we're going to twist some arms to see where we can get that money from other than ourselves, but if need be we will produce the funds.

CAROLE ONORATO: Would you back up for me? I just want to be certain I understand this. Is this the 80% (inaudible) the \$100

million dollar original commitment. Is that money then appropriated by the Congress specifically for the Downtown People Mover Program?

JOHN TAYLOR: We have an authorization from the Congress of multi-billion dollars over the next several years. Out of the funds that we know that we will have available we have marked out \$220 million dollars, which is substantially more than you would be talking about.

CAROLE ONORATO: The reason I'm asking the question, and I'd like you to comment on this if you'd like to, is that in the July 30th issue of Urban Transit News it quotes Mr. Goodwin (?) the Executive Director of the Metropolitan Transit Authority in Houston, he -- when Houston dropped out of the Downtown People Mover program, he is quoted in this newsletter as saying "It is highly questionable in light of escalating costs, and that there seems to be a lack of strong Congressional commitment to DPM's across the U.S." And that seems to me to be at odds with what you're telling me.

JOHN TAYLOR: Well, you have to understand that Houston was well behind Los Angeles in this process. We started three years ago selecting four cities, Cleveland, St. Paul, Houston, and Los

Angeles as cities that we would try to develop DPM's in. Cleveland, for whatever reasons, decided not to proceed. St. Paul may or may not, I think it's up in the air at this point. Houston again, for whatever reasons, they decided not to proceed. Clearly in terms of planning and identifying costs and knowing what they were going to do, they were way behind you. You're way ahead of everybody. They were saying, I think Mr. Goodwin is expressing the fact that of the \$220 million that we know we have, if we go ahead with the Los Angeles and we go ahead with St. Paul, where's the money going to come from for Houston? We would obviously, from his perception and our perception, have to increase the \$220 million dollars. And I think he, in effect, has expressed himself to the fact that there could be some doubt as to the availability of funds. I think the events however, in the last month or so, when the Vice-President was in Hoboken, New Jersey yesterday, and spoke to them and hopefully the money issue nationally even in terms of Houston, will be much better in the future than say, it was when Mr. Goodwin made that statement.

DEAN MEYER: Does anybody have any questions?

JOHN TAYLOR: On statement number two, I think there's a question as to the source of the Federal Highway Administration funds,

and you can check that with them, I don't believe that it is Interstate Transfer funds that they would be talking about. On question number three, that the Urban Mass Transportation Administration, Federal Highway Administration, City of Los Angeles, through resolution agree to pay their proportional share of any cost overruns with cash, not increased valuation of land, well, we don't really pass resolutions. That's not quite a process that we would follow, and I want you to understand that, on the other hand, before we would proceed with this project we would want a contract between ourselves and the grantee that in fact identifies how all of these kinds of issues will be handled. But we would not be willing, no monies would be extended from the Federal side until in effect we knew that the local share was available and we would know -- we would address some of those other issues as well. About escalation. Who is going to handle escalation, what our share is and are the projections of inflation, in fact, I agree with your staff the 7% is low, I too have some concern that we be sure that we use an escalation figure on inflation and in fact reflect what we expect that that would be. These are all issues that we will be working on as we move forward on this project. That the City of Los Angeles -- I'm moving now to question number six, because I believe I also answered question number five that the City of

Los Angeles through resolution agree to assume all future risks in providing operational funds from fares, special revenues, County transit funds and City funds. Basically that's a local issue, but we too would be concerned that we get a commitment from the locality via using State funds or local funds or whatever it might be, so that we can be sure that this system in fact is operated and near as (inaudible) and those kind of issues. And again, we would be working on that one. Question number six, that the City of Los Angeles, Southern California Rapid Transit District, sign an agreement prior to -- I think we, again, would want to see that it's resolved as to how this is going to operate and at the appropriate time we would want to know that the system was going to be operated. It does seem sensible to us without trying to preclude local options that the S.C.R.T.D. would be the proper agency to do that. I have no comments on seven.

DEAN MEYER: Does anybody have any questions?

JUDITH L. SOLEY: Yes, I have a question. Do you really think it's reasonable for this Commission to conclude or believe that UMTA if they give us, say \$100 million dollars for this project, would then be willing in the near or immediate future to turn around and give us another, say \$800 million dollars to

Los Angeles for the Starter Line in the Wilshire Corridor?

JOHN TAYLOR: Well, I think that's an excellent question, and it is clearly key to your decision. But what I was trying to indicate was that, assuming that \$800 million dollars was available which -- right at this moment in time I don't believe that it would be, we would not use the fact that you had elected here in Los Angeles to build a DPM, that would not be a factor in that decision. That's what I'm trying to say. I do believe that. That these DPM funds were not marked out for Los Angeles, they were marked off as a demonstration nationally on the use of the DPM and you should not be punished by that fact, and we would not use the fact that you'd moved forward to help us implement something that we think is important as a debit against you in effect in terms of your desire to build a heavy rail system. I'm not here to commit to the rail system and I will be silent with you on that subject, but what I want you to understand is that that would not be a factor. I believe that. As far as I know I will be there and I will articulate that case strongly. I do not know how our new Secretary will stand on that subject, but I would find it hard to believe that he would think otherwise.

JUDITH L. SOLEY: You don't think that as a practical matter it would be hard for ...

JOHN TAYLOR: Let me say something. Now Los Angeles is the third biggest city in the country and the urbanized ~~area~~ area here is the second biggest in the country. It is not within the -- the funds that we have available to us, for you to ask for \$800 million dollars is not exactly upsetting the apple cart. It is not unrealistic for this community, if it has worthwhile public transportation projects and is willing to support those projects, it is not unrealistic for you to ask for that kind of support.

JUDITH L. SOLEY: Would that be true even if the alignment of the Wilshire rail system is on the same alignment as that of the DPM?

JOHN TAYLOR: Well, the fact that they would be moving very close together isn't as pertinent as to how we can interrelate stations, it's really the stations that are important. And I think that as we move forward to Wilshire we would certainly want to look to insure that the Downtown People Mover can act as a -- and assuming that we do -- can act as a distributor for the Wilshire Corridor Rapid Transit Line, it should be very effective in doing that with proper design.

JUDITH L. SOLEY: Assuming that the DPM is built, and then subsequently the Wilshire Corridor is set for development and it appears that the rail line and DPM should serve the same area, what is your position on that?

JOHN TAYLOR: I really don't. No, I don't. I think the two can be, as I said, mutually supportive of each other. But again, the decision as to how the Wilshire Corridor Line is built, where the stations are going to be located and how it will be moved to the downtown area is something that needs to be resolved. At the present time I understand that they are somewhat parallel with each other.

QUESTION: Mr. Taylor, I don't want this to look like we're looking a gift horse in the mouth, that's not the case. We are very concerned and we believe the community is very concerned that the Wilshire Corridor Line be not prejudiced in any way and that we'll be able to move forward within its time frame without prejudice to this project. If you have an opportunity to contact Secretary Goldschmidt and review this question with him prior to our meeting tomorrow it would be greatly appreciated. If that's possible, as a matter of fact, I'm sure ...

JOHN TAYLOR: Well, we'll do our best to shed light on your question, Councilman. And we'll see if -- do you have another question?

QUESTION: To pursue, Commissioner Solely, the question about the commitment in terms of jeopardizing the Wilshire Corridor, and I guess my concern is I think the two systems could be

mutually compatible if it was agreed there with the DPM, I guess what I'm concerned as one staff person to another, that in terms of the President's energy package that's put together with funding from the windfall profit tax there is no funding available to commit to the Wilshire Corridor. Recently the Federal government committed, I guess in excess of \$300 million dollars to buses. We're talking about 1,200 buses. Recently it was decided on the State level and on the Federal level to move ahead with the Century Freeway which is \$800 million dollars or more. And now the People Mover with \$120 million to \$130 million of Federal participation, possibly with inflation. Is there a possibility from one staff person to another that the policy makers or the politicians will wipe their hands of California and say, "Well, look what we've done for them in Los Angeles and what we've done for the San Francisco Bay Area, you ain't going to get no more, California." That's what our staff concern is. Is we don't see the money arriving for everything that we need out here. And yet a lot of the President's announced energy package talks about heavy rail (inaudible) in the east and left California sitting high and dry.

JOHN TAYLOR: Again, the basic question was, would the fact that we built the DPM here in this community damage your chances to

get the Wilshire Corridor? Without the President getting his energy security bonnet and UMTA getting a substantial input of new funds there really is very little prospect that you're going to build the Wilshire Corridor. Very little prospect at all. So that really is going to have to come about before the kind of money that you've been talking about will be available at the Federal end to build Wilshire. Now, assuming that that thing does happen, and that funds will be available, what we're saying is that the fact that you've built the DPM, just because of the very nature of the DPM program should not be used against you. And I do not believe it would be. And we did agree as requested by the Chairman to see if we can get hold of Secretary Goldschmidt and get a comment from him.

DEAN MEYER: Are there any questions?

JOHN TAYLOR: That's all I have to say, at this time.

DEAN MEYER: And you're going to introduce ... ?

JOHN TAYLOR: I think I've answered most of the funding-related questions. If you have some technical questions in terms of the DPM design, etcetera, my colleague Mr. Pastor is really the person that's responsible for that element.

DEAN MEYER: I think that will come up following -- the fact that you're here and available to answer those questions. I think that sets the stage for us to proceed and thank you very much. We may be calling on you again.

(THE FOLLOWING IS TESTIMONY OF MR. TAYLOR'S THAT COMES IMMEDIATELY FOLLOWING MR. PASTOR'S TESTIMONY.)

CHARLES REID: Dean? I'd like to ask one question of Mr. Taylor. During this presentation, Mr. Taylor, you indicated that you believed that this system could be mutually supportive of the Wilshire Corridor. However, you indicated that there were some obvious problems. You didn't address those problems. Could you speak to those?

JOHN TAYLOR: Yes sir. I think without some careful attention to the design there is the potential for doing essentially the same thing throughout the CBD. My understanding is in reviewing the preliminary designs of what I've seen is that the two will interface at two points. That should provide, then, the opportunity for people to transfer from the Starter Line to the DPM, which would provide, really, a better system of distribution than you would normally expect to provide with a rapid transit system. You don't provide a station every two blocks

on rapid transit, the system is basically a line-haul system and you're looking for major points of interface. So the two can be mutually exclusive. What I expressed was a concern, which I detected in your staff report, that we all be careful that if we move ahead with both of these projects so that they are mutually supportive of each other, and that they're not apart from.

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