SBCCOG Concerns with Metro Measure M Ballot Measure 8/15/16

The SBCCOG Board of Directors voted on June 30, 2016 to oppose Measure M, the proposed L. A. County transportation sales tax measure placed by Metro on the November 8, 2016 ballot. Although the SBCCOG could support a sales tax measure, we do not support this one. This memo is written to update and summarize numerous South Bay Cities Council of Governments (SBCCOG) concerns that have been expressed during the past 6 weeks.

- **The ballot language is vague, unaccountable, misleading and problematic.**
  - The ballot language does not provide transparency as to how the funding will be allocated.
  - The ballot language emphasizes road infrastructure improvements by putting them first. Yet the Expenditure Plan reflects Metro's real priorities with 78% of the combined Measure R and Measure M revenues earmarked for transit capital, transit operations and transit maintenance.
  - The last clause in the ballot measure language could be interpreted to say that a new ½ cent tax is authorized and the current Measure R tax continues until voters decide to end it. That would imply that the current Measure R sunset is removed and its rules would not be replaced with new rules for a unified one-cent tax on July 1, 2039. If the sunset elimination only applies to Measure R, this interpretation could prevent Metro from increasing the Measure R Local Return share to 20% after 2039.

- **Local Return allocations have not been equitable in previous sales taxes and Measure M provided a chance to correct this which was not taken.**
  - "Donor" cities, especially in the South Bay, are significantly burdened by the inequity of contributing far greater sales tax revenues than they receive. SBCCOG, along with other cities and subregions unsuccessfully recommended that the local return allocation be calculated based on population, lane miles within the jurisdiction, and sales tax revenues generated within the jurisdiction as a fairer way to divide the local return in just Measure M. Metro didn't even engage in a discussion of this proposed revision.

- **Metro can unilaterally change the Measure M Expenditure Plan every 10 years.**
  - Metro can change any commitments funded with the new measure every ten years without consulting the voters or its regional partners. It merely has to consult with its "independent citizens' advisory committee" composed of members exclusively appointed by Metro.

- **The Measure M Expenditure Plan violates Metro's own bottoms-up, transparent process and the application of performance metrics in developing Measure M project priorities and schedules**.
    - o policies and projects were added unilaterally at board meetings without considering Metro's performance metrics:
    - o removal of the sunset clause,
    - o adding 3% local contribution for rail projects,
    - o adding a new West San Fernando Valley project,
    - o accelerating the Sepulveda Pass project ahead of existing Measure R project commitments,
    - o adding stormwater projects as eligible uses of up to 33 1/3% of Local Return in the new transportation tax.

- Metro states that they intend to keep all of the Measure R commitments without delays. But they are already having cost overruns on the projects that they have completed and are regularly increasing budgets beyond their original contingency reserves and extending schedules on projects that are in final design or construction.

- **The Measure M Tax at 1 cent is essentially permanent.**
  - In all practicality, Measure M can never be repealed.
  - To qualify a measure for the L. A. County ballot to end the tax would require a petition to be signed by 10% of L. A. County voters, or more than 430,000 registered voters (as of today's numbers). With more than 500 political districts and 4.3 million registered voters, the County is the largest and most complex election jurisdiction in the nation. Since less than half of registered voters typically vote, the petition would need to be signed by more than a majority of likely voters.

- **Measure M increases the cost and prevents acceleration of existing Measure R commitments.**
  - Eliminating the Measure R sunset provision in Measure M allows the Metro Board to add numerous new projects in the first two decades of the plan, effectively accelerating their delivery ahead of current commitments. Eliminating the sunset also allows repayment of debt to be deferred indefinitely.
  - Bonding to accelerate projects without a sunset clause would also allow repayment of debt to be deferred into later decades of the plan which would add significantly to the cost of Measure R projects and consume a significant share of future sales tax revenues thus endangering Plan revenues for projects scheduled after 2040.
  - Adding new projects precludes the significant opportunity for prioritizing acceleration of current Measure R projects using both the Measure R and the new sales tax revenues.

- **The Measure M ordinance 3% "Local Contribution" requirement for rail projects is one-sided and unfair to local partners.**
  - The 3% requirement should not have been snuck into the Measure M ordinance by the Metro Board. Like all other matching funds, investments from funding partners should be negotiated between Metro and each funding partner whether the partner is federal, state or local.
  - To compound the significance of the matter, Metro is the lead agency under CEQA and NEPA for its major rail projects. As responsible agencies, local jurisdictions have no control over the scope or cost of a project.
  - The Metro Board also added confusion to the 3% Local Contribution issue by passing a policy, in apparent conflict with the provision in the new sales tax ordinance, that allocates 100% of the 3% local contribution to first/last mile access projects related to a new station. These projects are not typically included in Metro's baseline rail project budgets. This is a clear example of how Metro Board policies can potentially modify ordinance language and of how Metro's baseline budgets are not accurate.

- **Metro's Expenditure Plan has a $19 billion shortfall and Metro's response is vague, misleading, and unreliable**.
  - Even with revenue from four L. A. County transportation sales taxes (Propositions A and C, Measures R and M), there is a shortfall in the Measure M Expenditure Plan of approximately 16% of the estimated $120 billion program over 40 years. Metro assures voters that it is seeking "Federal, local, state, and other Funding" to "enable all Major Projects to be delivered

expeditiously." Metro notes that the non-Measure M matching funding assumed in the plan is "advisory and non-binding"; but Metro assures voters that this "flexible" approach to securing these other funds "has been strategically successful for Los Angeles County in the past, and “we expect that success will continue in the future." In effect, Metro is saying, “Trust us.”

- **Metro calculates Measure M South Bay project revenues using non-South Bay projects.**
  - They have included the Airport Metro Connector project station at Aviation/96th Street. The project is a system connectivity project and it is located in the Westside Area, not the South Bay.
  - Less than 1/3rd of the I-105 ExpressLane project length is in the South Bay and this project has little benefit to the South Bay. It is unlikely that many South Bay residents will use the I-105 ExpressLane to get to LAX and few South Bay commuters will travel east on the South Bay portion of the I-105. Yet it is listed as a South Bay project.

- **The South Bay will not significantly benefit from Measure M major projects until future decades.**
  - The South Bay will have to pay the increased sales tax with little benefit from the projects that are Metro's regional priorities until the following major projects open:
    - I-105 ExpressLane from I-605 to I-405 - opens in **2029** - only 1/3 is in our subregion
    - Metro Green Line extension from Redondo Beach to Torrance – opens in **2030** –acceleration of 3 to 5 years and 2 ½ miles but with the new funding, it could have been built a lot sooner if newer projects weren’t using up the new funds.
    - I-110 / I-405 Interchange and Ramp Improvements - opens in **2044**
    - I-110 ExpressLane extension from SR-91 to I-405 - opens in **2046**
    - I-405 South Bay Curve Improvements - opens in **2047**
    - Undefined and unscheduled $130 Million South Bay project to keep sub-regional shares equitable - The Metro Board unanimously added a West San Fernando Valley transit capital project to the plan at the June 23rd board meeting with no prior environmental analysis or performance evaluation or public discussion. To keep the sub-regional shares equitable, the Board approved a proportionate increase in funding of $130 million for additional undefined South Bay subregional projects with no direction on how or when the funds could be spent or even where the funds are coming from. The South Bay appreciates the additional funding but has no idea whether the funds will be available for acceleration of current commitments and/or for new projects, when the funds will be available, and whether Metro or the SBCCOG will select the projects to be funded by the new allocation.

- **The Measure M promise to “keep senior/disabled/student fares affordable” could jeopardize the entire expenditure plan due to the Measure M assumption of a 33% farebox recovery ratio.**
  - Metro faces a bus and rail operating deficit of $165M in FY 2020 and $237M in FY 2021.
  - The Measure M Expenditure Plan is predicated on a 33% farebox recovery ratio that was supposed to be achieved in 2015, meaning 33% of transit operating and maintenance costs will be paid from fares. Today, the farebox recovery ratio on the Metro system is no higher than 26%. Because the new measure is promising to “keep fares affordable” for some categories of riders, it will be very hard politically for the Board to raise fares. If Metro doesn’t significantly raise fares or reduce operation and maintenance costs to reach the 33% farebox recovery ratio, Metro will not be able to fulfill the promises of the expenditure plan from this one factor alone.