

March 14, 2016

TO: SBCCOG Infrastructure Working Group

FROM: Jacki Bacharach, SBCCOG Executive Director
Steve Lantz, SBCCOG Transportation Director

SUBJECT: Metro Sales Tax Measure and Call for Projects Update

Adherence to Strategic Plan:

Goal B: *Regional Advocacy*. Advocate for the interests of the South Bay.

BACKGROUND

L. A. Metro staff is simultaneously developing policies for three major programs that will be considered by the Metro Board in the upcoming months: design of a potential sales tax measure for the November 2016 General Election ballot; restructuring the Metro Call for Projects; and adopting an update of the Metro Long Range Transportation Plan (LRTP). Because SBCCOG is actively involved in discussions with Metro staff and other stakeholders on the three issues, this memo is being provided as a reminder of the SBCCOG Board current policy guidance being pursued.

LRTP Update

During late 2014 and early 2015, SBCCOG and the other Councils of Governments participated in a Metro Mobility Matrix process through which Metro received an unconstrained list of more than 2,300 subregional priorities. Metro subsequently asked the subregions to prioritize their major projects. A South Bay priority list was included in a letter that was approved by the SBCCOG board on August 27, 2015 and submitted to the Metro Board on August 28, 2015 (see attachment 1 for the letter and attached policies). In addition to listing the SBCCOG project priorities, the letter and attachment recommended policies related to the Metro Long Range Transportation Plan, the Metro Call for Projects, and the potential sales tax measure.

The August 28, 2015 letter also included the following key SBCCOG policy recommendations related to the LRTP:

- Significantly increase funding for subregional transit and highway projects;
- Restore Local Return funding to 25% in a future sales tax measure;
- Fund current transit and highway operations and maintenance before new major capital projects;
- Reduce operating costs through public/private partnerships;

The South Bay priority list was included in a consolidated Metro list of funding targets for subregional projects as an attachment to a December 3, 2015 Metro Board item. The South Bay project list identified in the Metro document totaled \$2,214,000 of \$23,376,000 in priority projects identified countywide. The South Bay section of the Metro Priority List included:

- South Bay Highway Operational Improvements – \$500,000,000
- I-405 South Bay Curve widening - \$150,000,000
- I-405 / I-110 Interchange HOV Connector Ramps and Interchange Improvements - \$355,000,000
- I-110 ExpressLane extension to the I-405 / I-110 interchange - \$51,500,000
- New I-105 ExpressLane from the I-405 to the I-605 - \$200,000,000

- Green Line extension to Crenshaw Blvd. in Torrance - \$607,500,000
- Transportation System and Mobility Improvements Program - \$350,000,000

NOTE: Since we submitted these priorities, we discovered that no other subregion had included ExpressLane improvements in their programs since the ExpressLane project revenues should cover these expenses along with regional funds for this regional system. Therefore, we have requested – informally at this point – that the \$51.5 million and \$200 million currently designated for ExpressLanes be added to the Transportation System and Mobility Improvements Program. We will continue to advocate for the ExpressLane projects from Metro’s regional funding.

At its December 3, 2015 meeting, the Metro Board Item also approved Metro’s 2017 Long Range Transportation Plan (LRTP) Proposed Performance Metrics Framework and Assumptions. The framework is being used as the basis for evaluating the potential acceleration of existing major projects and the addition of new major highway and transit corridors in the LRTP. Staff has been modelling the projects using the performance criteria and Metro’s Travel Demand Model.

Metro staff recognizes that the many of the projects and programs in the priority lists cannot be modelled. Staff expects to include these projects in the measure’s expenditure plan using the subregional priorities and performance measures as a guide. The five performance measures will be weighted as follows:

1. Mobility (relieve congestion, increase travel by transit, bicycle and pedestrians, improve travel times, improve system connectivity, increase person throughput, improve effectiveness and reliability for core riders) - 45%
2. Economy (increase economic output, support job creation and retention, support goods movement, invest in disadvantaged communities) – 12.5%
3. Accessibility (increase population served by facility, increase service to transit-dependent, cyclist, pedestrian populations including youth, seniors and people with disabilities, improve first-last mile connections, utilize technology) – 17.5%
4. Safety (reduce incidents, improve personal safety) – 12.5%
5. Sustainability and Quality of Life (improve environmental quality by reducing urban heat island effect, reducing storm water runoff impacts, reducing biological and habitat impact; improve public health; improve quality of life by improving access to parks and recreation and reducing noise impacts. – **12.5%**

Proposed Sales Tax Measure

The SBCCOG Board adopted the following guiding principles related to a new sales tax on August 27, 2015 and included them in the August 28, 2015 letter to the Metro Board:

- The LRTP should be completed prior to the sales tax;

A new sales tax should meet SBCCOG priorities - a Neighborhoods First design that is not a clone of the existing A, C and R sales tax designs; a safe, clean and cost-effective transportation system in a state of good repair; subregional project selection flexibility with minimum required eligibility guidelines; a flexible design that funds innovative projects that respond to changing mobility and sustainability priorities and needs over the next 40 years; repayment of Measure R debt service by the 2039 expiration date of Measure R; and sustainable project elements funded in the augmentation element of the new sales tax. (The sales tax measure is proposed to have two elements - extending the current Measure R and augmenting it with a new Sales Tax program scope. We do not want to change the design of Measure R and but the new scope should cover sustainable projects.)

We understand that Metro is releasing their latest draft expenditure plan on March 11. SBCCOG staff will present the recommendations and the conceptual design of the measure at this meeting and to the SBCCOG Board at its March meeting.

Metro Call for Projects (CFP) Restructuring

The SBCCOG's August 28, 2015 letter to the Metro Board of Directors also included recommendations related to restructuring the CFP process depending on whether Metro creates a new Call process or retains the current process with modifications. South Bay transit operators have expressed their support for continuing the Transit Capital modal category of the CFP. In a meeting with the Subregional CEOs on February 29, 2016, Metro staff clearly opposed creating a new process and proposed modifications to the current process which they believe would provide the COGs more input during the Call. In addition, there is strong concern among the CEOs that Metro will not commit sufficient sustained funding for the CFP. Over the years the funding for a CFP has shrunk from a high of \$800 million to less than \$200 million in federal, state and local funds. In addition, California last month reduced its transportation expenditures by more than \$750 million due to reduced gasoline excise tax revenues.

With shrinking revenues, some have wondered if the speculative nature and administrative costs of the CFP justify the process as a method of competitively allocating the funds through a countywide process that is subject to strict federal requirements. The CEOs requested Metro staff to provide a summary of the projected federal, state and local revenues by funding type that would be included in the LRTP update assumptions.

Next Steps

- The LRTP update will be finalized in 2017 once the results of the November ballot measure are known.
- Metro staff expects to complete the modeling and performance evaluations and to recommend a proposed design of the sales tax measure by the end of March 2016. Staff will undertake a stakeholder outreach process regarding the design in April and May 2016. Metro will need to adopt the ballot measure expenditure plan and ordinance by June 2016 to enable the measure to be placed on the November 2016 ballot.
- The next steps of the Call for Projects restructuring process are unclear although Metro staff is anxious to complete the process as soon as possible to avoid delay of the 2017 Call for Projects. The restructuring path forward may depend on the amount of funding that would be available from each of the projected funding sources.

RECOMMENDATION

Recommend that the Board support transferring the \$51.5 million and \$200 million currently designated for ExpressLanes to the Transportation System and Mobility Improvements Program for the South Bay and that the SBCCOG continue to advocate for the I-110 ExpressLane extension to the I-405 / I-110 interchange and a new I-105 ExpressLane from the I-405 to the I-605 from Metro regional funding.