

Summary of Key SBCCOG Concerns re: Measure M:

The Measure M Expenditure Plan is Fundamentally Flawed

This is a ‘Forever’ tax that is based on assumptions that will be wrong on Day 1.

1. **Revenue estimates are overly optimistic:** Estimated revenues - \$860 million/year. Current estimate is \$795.7 million - \$65 million short in year 1 and sales tax revenues are projected to increase 3% per year.
2. **Revenues are \$19 billion short of costs:** Expenditure Plan is acknowledged by LACMTA to be \$19 billion short of funding all of its commitments. Even 5 years of revenue and cost projection accuracy is problematic.
3. **Borrowing is financing, not funding:** Estimated expenditures are funded with a combination of revenues and borrowing. Outstanding debts must be repaid as the first priority for new revenues. Higher borrowing in early years means fewer projects in later years. Measure M Expenditure Plan assumes LACMTA uses 100% of its bonding capacity policy limit.
4. **Local Return is Inadequate and Inequitable:** 17% for Local Return is inadequate for local street repair, local transit, and storm water needs. An equitable allocation methodology would blend population, street lane miles and sales tax revenue collected in each local jurisdiction.
5. **Fares must rise 25%:** The Measure M Expenditure Plan assumes fares will cover 33% of transit operating and maintenance costs a 27% increase over the current farebox recovery ratio of about 26%. Yet LACMTA promises Measure M will keep senior, disabled and student fares “affordable”, so regular fares will have to rise considerably more than 25% to avoid a funding shortfall.
6. **First come, first served:** The city of Los Angeles has the majority of first decade projects. The Plan has no assurance that LACMTA will prevent cost overruns that will delay or eliminate funding for later projects.
7. **2% for transit “state of good repair”:** 2/3rds of Measure M revenues are allocated to transit-related operations. maintenance and capital projects, Yet, only 2% of Measure M is allocated to maintain the transit system in a state of good repair (\$60 million/year – Blue Line alone this year is \$15 million+).
8. **No dedicated funding for innovation:** Despite the fact that Measure M is a forever tax, there is No dedicated funding for innovation (e.g.: car sharing, autonomous vehicles, broadband, virtual reality) that may dramatically change mobility options over the next 40 years. Measure M allows changes in the Expenditure Plan once every 10 years beginning in 2029 only if the current projects and programs identified in the plan are not delayed.