

Metro's Proposed Sales Tax Measure – South Bay Perspective

SBCCOG Board of Directors Meeting

June 30, 2016



Metro Board 6/23/16 Actions Regarding November 8, 2016 Ballot Measure

- * Adopted the Ordinance including an Expenditure Plan
- * Adopted a resolution requesting the Los Angeles County Board of Supervisors to place the measure on the November 8, 2016 general election ballot
- * Amended the FY 2016-17 Metro budget to add \$10.9 million to fund election related and public information costs
- * Rejected the Butts, Knabe and Dubois amendment that would have required completing Measure R projects before starting new projects
- * Added a West San Fernando Valley Rail Project for \$289 million

Current Transportation Sales Taxes in LA County

- * Proposition A (1/2 cent) – passed in 1980, no sunset
- * Proposition C (1/2 cent) – passed in 1990, no sunset
- * Measure R (1/2 cent) - passed in 2008, sunsets in 2039
- * Proposed Measure X – adds ½ cent until 2039, then rises to 1 cent, (to replace expired Measure R), adds \$120 billion in new sales tax revenue by 2057, no sunset

Net Results: There would be three L. A. County Transportation Sales Taxes totaling 2% until voters decide to end any or all of them

What if Measure X Does Not Pass?

With Measure R expiring in 2039 and the failure of Measure J in 2008, new revenues anticipated in the Measure X Expenditure Plan would be lower by \$400+ million per year and would require Metro to seriously consider such actions as:

- * Significantly increasing fares and/or restructuring its transit operations, maintenance and rehabilitation programs
- * Adopting a fiscally-constrained 2017 Long Range Transportation Plan Update
- * Keeping its Measure R highway and transit capital program promises (e.g. with Measure R funds only the Metro Green Line is only funded to the South Bay Galleria and the SBHP would end in 2039)

The November 8, 2016 ballot proposition will read:

Los Angeles County Traffic Improvement Plan.

To improve freeway traffic flow/safety; repair potholes/sidewalks; repave local streets; earthquake retrofit bridges; synchronize signals; keep senior/disabled/student fares affordable; expand rail/subway/bus systems; improve job/school/airport connections; and create jobs; shall voters authorize a Los Angeles County Traffic Improvement Plan through a ½-cent sales tax and continue the existing ½-cent traffic relief tax until voters decide to end it, with independent audits/oversight and funds controlled locally?

YES

NO

**Key Expenditure Plan PBM Revenue Allocations
(% /in estimated annual revenue beginning 2018):**

Administration (0.5% / \$12 mil. per year) off the top.

4 Major Programs:

A. Transit Operating and Maintenance Program (27% = \$228 mil./yr.)

- Metro Rail Operations – 5%
- Metro and Municipal Transit Operations – 20%
- ADA Paratransit (Access Services, Inc.) and Metro discounts for seniors and students - 2%

B. Transit, First/Last Mile Capital Program (37% / \$313 mil. / yr.)

- Transit Construction including System Connectivity Projects – 35% (Airports, Ports, Highway Congestion Programs, Goods Movement)
- Metro State of Good Repair – 2%

Key Expenditure Plan Revenue Allocations

(% / \$ in estimated annual revenue beginning 2018) (Cont'd):

C. Highway, Active Transportation, Complete Streets Capital Programs (19% / \$161 mil. / yr.)

- Highway Construction including System Connectivity Projects (Airports/Ports, Highway Congestion Prog., Goods Mvmt.) – 17%
- Metro Active Transportation Program (Bicycle, Pedestrian, Complete Streets) – 2%

D. Regional Rail (Metrolink) and Local Return (“Green Streets” and stormwater projects would be eligible) (18% / \$144 mil. / yr.)

- Metrolink - 1% until 2039, then 2% if performance conditions met
- Local Return - 17% until 2039, 20% thereafter (by taking 3% from Measure X Post-2040 Highway or Transit Capital Sub-funds)

South Bay Subregion’s Major Regional Projects / Programs in PBM (2015\$)

South Bay Major Regional Projects

- * Green Line Ext. to Crenshaw Blvd. in Southeast Torrance
Begins 2026 / Opens 2030 \$891,000,000
- * I-105 Express Lane from I-405 to I-605 (South Bay portion)
Begins 2027 / Opens 2029 \$59,000,000
- * I-405 / I-110 Int. HOV Ramps & Interchange Improvements
Begins 2042 / Opens 2044 \$250,000,000
- * I-110 ExpressLane Extension from SR91 to I-405
Begins 2044 / Opens 2046 \$280,000,000
- * I-405 South Bay Curve Improvements
Begins 2045 /Opens 2047 \$400,840,000

South Bay Sub-region's Major Projects / Programs in PBM (2015\$, \$ through 2057)

South Bay Multi-Year Sub-regional Programs

*South Bay Highway Operational Improvements (New funding for SBHP)

Begins 2018 / Continues at least through 2057 – \$1.1 billion

*Transportation System and Mobility Improvement Program #1

Begins 2018 / Concludes 2032 - \$293.5 million

*Transportation System and Mobility Improvement Program #2

Begins 2018 / Continues at least through 2057 - \$350 million

South Bay's Share of Major Countywide Sub-Regional Projects / Programs

South Bay Sub-regional Projects and Programs

Total: \$3,624,340,000

Countywide Projects and Programs

Total: \$52,074,669,000

% of South Bay/Countywide Funding: <7%

Optimal South Bay Share: 10.62%
(based on 2017 population share)

South Bay Shortfall: 3.62%; \$1.885 billion

PBM Requires a 3% Local Contribution to Rail Projects

- Local Jurisdictions with a rail line and at least one station within their boundaries must contribute 3% of the total project costs based on the percent of project total centerline track miles within that jurisdiction's borders.
- A negotiated agreement of the amount and schedule of payments must be executed at the conclusion of 30% final design.
- If no agreement is reached, or if the local jurisdiction defaults on the agreement, all Measure X funds contained in the jurisdiction's Local Return/Regional Rail Subfund may, at Metro's sole discretion, be withheld for not longer than 15 years and used to pay for the project until the 3% threshold is met.

PBM Local Return Allocation

SBCCOG advocated for 16% to be increased to 20%, with no earmarks, and an allocation method that blended population, street lane miles and sales tax generated.

The Ordinance states:

Local Return is 17% until July 1, 2039; 16% + 1% transferred from Metro Administration (which was reduced from 1.5% to 0.5%)

On July 1, 2039, Local Return is raised by 3% to 20% (the 3% will come from the Highway or Transit Capital Sub-funds)

The allocation methodology will be based on population only

The Proposed Sales Tax Will Not Fully Fund the Promised Projects as Scheduled

* To complete the major South Bay projects requires \$1.079 billion (in 2015\$) of other funds beyond Measure X that will need to be committed in the 2017 Metro Long Range Transportation Plan:

<u>Draft Projects</u>	<u>Measure X</u>	<u>Other funds</u>	<u>Total</u>
Green Line South to Torrance	\$891 mil.	\$0	\$891 mil.
I-110 ExpressLane Extension to I-405	\$52 mil.	\$228 mil.	\$280 mil.
I-105 ExpressLane I-405 to I-605	\$175 mil.	\$0	\$175 mil.
I-405 South Bay Curve Improvements	\$150 mil.	\$251 mil.	\$401 mil.
I-405/ I-110 Interchange Improvements	\$250 mil.	\$0	\$250 mil.
SB Highway Oper. Improvements	\$500 mil.	\$600 mil.	\$1,100 mil.
SB Trans. Sys. & Mob. Improvements	<u>\$644 mil.</u>	<u>\$0</u>	<u>\$644 mil.</u>
Draft Totals	\$2.662 bil.	\$1.079 bil.	\$3.741 bil.

Metro's Next Steps

- * L. A. County Supervisors must place Measure X on ballot by August 12, 2016 for the November 8, 2016 election
- * Independent Campaign Committee to be formed to fund and manage campaign
- * Metro staff to develop Measure X Implementation Guidelines by October 2016
- * Metro staff to update Metro's Long Range Transportation Plan in Spring 2017

SBCCOG Board Discussion

Should the SBCCOG:

- * Support the Measure?
- * Oppose the Measure?
- * Remain neutral / Take no position on the Measure?
- * Defer taking a position possibly until after the Bd of Supervisors 8/12/16 deadline to approve placing the measure on the Nov. 2016 ballot?