

South Bay Cities Council of Governments

March 24, 2016

TO: SBCCOG Board of Directors

FROM: SBCCOG Steering Committee

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 the design of a potential sales tax measure for the November 2016 General Election ballot and the subsequent update of the Metro Long Range Transportation Plan (LRTP). Additionally, the COG CEOs have been in discussions with Metro staff concerning the Call for Projects (CFP) process. Because SBCCOG is actively involved in discussions with Metro staff and other stakeholders on these issues, the Steering Committee at its March 14, 2016 meeting recommended policies for SBCCOG Board approval to be used in the ongoing discussions.

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 sub-regional priorities. At Metro's request, 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. The South Bay priority list was included in a consolidated Metro list of funding targets for sub-regional projects as an attachment to a December 3, 2015 Metro Board item. 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

The Steering Committee at its March 14, 2016 meeting recommended that the ExpressLane projects be funded within the Metro regional program rather than as sub-regional elements because they are major alterations of the state freeway system that can and should be funded with toll revenues and innovative financing. This recommendation reflects the recognition that no other proposed ExpressLane projects are being funded through the sub-regions. Additionally, the funding that would have been used on the ExpressLane projects reflected on our list - \$251,500,000 should remain in the South Bay for other Transportation System and Mobility Improvements.

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

- Significantly increase funding for sub-regional transit and highway projects;
- Ensure a safe, clean and cost-effective transportation system in a state of good repair;
- Fund current transit and highway operations and maintenance before undertaking new major capital projects;
- Reduce operating costs through public/private partnerships;
- Retire all Measure R debt incurred by the expiration of the Measure R sales tax measure (either the current 2039 or the date to which the measure is extended).

Call for Projects

The SBCCOG's August 28, 2015 letter to the Metro Board of Directors also included recommendations related to restructuring the Call for Projects (CFP) process. Since that time South Bay transit operators have expressed their support for continuing the Transit Capital modal category of the CFP in a countywide CFP process. The Public Works Directors supported converting the CFP into a sub-regional subvention program with the exception of the Transit Capital category. In addition, there is strong concern among the COG 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.

The Council of Governments CEOs have requested that Metro staff provide a summary of the projected federal, state and local revenues by funding type that would be included in the LRTP update assumptions. Advocacy on the issue has been temporarily suspended pending a better understanding of Metro's long term funding assumptions.

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.)

At its March 14, 2016 meeting, the SBCCOG Steering Committee recommended the following policies related to design of a potential sales tax measure:

- Restore Local Return funding to 25% in a future sales tax measure;
- Expand eligibility of project types in a future sales tax measure, but do not include earmarks for specific modal categories in sub-regional or local programs.

We understand that Metro staff is releasing their recommended sales tax measure design on March 16, 2016. SBCCOG staff will present Metro's conceptual design of the measure to the SBCCOG Board at its March 24, 2016 meeting.

RECOMMENDATION

The SBCCOG Steering Committee recommends that the SBCCOG Board approve the following guiding policies for use in SBCCOG advocacy:

LRTP Policies

- Significantly increase funding for sub-regional transit and highway projects;
- Ensure a safe, clean and cost-effective transportation system in a state of good repair;
- Fund current transit and highway operations and maintenance before undertaking new major capital projects;
- Reduce operating costs through public/private partnerships;
- Fund ExpressLane expansion within the Regional program rather than the Sub-regional program. And, the funding that would have been used on the ExpressLane projects reflected on the South Bay list - \$251,500,000 should remain in the South Bay for other Transportation System and Mobility Improvements.

Sales Tax Policies

- A new sales tax should be based on a Neighborhoods First design that is not a clone of the existing A, C and R sales tax design;
- Restore Local Return funding to 25% in a future sales tax measure;
- Expand eligibility of project types in a future sales tax measure, but do not include earmarks for specific modal categories in sub-regional or local programs;
- Retire all Measure R debt incurred by the expiration of the Measure R sales tax measure (either the current 2039 or the date to which the measure is extended);
- The measure should incorporate a flexible design that funds innovative projects that respond to changing mobility and sustainability priorities and needs over the next 40 years; and
- Sustainable project elements should be funded in the augmentation element of the new sales tax rather than the extension of Measure R.