



June 2, 1997

Los Angeles County  
Metropolitan  
Transportation  
Authority

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FROM: TERRY MATSUMOTO   
SUBJECT: IMPACTS OF REPEALING PROPOSITIONS A & C

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At your request we have reviewed the impacts of the repeal of Propositions A & C. These two sales tax measures are the primary sources of transportation funding in Los Angeles County. Repealing these initiatives would have far reaching impacts on the ability of County residents to get to work, medical care and educational opportunities with resulting impacts to the local economy.

The attached detail sheets describe the various impacts from such a possibility. Dollar impacts are taken from the most recent update of the 20 Year, FY1994-2013, Long Range Transportation Plan. The following is a summary of the major impacts by MTA program:

### BUS

- There would be a 50% reduction in county-wide bus service impacting over 600,000 passenger trips per day.
- Paratransit services for senior and people with disabilities would be virtually eliminated due to the loss of \$500 million in sales tax subsidies.

### RAIL CONSTRUCTION AND OPERATIONS

- Future Metro Rail construction beyond Metro Red Line Segment 2 to Hollywood /Vine would be stopped in an uncompleted status or not started.
- The MTA's approximately \$350 million commitment to Alameda Corridor could not be honored. This amount represents over 15% of the project's total funding.
- The presently operating Metro Red, Blue (Long Beach) and Green Lines would cease.
- Metrolink would lose \$600 million in projected funding for Los Angeles County riders leaving service for only Orange, Ventura, San Bernardino, and Riverside County residents.

## HIGHWAY

- High Occupancy Vehicle (HOV) and freeway gap closure programs would be eliminated.
- The Freeway Service Patrol would be eliminated.
- The Call for Projects funding would be reduced by 60%.

While these figures show dramatic reductions in transportation projects and programs, they do not account for the loss of matching funds for federal and state grant programs that could amount to for the loss of up to \$6 billion more through 2013. Other impacts such as "shut down" costs for rail construction in progress and potential rebates to federal and state funding partners for those uncompleted activities are also not reflected.

Based on currently outstanding debt of \$2.9 billion, nearly \$200 million per year of sales taxes, cumulatively about \$4 billion, would have to continue to be collected annually through approximately 2020. Depending on shut down costs and grant rebates, this amount would be even greater.

The foregoing represents a preliminary review of first tier impacts of the repeal of these sales tax measures. A much more in-depth analysis would be required to assess the total impact to the Los Angeles County economy over the 20 year long range plan period.

Please call me at 213-922-2473 if you would like further information.

Attachment

## IMPACTS FROM REPEALING PROPOSITION A AND PROPOSITION C SALES TAX INITIATIVES

### GENERAL IMPACTS

- ◆ Through FY 2012-13, the 1997 Long Range Transportation Plan totals **\$56 billion** (see attached chart). The analysis addresses the Plan period through FY 2012-13.
- ◆ Loss of revenue from the primary sources of local revenue for the Plan will have *devastating* impacts on all MTA multi-modal transportation programs and projects.
- ◆ Approximately **46% or \$25.6 billion** in revenue for the Plan would be lost through FY 2012-13. This loss of approximately \$25.6 billion represents close to a *two-thirds reduction in local revenues* of \$40 billion identified in the Plan.
- ◆ In determining the anticipated impacts from losing these local sources of revenue, the analysis assumes that all outstanding bond obligations of **\$2.9 billion** (approximately \$192 million annually) would be met according to state law (i.e., those portions of the Proposition A and Proposition C initiatives would remain intact, and revenues would be collected solely to pay off the obligations).
- ◆ By FY 2012-13, up to **40,000 jobs would be lost** in Los Angeles County alone.

### PROGRAM-SPECIFIC IMPACTS

- ▶ Up to **\$5.8 billion** in anticipated bond proceeds would become unavailable.
- ▶ Close to **50%** of bus service and possibly **100%** of rail service would have to be eliminated.
- ▶ Bus expansion and bus improvements of **\$788 million** to comply with the Consent Decree could not be met.

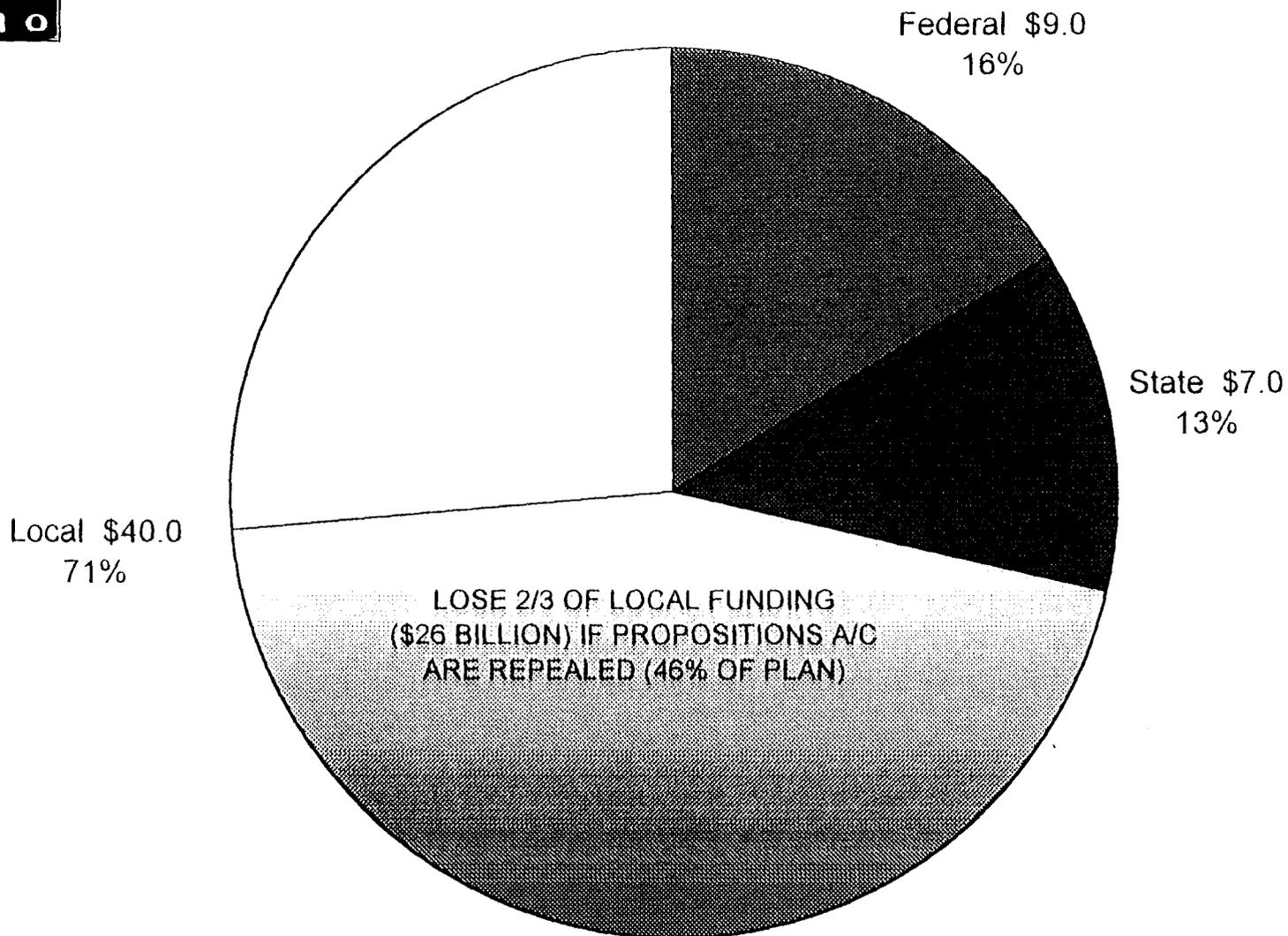
- ▶ The **\$1.8 billion** MTA Bus Capital Program would be severely reduced.
- ▶ Municipal Operators would lose a total of **\$1.5 billion** in Proposition A funds.
- ▶ Local Return funds of **\$5.8 billion** would be lost to the 89 cities within Los Angeles County.
- ▶ The high-occupancy vehicle (HOV) and gap closure program of **\$3.5 billion** would be eliminated
- ▶ Funding of **\$236 million** for the Alameda Corridor Project would become unavailable, thereby crippling the project's ability to leverage federal and other funding to meet matching requirements. (Project completion would be doubtful, resulting in **potentially losing \$253 billion annually** in trade for Los Angeles County.)
- ▶ The **\$391.7 million** Transportation Demand Management (TDM) Program would be severely cut.
- ▶ The **\$583 million** Freeway Service Patrol would be eliminated.
- ▶ Funding of **\$500 million** for paratransit services to comply with the Americans with Disabilities Act (ADA) would be lost.
- ▶ The Call for Projects process would be severely curtailed to limited state funding equal to about **40% or \$266 million**, based on the current \$666.3 million program.
- ▶ The **\$10 billion** Metro Rail Program (including Metro Red Line Extensions, Pasadena Blue Line, and other rail capital construction, replacements, rehabilitations, and purchases) would be eliminated, after completing Metro Red Line Segment 2 work to the Hollywood/Vine Station.
- ▶ The **\$1.3 billion** North Hollywood Extension of Metro Red Line Segment 3 could not be completed.

- ▶ The Los Angeles Standard Light Rail Vehicle (“the LA Car”) orders would be stopped, possibly leading to the closure of the newly established railcar manufacturing facilities in Carson.
- ▶ Metrolink funding of **\$600 million** would be eliminated. Continued Metrolink service for Los Angeles County would not be possible.



# MTA 1997 Draft Long Range Transportation Plan Financial Summary - Sources of Funds Through FY 2013

(\$ Billions)



**Total = \$56 Billion**

Note: Figures reflect Draft Financial Update, April 25, 1997.

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