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Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

REVISÉ
PLANNING AND PROGRAMMING COMMITTEE

JULY 16, 2003

EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE

JULY 17, 2003

**SUBJECT: SB 314 (MURRAY) ONE-HALF CENT SALES TAX FOR
TRANSPORTATION CAPITAL IMPROVEMENTS**

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

- A. Approve the multi-modal list of projects contained in Attachment A to be submitted to State Senator Murray, the bill's author, for inclusion in SB 314.
- B. Direct the Chief Executive Officer to work with the author to extend the term of the sales tax from five to at least six years.

ISSUE

SB 314 would grant to the MTA the authority to place on the ballot a one-half cent sales tax for specific transportation capital projects in Los Angeles County and would provide an exemption to current laws which cap sales taxes at 8.75%. Under current law, new taxes such as those proposed by SB 314 require approval by two-thirds of the voters. ACA 7 (Dutra) and SCA 2 (Torlakson), which are currently proceeding through the Legislature, would reduce the voter threshold to 55% for transportation sales tax.

SB 314 is geared to rapid delivery of specific projects and the funds are not subject to revocation by the state nor can they be used for another purpose by the MTA. The revenues generated by the sales tax could also be combined with existing federal and/or state dollars thus further increasing the amount available to fund projects.

At the June 26, 2003 meeting, the Board approved a support position on this bill, if it was amended to give the MTA Board sole discretion as to the projects that would be included. The MTA Board position on this bill has been explored with Senator Murray. The Senator has expressed his desire to work with the MTA Board to develop a measure on which the Legislature and the Board can agree. Consistent with the Board direction, Attachment A contains a multi-modal list of projects for approval to be submitted to Senator Murray's office for inclusion in SB 314. This list assumes that the term of the tax is extended to six years. For the capital projects listed, it is assumed that the proposed sales tax will contribute 75% of the estimated cost. Further, it is assumed that MTA and/or its other funding partners will provide the remaining 25% from non-SB 314 fund sources, which are not reflected in the

table. With regard to the program contributions listed in the attachment, these figures represent the proposed sales tax contribution to larger program needs.

POLICY IMPLICATIONS

With the State budget situation, the Board over the past several months has taken actions to allow regionally significant, high priority projects to move forward. These actions have reallocated resources among projects by deferring either phases or entire projects. SB 314 would generate revenues to allow some of the deferred phases/projects to move forward in a timely manner. The projects contained in Attachment A are consistent with the draft Short Range Transportation Plan.

OPTIONS

The Board could add or delete projects from the proposed list. This option is not recommended as the projects contained in Attachment A are consistent with the draft Short Range Transportation Plan and reflect Board directives. The Board also has the option of requesting Senator Murray to extend the terms of the tax by more than a year. This option is also not recommended as based on previous discussions with the Senator, he does not appear to be receptive to extending the term of the sales tax. He may, however, be receptive to a one-year extension.

FINANCIAL IMPACT

SB 314, in its current form, would authorize the MTA, upon voter approval, to impose an additional one-half cent transaction and use tax for five years or less. If implemented for six years, it is estimated that SB 314 would generate **\$4.16 billion** for Los Angeles County's transportation purposes, using the growth rates shown in Table 1. These growth rates conform to the Financial Standards adopted by the MTA Board in January 2003.

Table 1: Calendar Year ½ Cent Sales Tax Forecast and Assumed Growth Rates

2005 Growth Rate	2006 Growth Rate	2007 Growth Rate	2008 Growth Rate	2009 Growth Rate	2010 Growth Rate
\$611 M 5.2%	\$642 M 5.0%	\$675 M 5.1%	\$708 M 4.9%	\$743 M 4.9%	\$779 M 4.9%

These funds could be used as a match for leveraging federal and state transportation funds. Should MTA and/or its other funding partners provide a 25% match using federal and/or state funds for the capital projects listed, additional funds would be available for transportation priorities in Los Angeles County. With regard to the program contributions, SB 314 revenues could be used as a contribution to programs with much larger needs.

DISCUSSION

Senator Murray introduced SB 314 in February 2003. It has undergone several amendments the latest of which was June 2003. The Assembly Transportation Committee approved the bill on

July 7, 2003. In its current form, the bill would authorize the MTA, with voter approval, to impose a transaction and use tax at a rate of one-half cent for five years or less for the funding of specified capital transportation-related projects. This would be in addition to any other tax that MTA is authorized to impose. SB 314 would also provide an exemption to current laws, which cap sales taxes at 8.75%.

At the June 2003 meeting, the Board took a support position with the caveat that the MTA Board would select the projects that would be funded through the revenues generated by the tax. In developing the list of projects contained in Attachment A, the funding Working Priorities approved by the Board in April 2003, draft Short Range Transportation Plan and other Board directives were reviewed. The projects contained in the attachment are consistent with the draft Short Range Transportation Plan to be adopted by the Board in August 2003, represent those projects or phases of projects whose funding had been deferred due to the State budget shortfall and/ or reflect Board directives.

At this time, the capital project costs used to prepare Attachment A are estimated. This is due to the fact that many of these projects are in the early stages of development. Due to the uncertainty with regard to these estimates, it is recommended that discussions continue with Senator Murray to provide MTA with some flexibility regarding: (1) the amount of sales tax expenditures allowed on each project; (2) ability to move funds among the projects should the actual costs be above or below the estimates; or (3) as a result of environmental analysis and engineering, a project may no longer be feasible.

The attached list assumes that the term of the tax is extended to six years and that revenues generated by it will provide 75% of the cost for the capital projects listed. The program costs represent the sales taxes contribution to much larger program needs. Should the tax not be extended, the amount of the match could be increased in order to fully fund the projects or the program contributions reduced. Similarly, if the tax is extended for more than six years, the amount of the match could be reduced or program contributions increased.

MTA Technical Advisory Committee and Bus Operations Subcommittee Recommendations

On July 14, 2003, the MTA Technical Advisory Committee (TAC) held a special meeting to discuss SB 314 including the projects/programs (Attachment A), which would be recommended for inclusion in the bill. In general, the TAC supported the capital projects/programs list. The TAC passed a motion recommending that the MTA Board should consider adding a Local Return component (similar to Propositions A and C) as part of SB 314 before the legislation is finalized.

On July 15, 2003, the Bus Operations Subcommittee (BOS) of the TAC met to discuss SB 314. The BOS recommended that the MTA and Municipal Regional Bus Capital program contribution be increased from \$100 million to \$200 million and that the BOS be included in developing the allocation procedures for these capital funds.

MTA reviewed the cost estimates for the various capital projects. Based on the most recent engineering estimates for the Exposition Light Rail Transit project, MTA can reduce the requested amount by \$100 million. This \$100 million is reallocated to respond to the TAC and BOS motions. With regard to the TAC motion, the MTA is recommending that the currently identified Street Resurfacing, Rehabilitation and Reconstruction (System Preservation) category become a Local Return component and that \$50 million be added to this program. The Local Return component would be distributed on a population-based formula with the individual jurisdictions having control over how the funds would be spent. System Preservation would be an eligible expenditure of funds. In response to the BOS motion, the MTA has increased the SB 314 contribution to the MTA and Municipal Regional Bus Capital program by \$50 million.

NEXT STEPS

Upon Board approval, the list contained in Attachment A will be transmitted to Senator Murray's office. Further discussions will also be held with the Senator to determine his willingness to extend the term of the sales tax and to allow flexibility with regard to the amount of sales tax funds allocated and allowed to be expended on the specified projects due to the uncertainty of the cost estimates at these early stages of development. Should voters approve the one-half sales tax, MTA will develop guidelines for the program's implementation. **Further, if actual sales tax revenues are less than projections, the Capital Program contributions will be reduced proportionately to match the actual revenues received.**

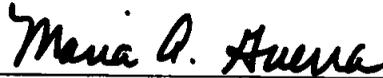
ATTACHMENT

A. List of Projects

Prepared by: Michael Turner - Government Relations
David Yale, Renee Berlin - Countywide Planning and Development



James L. de la Loza, Executive Officer
Countywide Planning and Development



Maria Guerra, Chief of Staff



Roger Snoble
Chief Executive Officer

**Los Angeles County Metropolitan Transportation Authority
One-Half Cent Sales Tax Measure
Potential Project List (Not in Priority Order)
(\$ In Millions)**

Capital Projects	SB 314 Estimated Project Contributions	Non-SB 314 Match (25%)
Exposition Light Rail Transit - At-grade Light Rail Line on Exposition Blvd. [Downtown Los Angeles to Downtown Santa Monica]	\$ 923.6	\$ 1,023.6
Crenshaw Metro Rapid Transitway - Dedicated Bus Lanes along Crenshaw Corridor [Wilshire Blvd. to Los Angeles Airport]	\$ 337.8	
San Fernando Valley North-South Corridor - Enhanced Transit Services	\$ 83.0	
Metro Gold Line (Pasadena to Claremont) Light Rail Transit Extension to Irwindale	\$ 492.0	
Greenline Extension or other Fixed Guideway/Corridor Projects	\$ 225.0	
I-5 Carmenita Road Interchange Improvement - Cities of Norwalk and Santa Fe Spring	\$ 90.6	
I-5 Capacity Enhancement [SR-134 to SR-170 (Inc. Empire Ave Access Improvement)]	\$ 241.0	
I-5 Capacity Enhancement [I-605 to Orange County Line (plus one mixed- flow lane)]	\$ 330.7	
I-5/SR-14 Carpool Lane Direct Connector [North to/from South]	\$ 67.3	
SR-14 Capacity Enhancement [Pearblossom Highway to Ave P-8]	\$ 32.4	
Capital Programs*		
Alameda Corridor East	\$ 200.0	
Countywide - Arterial, Signal, Bicycle, Pedestrian, Transit Capital and Other Programs - Capital Improvements	\$ 335.0	
Metrolink Capital Improvements - Purchase of Rail Cars and Platform Improvements	\$ 70.0	
MTA and Municipal Regional Bus Capital - Facilities, Rolling Stock and System Maintenance	\$ 150.0	\$ 100.0
Soundwalls - Countywide	\$ 230.0	
Local Return (i.e. Street Resurfacing, Rehabilitation and Reconstruction)**	\$ 350.0	\$ 300.0 \$ 116.7
TOTAL REQUESTED FUNDING (Project & Program Contributions)	\$ 4,158.3	\$ 1,057.8
Total Estimated Sales Tax Revenue (Six Years)	4,158.3	

* If actual revenues are less than projected, Capital Program Contributions will be reduced proportionately to match the actual revenues.

** A maintenance of effort requirement will be a condition for the receipt of these funds.



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RECOMMENDATION

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ISSUE

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OPTIONS

The Board could add or delete projects from the proposed list. This option is not recommended as the projects contained in Attachment A are consistent with the draft Short Range Transportation Plan and reflect Board directives. The Board also has the option of requesting Senator Murray to extend the terms of the tax by more than a year. This option is also not recommended as based on previous discussions with the Senator, he does not appear to be receptive to extending the term of the sales tax. He may, however, be receptive to a one-year extension.

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approved by the Board in April 2003, draft Short Range Transportation Plan and other Board directives were reviewed. The projects contained in the attachment are consistent with the draft Short Range Transportation Plan to be adopted by the Board in August 2003, represent those projects or phases of projects whose funding had been deferred due to the State budget shortfall and/ or reflect Board directives.

At this time, the capital project costs used to prepare Attachment A are estimated. This is due to the fact that many of these projects are in the early stages of development. Due to the uncertainty with regard to these estimates, it is recommended that discussions continue with Senator Murray to provide MTA with some flexibility regarding: (1) the amount of sales tax expenditures allowed on each project; (2) ability to move funds among the projects should the actual costs be above or below the estimates; or (3) as a result of environmental analysis and engineering, a project may no longer be feasible.

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NEXT STEPS

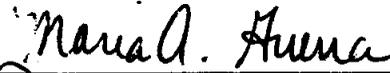
Upon Board approval, the list contained in Attachment A will be transmitted to Senator Murray's office. Further discussions will also be held with the Senator to determine his willingness to extend the term of the sales tax and to allow flexibility with regard to the amount of sales tax funds allocated and allowed to be expended on the specified projects due to the uncertainty of the cost estimates at these early stages of development. Should voters approve the one-half sales tax, MTA will develop guidelines for the program's implementation.

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(\$ In Millions)

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