Analysis of Metro's Revised Expenditure Plan

Executive Summary

In March, Metro released a draft expenditure plan for a potential half-cent sales tax to be put on the November 2016 ballot. Supplementing existing revenue from Propositions A and C and Measure R, the potential additional measure would raise well over $100 billion over the next several decades for transportation improvements across Los Angeles County. Investing in Place and the Los Angeles County Bicycle Coalition (LACBC) have worked in partnership to campaign for funding from this measure to make our communities more walkable, bikeable, and equitable. How we spend public funds is a reflection of our shared values. Metro's plan envisions a future with more transportation options serving more communities, more neighborhoods connected by walking and biking infrastructure, and less congested freeways with fewer bottlenecks. This analysis of Metro's revised plan builds on Investing in Place's March policy brief, which outlined our priorities in the potential measure and in all our efforts at Metro, including the 2017 Long Range Transportation Plan (LRTP):

- *A connected, multimodal transportation network* with reliable bus service and safe streets for walking and biking at its core;
- *An integrated approach to transportation projects* that incorporates complete streets, green streets, and great streets so that safety, sustainability, and economic opportunity are intentional outcomes of transportation investment;
- *Safe, healthy, and equitable communities* that mitigate historical burdens on low-income communities and communities of color and prioritize these communities for future benefits;
- *Sustainable transportation and land use planning* that meets statewide goals for reducing greenhouse gas emissions and vehicle miles traveled; and
- *Quality service for transit riders* that provides access to convenient, affordable, safe, and reliable transit for the communities who need it the most.

These priorities recognize that a high quality transit system, safe streets, and environmental sustainability are necessary, but not sufficient, to achieve equitable communities. This measure will generate the revenues necessary to address these issues, but it won't achieve them without continued policy work through the LRTP update process and beyond. Investing in Place has formed a Transportation Equity Technical Working Group in partnership with Metro to better define these issues, set achievable goals, and measure the agency's progress toward a more equitable transportation system. (LACBC also participates in this Working Group.)

While the March draft expenditure plan contemplated a 40 or 50-year measure, the June revision proposes to increase the sales tax in perpetuity. With no sunset date, the potential measure would provide a continuous local revenue source for transit capital and operations, highway projects, and local streets and sidewalks. This funding could help keep our buses and trains running, fill potholes, and repair broken sidewalks in communities across the county. Proposing a sales tax with no sunset also means that Metro is unlikely to go back to voters with a new ballot measure in our lifetime, if this one passes. With sustainable local revenue and a process for adjusting the expenditure plan, Metro will have the resources and flexibility to meet future needs without additional sales tax measures. Since this is almost certainly Metro's last measure, it is absolutely critical that we get it right and include the policies necessary to deliver benefits to the communities we care about.

The plan is centered on a core list of transit and highway projects distributed relatively evenly across the county. New in the June revision, Metro has outlined an innovative new funding partnership with cities to pay for first and last mile improvements around new transit stations. The plan would also provide ongoing support for transit operations and maintenance of existing transit infrastructure and local streets, all critically underfunded parts of the transportation system.

However, as we said in March, funding for walking and biking ("active transportation") is still inadequate and inequitable in the revised plan. The stakes for walking and biking couldn't be higher. With an estimated need of $11.0 to $29.5 billion, according to Metro's Active Transportation Strategic Plan, this ballot measure is the largest potential funding source to make Los Angeles County safe and convenient for walking and biking. It will provide the core funding needed to leverage state and federal funding for decades to come. Parts of the region, most notably the Gateway Cities (which represents over 2 million people), still lack dedicated funding for walking, biking, and safe routes to school in the expenditure plan. (Funding for the Gateway Cities Active Transportation Program continues to be marked "TBD.") A longer planning horizon should have freed up more resources for these needs, but the revised plan did not do that. To make all communities in Los Angeles County into places where people can walk, bike, and access transit safely and conveniently, the expenditure plan must address Los Angeles County's broken, inaccessible, and missing sidewalks; unsafe crosswalks; inadequate bus stops; and incomplete bike network "once and for all."

The plan also lacks an explicit commitment to complete streets that other counties have included in their measures. New polling by Investing in Place shows overwhelming support for fixing sidewalks and improving crosswalks--even more support than for transit expansion and highway projects. By integrating complete streets into the language of the ordinance itself, voters can be assured that their highest priorities will be adequately addressed by the measure.

This measure, now dubbed the "Los Angeles County Traffic Improvement Plan," is a pivotal moment in Los Angeles County's future growth. The projects we build, the communities we serve, and the story we tell about what we're achieving will define our urban landscape for a generation. Investing in Place's recent poll shows broad voter support for investment in a forward-thinking transportation plan for Los Angeles County, with overwhelming support for those parts of the plan most likely to improve mobility in their neighborhoods: fixing broken sidewalks, adding safe crosswalks, safe routes to school, and easier access to transit. We now know that voters are receptive to a message about how investing in transportation does more than just ease traffic--it makes it safer and easier to get around our communities, especially for trips made by walking, biking, or rolling. With this measure, Metro has an opportunity to appeal to broad voter support for investment in safe and accessible communities with an expenditure plan that better meets the needs of people walking and biking and increases the chance of electoral success.

How Was the Expenditure Plan Revised?

In our March analysis, we described how the draft expenditure plan was developed in a "bottoms up" process that relied heavily on input from Los Angeles County's nine subregions. After the release of the draft plan, Metro held community workshops, telephone town halls, an online forum, and numerous meetings with stakeholder groups to seek input on the plan. Metro also conducted a poll of likely voters. All told, Metro reached approximately 50,000 residents over two months. Metro's opinion research focused on gauging support for the potential measure among likely voters and found support consistently registered above the required two-thirds threshold for passage.

At Metro's community meetings, active transportation was consistently ranked respondents' first or second priority, usually just above or below expanding transit. This overwhelming support for walking and biking was confirmed by Investing in Place's recent poll, which found that fixing sidewalks, improving crosswalks, and providing safe routes to school are voters' top transportation priorities. To the best of our knowledge, Metro's polls among likely voters did not ask detailed questions about support for walking, biking, and/or safe routes to school.

Metro also received letters from 91 city officials and stakeholder groups. Much of this input focused on the schedule of the plan's major projects. As a result, the most significant change to the plan from March to June is acceleration of a number of transit and highway capital projects. Many cities also weighed in to support increasing local return. Increasing funding for active transportation was the most commonly expressed feedback that was not addressed in the revised plan.

After considering input from stakeholder groups and elected officials over the past few months, Metro released the revised plan on Friday, June 10th, for consideration by the board.

What's New in the Revised Plan?

No Sunset: Metro was under great pressure from stakeholders to accelerate major projects and to increase local return. These demands were greater than it was possible to accommodate in a fixed-term measure, even with a longer 50-year term. Once Metro's polling showed public support for a measure with no end date, Metro decided to propose extending the tax in perpetuity. This will allow Metro to accelerate some major transit and highway projects by about five to eight years over the original draft plan, add two major capital projects to the end of the program, and increase local return to 20 percent once Measure R sunsets in 2040. Proposing a measure with no end date crystallizes the notion that this measure is intended to fix Los Angeles County's transportation problems "once and for all," increasing pressure on the plan to address all of the county's needs.

First/Last Mile Integrated into Major Transit Projects: The biggest change for walking and biking in the revised plan is a new policy governing local participation in major transit projects. The previous practice was for any local jurisdiction that has a station on a new transit line to contribute three percent of the capital cost to the project budget. This worked when most rail projects were in larger jurisdictions like Los Angeles or unincorporated East Los Angeles where jurisdictions could afford this capital contribution. However, as Metro's rail network extends into smaller cities throughout the county, jurisdictions will be less able to bear this cost. Cities eagerly anticipating new transit service would be faced with the prospect of having to divert local funding that might otherwise be used for walking and biking to pay for their share of the transit project.

In March, Investing in Place recommended allowing local jurisdictions to count investment in walking and biking investments that create safe and accessible bus stops and train stations toward their required three percent capital contribution. A motion introduced at the May Planning & Programming Committee by Director James Butts as a friendly amendment to another first/last mile motion by Director Eric Garcetti proposed to do exactly this. The idea was incorporated into the ballot measure in the June revision, meaning that cities now have a strong incentive to invest their local funding (most likely local return) into first/last mile improvements around new Metro stations and high ridership bus stops. Specific projects would be jointly agreed to by both Metro and the local jurisdiction, balancing local decision-making with regional accountability. While it's hard to calculate exactly how much investment in walking and biking this policy change will generate, our estimate is approximately $300 million in current dollars.

Highway Funding Eligibility Incorporates Complete Streets, Green Streets, and Active Transportation: In a nod toward addressing eligibility barriers to funding for walking and biking in previous measures, the definition of "highway construction" in the draft ordinance explicitly includes "complete streets, green streets, and active transportation improvements such as bikeways and pedestrian improvements." This is necessary because the regional active transportation program and several subregional active transportation and complete streets programs are contained within the highway fund, but it also ensures that any mitigation required under Metro's Complete Streets Policy for highway projects is clearly eligible for highway program funding. "Active Transportation," "Complete Streets," "First/Last Mile," and "Green Streets" are also all explicitly defined by the draft ordinance, though none of these definitions are policies requiring their inclusion in projects.

Ten-Year Comprehensive Assessment of Expenditure Plan: In its March analysis, Investing in Place recommended creating a process by which a supermajority of the board could amend the expenditure plan to respond to future needs. Those needs could include changes in technology (e.g. driverless cars), changes in priorities (e.g. adapting to climate change), or other shifts in the transportation industry. The draft ordinance requires a comprehensive assessment of every capital project and program funded by the expenditure plan. Within broad guidelines to ensure continued subregional equity, projects may be considered for addition or deletion to the plan during this decennial review. This process includes a prominent role for the Independent Taxpayer Oversight Committee, described below.

Independent Taxpayer Oversight Committee has Expansive Policy Role: Previous measures have included oversight committees, sometimes consisting of retired judges, to monitor expenditures and ensure legal compliance. Such committees help assuage skeptical voters that revenue will be spent properly and in accordance with the measure's intent. In contrast with previous committees that have a nominal oversight role, the proposed committee for this measure would have broad oversight over all expenditures, with the ability to audit programs and projects for both efficiency and effectiveness. The committee would be empowered to make policy recommendations to improve project and program delivery, including recommendations on how to adapt the expenditure plan to meet changing transportation needs as part of the 10-year comprehensive review mentioned above. In order to perform its wide-ranging responsibilities, the committee would consist of experts in law, public finance, transit operations, public administration, engineering, and business, selected by a rigorous screening process.

Local Return Increased Up to 20 Percent: At the request of many cities, the revised plan increases local return from the 16 percent proposed in March to 17 percent initially and 20 percent after 2040. The initial one percent increase would be cut from Metro's administrative costs, while the subsequent three percent increase would come from either the transit or highway capital program, at the discretion of a future Metro board. This modest increase in local return is appropriate given new demands on this limited funding source for first/last mile improvements, green streets, complete streets, "transit-oriented communities," and safe routes to school. With the new policy for funding first/last mile, described above, cities will have a powerful incentive for investing some of their local return in walking and biking infrastructure near station areas. Stronger guidance for complete streets and clearer reporting procedures would increase accountability and transparency for the local return program.

State of Good Repair, Bus Rapid Transit, and ADA/Student/Senior Services Carried Forward in Revised Plan: The March draft included commitments to increasing funding for transit infrastructure system maintenance, expanding bus rapid transit, growing paratransit services, and providing fare discounts for students and older adults. We reviewed the potential uses and benefits of these programs in our March analysis. Investing in Place and LACBC strongly support all of these proposed programs, which were maintained in the revised plan. (A drafting error in the draft ordinance definitions appears to restrict State of Good Repair funding for rail transit, though we believe it is intended to be for both bus and rail. This should be fixed in the final ordinance.)

Regional Active Transportation Program Stays at Two Percent: The draft expenditure plan included a two percent regional active transportation program, which, as we noted in March, consisted of a countywide funding program administered by Metro as well as dedicated funding for completing the Los Angeles River Bike Path, which was identified on the Central LA subregion's priority list. Other subregional active transportation programs were included in either the transit or highway categories. Our March analysis calculated a total of approximately *six percent* of the measure dedicated for active transportation, plus an additional three percent for complete streets projects where active transportation is the primary purpose.

With the change from a fixed-term measure to a no sunset measure, the two percent allocation is now a continuing appropriation. In the first 40 years, this change has no practical impact on the level of investment in active transportation. However, the absolute value of the funding available for regional active transportation in the revised plan has increased from $600 million to $857.5 million in current dollars, reflecting the longer term of the measure. In future years, after the Los Angeles River is completed, that project's set-aside will be available for other active transportation purposes.

What Improvements are Needed?

Guarantee Complete Streets in the Ballot Measure Ordinance: While Metro has a relatively new Complete Streets Policy adopted in October 2014, its implementation has been slow and uneven. Metro should make a strong commitment to voters that all projects funded by this measure will address safety for people walking and biking, which was the top transportation priority identified by likely voters in Investing in Place's recent poll. Investing in Place and

LACBC recommend adding complete streets language directly in the ordinance as a new clause in *Section 7: Use of Revenue*. Just as Section 7(h) assuages voters that are passionate about not funding the SR-710 project, a new Section 7(i) should assuage voters that are skeptical of Metro's track record on complete streets by reaffirming the agency's commitment. We recommend using language from San Diego's TransNet sales tax measure:

> *All new projects, or major reconstruction projects, funded by revenues provided under this Ordinance shall accommodate travel by pedestrians and bicyclists, except where pedestrians and bicyclists are prohibited by law from using a given facility or where the cost of including bikeways and walkways would be excessively disproportionate to the need or probable use. Such facilities for pedestrian and bicycle use shall be designed to the best currently available standards and guidelines.*

If Metro were to use similar language in its ballot measure, voters could be confident that projects funded by the measure will deliver safe and accessible streets in their communities.

Fund the Gateway Cities Active Transportation Program: The revised expenditure plan continues to have "TBD" in place of a real dollar amount for walking and biking in the Gateway Cities subregion. It would be inappropriate for the Metro board to adopt an expenditure plan where critical expenditures are yet to be determined. In Investing in Place's recent poll, voters in the Gateway Cities were even more likely to support fixing sidewalks and improving pedestrian safety than the rest of the county. Based on needs identified in Metro's Active Transportation Strategic Plan and comparable investment proposed in other subregions, at least $10 million per year should be allocated for walking and biking in the Gateway Cities (for a total of $400 to $500 million in the expenditure plan). Like everyone else in the county, voters in the Gateway Cities will be deciding whether to support the measure based on whether it makes real, tangible investments in their communities. As recent polling shows, the most popular transportation improvements are sidewalk repair, crosswalk safety, and safe routes to school--all of which would be funded by the Gateway Cities Active Transportation Program.

Move Subregional Active Transportation Programs to Active Transportation Subfund: In its March analysis, Investing in Place identified that approximately four percent of the measure was allocated to subregional active transportation programs that were categorized as either highway or transit. Now that the measure is proposed to extend in perpetuity, it is important that these programs be properly categorized as active transportation so that their allocation continues past the prior planning horizon year of 2057, instead of reverting to general transit or highway capital funding.

Add Academic and Community Expertise to Oversight Committee: As described above, the proposed Independent Taxpayer Oversight Committee has expansive policy oversight to evaluate the effectiveness of various projects and programs in the expenditure plan. Metro's recent Quality of Life Report articulates a growing understanding of the agency's influence on public health, land use, social equity, and environmental outcomes. A true evaluation of program effectiveness should likewise include this broad perspective by including relevant expertise on the Oversight Committee. The proposed committee includes a representative from a regional business association. Investing in Place and LACBC propose the addition of individuals with the following expertise to complement the committee's proposed membership:

- Two academic experts with university affiliations: one with expertise in environmental science and/or sustainability, and one with expertise in social equity and/or public health. For example, a faculty member at UCLA's Institute of the Environment and Sustainability could help track the expenditure plan's progress toward greenhouse gas reduction goals, while a faculty member at USC's Program for Environmental and Regional Equity could advise Metro's delivery of benefits to disadvantaged communities.
- Two representatives of community-based organizations with relevant experience in transportation, housing and land use, and/or community engagement. These members should have senior management or policy roles in their respective organizations.

Los Angeles County has some of the nation's leading experts in these fields. Metro should take advantage of the resources available in order to improve the effectiveness of its programs.

Upgrade HOV Highway Projects to ExpressLanes: The revised expenditure plan includes several new HOV lanes proposed as part of widening projects. Los Angeles County's ExpressLanes Program is a national leader in transportation demand management and should be expanded to the greatest extent feasible. All new highway lanes should be implemented as ExpressLanes unless there are compelling reasons for an alternative configuration. Revenue from new ExpressLanes could be reinvested into transit, active transportation, and roadway improvements in each corridor consistent with current Metro policy, providing a sustainable funding source for continuous investment in communities adjacent to freeway corridors, helping to offset the environmental impact of proposed widening.

What's Next?

The revised draft expenditure plan is being considered by the Metro board this month. It will be heard by the Planning and Programming Committee on Wednesday, June 15th at 2:00 P.M., and the Executive Management Committee on Thursday, June 16th at 11:30 A.M. It will then be heard by the full board on Thursday, June 23rd at 9:00 A.M.

If approved by the Metro board, the County Board of Supervisors must then act to place the measure on the ballot in November. The final measure must be submitted to the County

Registrar's office no later than August 12th in order to appear on the November 8th general election ballot. Metro is requesting the letter "M" for this measure.

Whether the measure passes in November or not, Metro will be updating its Long Range Transportation Plan (LRTP) to reflect new revenue assumptions and project lists. Investing in Place and LACBC will continue to engage with Metro to incorporate our priorities of safe, sustainable, and equitable transportation into the LRTP. The Transportation Equity Technical Working Group is already working with Metro to define social equity goals for the agency based on best practices from peer agencies and the latest research from our academic partners. To find out more about our next working group call on June 21st at 9:30 A.M., read more on Investing in Place's blog.