Executive Summary

Metro is the primary planner, funder, designer, and builder of Los Angeles County’s regional transportation system. As such, Metro has a unique role to ensure all elements of the transportation system — even those built and operated by other agencies — work together to provide safe, accessible, and reliable transportation options. The expenditure plan for Los Angeles County’s fourth transportation sales tax reflects Metro’s view of what projects and programs will fulfill this mission.

Like Measure R in 2008, the new potential ballot measure would fund an ambitious expansion of Metro’s rail network, widen congested freeways, increase transit operations, and maintain local streets. However, this new measure adds new categories of funding that were left out of Measure R, including state of good repair, a new bus rapid transit program, paratransit, and active transportation. These additional programs are an effort to provide connectivity in a system that is otherwise dominated by major capital projects that don’t yet serve all county residents.

While the draft expenditure plan is a broad outline of major projects and funding programs for consideration by the Metro board, and subsequently by voters, many details have yet to be resolved, including the duration of the tax (40, 45, or 50 years), policy guidelines for each funding program, and the exact language of the ordinance. The board may also make changes to the proposed funding amounts and project sequence contained in the draft expenditure plan.

Investing in Place believes there are opportunities to increase funding for active transportation, improve policies for first and last mile access to transit, enhance accountability and reporting for local return, and better align expenditures with regional and state goals for climate, health, and social equity.

Our Role

Investing in Place is a nonprofit effort dedicated to leveraging public funds to support great public spaces and a transportation system that works for all in Los Angeles County. In the last 14 months, Investing in Place has collaborated with a wide range of partners, including elected officials, public agency staff, community based organizations, public health leaders, and urban planning and policy researchers, to support a constituency for equitable planning and build strategic relationships with agencies and efforts that invest in the built environment in Los
Angeles County. As the largest proposed investment in the near future, Investing in Place has focused considerable attention on the opportunity of the potential ballot measure and update of the region’s Long Range Transportation Plan.

How Transportation in Los Angeles County is Funded

Los Angeles County is one of the strongest “self-help counties” in the nation due to its history of passing local taxes to finance transportation investments. Close to 70% of all the public dollars spent on transportation in the county come from three existing half-cent sales taxes: Proposition A (1980), Proposition C (1990), and Measure R (2008). While officials often look to Washington DC and Sacramento to leverage additional funding, the overwhelming majority of our region’s transportation funding is controlled by the 13-member Metro Board of Directors (five County Supervisors, four representatives from the City of Los Angeles, and four subregional representatives from other cities in Los Angeles County).

A Fourth County Sales Tax?

Metro is considering placing a fourth transportation sales tax measure on the ballot in November 2016. This potential ballot measure would “augment and extend” Measure R with an additional half-cent sales tax and an extension of the current Measure R tax rate to 2057. While the potential ballot measure is tied to 2008’s Measure R, the revenue generated by the 2016 measure would be governed by a new expenditure plan. This new ballot measure is expected to generate approximately $120 billion (in year of expenditure) over 40 years for transportation in Los Angeles County. The Metro board may consider 45 or 50-year alternatives that would generate even more funding.

Earlier this month, Metro released its draft expenditure plan identifying proposed funding commitments and sequencing of major transit, highway, and active transportation projects. The expenditure plan also includes new funding programs for state of good repair, bus rapid transit, paratransit, and regional active transportation. Major projects were evaluated and prioritized based on performance metrics approved by the Metro board in December 2015.

How Was the Expenditure Plan Developed?

After the failure of Measure J in 2012, the Metro board resolved that future ballot measures would be developed with greater input from Los Angeles County’s nine subregions through a “bottoms up” process to identify each area’s transportation priorities. In 2014, the Metro board directed staff to develop “mobility matrices” for each subregion in consultation with councils of governments (COGs) or other local agency representatives, where applicable. Los Angeles County’s COGs vary greatly in their sophistication, professionalization, and staff capacity.
The primary stakeholders in COGs are elected officials from the local cities, who comprise each COG’s board. Each COG has a different approach to engaging other stakeholders, including community groups and agency staff, and different levels of transparency and accountability for decision-making. While the mobility matrices are frequently lauded for their “bottoms up” approach, few of the nine subregions sought input from community-based organizations or other nongovernmental stakeholders. Many community members and stakeholders were unaware that their cities’ mobility priorities were being collected for potential inclusion in the ballot measure expenditure plan.

The COGs submitted their prioritized project lists to Metro in November 2015. In December 2015, the Metro board adopted a scoring methodology to prioritize projects based on their mobility, economic, accessibility, safety, and sustainability benefits. These project lists are the basis for the ballot measure’s proposed capital program.

Concurrently, Metro staff formed a working group of of representatives from ten transit agencies (seven of which are part of cities), two cities, and the County of Los Angeles. This working group met five times from November 2015 through January 2016 and did not include representation from nongovernmental stakeholders, such as community-based organizations or transportation advocates. The working group’s recommendations were a starting point for Metro staff's recommendation for operations, local return, and other non-capital programs.

Based on input from COGs, the working group, and board deputies, Metro staff compiled a draft expenditure plan for public review, which was released in mid-March.

**Principles for a Socially Equitable, Healthy, and Sustainable Measure**

Investing in Place reviewed the draft expenditure plan to evaluate how well it aligns with policy goals for social equity, public health, and environmental benefits. Our evaluation assessed whether or not the measure was achieving the following objectives: (1) Does the measure foster smart multimodal planning? (2) Does it meet the needs of low-income communities of color? And (3) does it provide for an effective and efficient transportation system? The following principles guided this analysis:

**Connectivity:** A connected, multimodal transportation network is essential for Los Angeles County’s continued growth and prosperity. A connected network is more than an array of major projects — it includes reliable bus service and a safe walking and biking environment so that people can access the core network. Relatively less expensive projects like bus rapid transit and first and last mile improvements are the glue that holds the rest of the system together.
Integration: It is no longer sufficient for transportation projects to have a singular focus on mobility. The public right-of-way is a significant asset that must be managed to achieve multiple objectives. *Complete streets* ensure that projects are safe and accessible for people of all ages and abilities, no matter how they travel. *Green streets* integrate stormwater and climate benefits to reduce water and air pollution, increase tree cover, and reduce environmental hazards from heat and flooding. *Great streets* provide economically and culturally vibrant places for people to enjoy. An integrated transportation system aims to deliver these multiple benefits efficiently. At the same time that projects increasingly serve multiple purposes, expenditures need to be reported transparently so that the public can hold agencies accountable for making meaningful investments toward each objective.

Safe, Healthy, and Equitable Communities: Historically, transportation’s benefits and burdens have not been equitably distributed in Los Angeles County. For example, the region’s previous investment in freeways left many communities fragmented by race and income, and for some, heavily burdened by pollution. Traffic collisions are a leading cause of mortality in communities of color, where residents are most likely to walk and bike for transportation and therefore, most vulnerable to unsafe streets. Youth, older adults, and individuals with disabilities — some of our most vulnerable populations — are at the greatest risk of getting killed in traffic, yet their travel patterns are not often factored into transportation decisions based on commute data. Lack of access to healthy food, health care services, and safe opportunities for physical activity are all correlated with poor health outcomes in low-income communities of color — the same communities that are dependent on transit and without automobiles. Unaffordable housing near regional job centers forces low-income workers to commute long distances, while the prospect of new rail lines has contributed to displacement in previously affordable neighborhoods. Past transportation investments can dramatically shift the quality of life of residents — for better or for worse — which is why future transportation investments should address these historical inequities and mitigate any additional burdens.

Sustainability: California has set ambitious statewide goals to reduce greenhouse gas and other emissions. The transportation system is the primary source of greenhouse gas emissions in California, which are closely correlated with vehicle miles traveled (VMT). The state policy framework created by AB 32 and SB 375, and implemented regionally by SCAG’s Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS), mandates that the region reduce emissions by 13% by 2035. To achieve this emissions reduction, the RTP/SCS anticipates a VMT reduction of 10.2% by 2040. Future mandates from the state are expected to require further reductions to meet climate goals. Metro’s expenditure plan will be the region’s largest investment in sustainable transportation and should put Los Angeles County on track to meet SCAG’s targets.

Quality Service for Transit Riders: A well-run transportation system grows ridership by providing convenient, affordable, safe, and reliable transit service. The substantial majority of Metro’s customers rely on the bus for most trips. Investing in frequent and reliable bus service
will grow ridership. On high-demand corridors, smart investments in bus rapid transit will provide faster, more reliable service at a lower operating cost per passenger. Sufficient operating support should be provided to keep fares affordable and avoid suppressing ridership, while investments in higher quality service can maximize the ridership benefit of limited operations resources. Sufficient investment in state of good repair is necessary for both rail and bus infrastructure to maintain system reliability.

**What’s in Metro’s Draft Expenditure Plan?**

While it is tempting to default to pie chart planning, the expenditure plan warrants a deeper analysis. Investing in Place seeks to go beyond the pie chart to evaluate how real dollars are invested in real communities. *For the purposes of this analysis, all expenditures are in current (2015) dollars, unless otherwise noted.*

Many stakeholders are familiar with Measure R, which was easily divided into four major categories: transit capital, highway capital, transit operations, and local return. In the current proposed measure, there is a wider range of funding programs and capital projects are much more integrated across modes. For example, the Sepulveda Pass Transit Corridor project is initially proposed as an ExpressLanes project on the existing I-405 that would accommodate rapid buses, with toll revenue then used to pay for a subway tunnel in later years. Several subregions proposed complete streets programs that are in the highway category but directly promote walking and biking. Proposed grade separations along the popular Orange Line busway would reduce interactions with traffic, while other bus rapid transit projects would run along city streets and explicitly include first and last mile improvements. With so many projects that defy categorization, a complete analysis must instead consider the merits of each project or program individually and identify common themes irrespective of transportation mode.

The capital program includes all of the proposed major transit and highway projects. These are the projects that have made headlines in initial media coverage of the expenditure plan. In addition to specific projects, the capital program includes subregional funding programs for categories of improvements like active transportation, bus system improvements, freeway interchanges, and signal synchronization. Some of these programs are funded continuously for the life of the ballot measure, while others are sequenced based on funding availability and competing subregional priorities. Both the transit and highway programs include funding set aside for “system connectivity” projects that address regional gaps in the transportation system, particularly at intermodal connection points like Union Station, the airports, and the ports. In total, the capital program accounts for approximately 53% of the measure, with about twice as much money going to transit as to highways.

While the proposed capital program is best analyzed at the project level, other formula-based expenditures are easily represented with a pie chart. These categories include bus operations (20%), rail operations (5%), local return (16%), state of good repair (2%), and regional rail (1%).
There is a new 2% set-aside for paratransit and senior and student fare subsidies. There is also a new countywide active transportation program funded at 1%, in addition to the subregional projects and programs within the capital program. (The 2% allocation for active transportation depicted in Metro’s chart includes two major capital projects along the Los Angeles River, despite other similar active transportation capital projects being included in the transit or highway capital categories. This inconsistent classification initially created confusion among advocates.)

Los Angeles County is a vast region with diverse communities and interests. The draft expenditure plan is carefully constructed to satisfy Los Angeles County’s multiple political constituencies. Within these constraints, Investing in Place aims to support good policy and identify opportunities for improvement.

**What’s Promising:**

**Active Transportation Funding:** For the first time, Metro is creating a funding stream with local dollars to strategically invest in first and last mile access to bus and rail, safe routes to school, and a regional active transportation network. One percent of the measure is set aside for a new regional active transportation program dedicated to these purposes. Subregional active
transportation projects and programs comprise an additional 5% of the measure. After factoring in subregional complete streets projects where active transportation is the central purpose of the expenditure, a total of nearly 9% of the measure is dedicated to making Los Angeles County a safer and more convenient place to walk and bike. Reflecting the relative cost-effectiveness and simplicity of active transportation projects, the majority of this funding is available early in the life of the measure to enable local jurisdictions to make these improvements quickly.

State of Good Repair: Another proposed new funding stream is dedicated to creating a robust state of good repair program to ensure the region’s aging transit infrastructure is maintained in high quality condition. This program will improve system reliability and reduce long-term maintenance costs. In addition to the 2% set-aside, state of good repair is integrated into the rail and bus operations programs and a portion of the capital program.

Americans with Disabilities Act (ADA) Paratransit Services for the Disabled; Discounts for Seniors and Students: Dedicated funding for paratransit and reduced fares for students and seniors are also included for the first time in this proposed measure. Paratransit is currently provided by Access Services (Access) on behalf of 44 fixed-route operators, including Metro. Paratransit faces significant financial pressures from a growing population of older adults and reduced funding from other sources. Metro currently has reduced fare programs for both students and seniors, however these programs are underutilized due to cumbersome application processes and limited resources. The scope of this funding program and how it would be administered are yet to be determined. This could be a tremendous opportunity to streamline K-12 fares and partner with LAUSD to provide annual tap passes for youth similar to Metro’s B-Tap program for employers. It also could provide funding for other ADA-related purposes, such as upgrading bus stops and sidewalks to current standards in order to increase access to regular transit service and reduce demand for paratransit.

Bus Rapid Transit: The measure includes a phased countywide bus rapid transit program, in addition to specific projects identified in central Los Angeles, such as along Vermont Avenue. Metro has been studying dedicated bus lanes in 10 corridors across Los Angeles County and the City of Los Angeles’ Mobility Plan 2035 calls for over 200 miles of new enhanced bus service along dedicated lanes. These are relatively quick and cost-effective improvements that would have tremendous benefits for existing bus riders and attract new riders with faster, more reliable service.

Transit Operations (including Metro and Munis): The measure would maintain Measure R’s funding allocation for transit operations, split between bus (20%) and rail (5%), resulting in a significant cumulative increase over the life of the measure. Transit operations is the most important expenditure category to provide frequent and reliable transit service. Measure R’s dedicated operations funding staved off the worst of the 2008 recession’s effects on funding levels, allowing Metro to avoid the drastic service cuts imposed by other transit agencies. This new measure would provide additional resources for Metro to invest in corridors with the
greatest potential to grow ridership without cutting lifeline service in other areas. The expenditure plan anticipates that some operations funding would be used for state of good repair in the early years of the measure before the transit system grows in later decades.

**Transit Oriented Communities Eligibility in Local Return:** Over the past year, Metro has taken several steps to go beyond the traditional transit-oriented development focus to the creation of “Transit Oriented Communities” (TOC). This program represents Metro’s new approach to development focused on compact, walkable, and bikeable places in a community context (rather than focusing on a single development parcel). Implementing TOCs requires coordination with local jurisdictions. As such, the draft expenditure plan proposes to make TOC-related expenditures eligible for local return. While expanded eligibility is an opportunity to better coordinate land use and transportation, there are no accompanying policy goals or requirements.

**Green Streets Eligibility in Local Return:** Metro has also recently begun to adopt policy goals encouraging stormwater capture and related “urban greening” project elements. Consistent with these recent policy initiatives, the draft expenditure plan proposes to make these improvements also eligible for local return. However, green streets are only identified as an eligible expenditure, not a requirement for local jurisdictions.

**Oversight:** The draft expenditure plan proposes additional oversight compared to Measure R. Given the increased length and scale of this potential new revenue source, oversight is essential to ensure that the funding is spent both legally and effectively. The nature of this additional oversight, and any new reporting requirements and transparency measures, is not yet determined.

**Concerns and Opportunities:**

**Relationship to LRTP:** The staff report refers to the expenditure plan as the foundation of the Long Range Transportation Plan (LRTP). Ideally, the region would update its LRTP first to gather input and establish regional consensus on the desired outcomes of the transportation system in the coming decades, then allocate funding to achieve the shared goals. Leading the LRTP update with the expenditure plan allows immediate political concerns to dominate long range planning at the expense of strategic decision-making. Furthermore, this expenditure plan makes new commitments on Propositions A & C beyond the current LRTP horizon, limiting future Metro Board of Directors from responding to unknown and urgent needs.

**Focus on Capital Projects:** Like Measure R, this draft expenditure plan was developed based on broad political consensus on the need to build new transportation projects in all parts of the county. However, national trends toward smarter, more efficient transportation underscore the need to elevate more cost-effective solutions, including smarter technology, less
capital-intensive projects like bus rapid transit, demand management approaches like ExpressLanes, improved first and last mile access, and more funding for system operations and state of good repair. As Los Angeles County’s transportation system matures over the life of the measure, Metro should reevaluate the assumptions around major capital projects and consider whether resources are better utilized for technology, operations, and state of good repair.

**Lack of Consistency with Regional Climate Goals:** Consistent with state mandates, the SCAG Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) sets a goal of reducing greenhouse gas emissions by 13% by 2035. In order to achieve significant emissions reduction, the RTP/SCS projects a necessary reduction of vehicle miles traveled (VMT) by 10.2% by 2040. The planning horizon for the potential ballot measure extends beyond the current RTP/SCS, however the State of California can be reasonably expected to mandate further emissions reductions during the life of the ballot measure. The expenditure plan is the SCAG region’s single greatest new investment toward meeting these climate goals, yet it is not clear whether the measure would actually help the region achieve the required emissions reductions. Metro’s description of the measure’s benefits includes a 4% greenhouse gas emissions reduction over the life of the plan, which is less than one-third of what is required by the RTP/SCS. It is also not clear whether this projected reduction is compared to the RTP/SCS baseline year or Metro’s projection of a no-build scenario. Metro’s 2009 Long Range Transportation Plan forecasted an increase in emissions rather than a decrease. Metro also reports that the expenditure plan would result in a reduction of 5 million VMT per day, but again this statistic is not provided in the context of a baseline year or whether it achieves the RTP/SCS’s goal of a 10.2% reduction by 2040.

The baselines for other claimed benefits of a 15% reduction in person-hours delay and an 80 million increase in transit boardings per year are also not disclosed. It is not clear whether Metro’s travel demand model incorporates the latest research into induced demand when evaluating the effects of increased roadway capacity, or whether the agency continues to use the flawed methodology that projected unrealized benefits on the I-405 over the Sepulveda Pass.

**Inconsistent Application of Performance Metrics:** In December 2015, the Metro board adopted a wide-ranging set of performance metrics to evaluate projects’ benefits for mobility, economy, accessibility, safety, and sustainability. Of particular note for advocates interested in social equity, metrics in the mobility, economy, and accessibility categories all reference benefits to core riders, disadvantaged communities, and/or transit dependent households. However, the relative weights of these metrics and how projects scored on their benefits to low-income communities of color were not shared as part of the release of the project evaluations — only the final scores were. Active transportation projects, even in regions with high transit dependent populations, did not consistently score well on mobility, economy, access, or safety metrics, despite clear benefits to disadvantaged communities. Complete streets projects in the San
Gabriel Valley and Safe Routes to School projects in Los Angeles received zero points for economy, despite both of these programs directly serving disadvantaged communities. Active transportation projects in the Arroyo Verdugo COG received a low safety score despite Glendale’s notorious record for pedestrian deaths. As a result, these projects were not given a high priority in sequencing and pushed into later decades of the expenditure plan.

The phasing and sequencing of other projects is also inconsistent with the adopted performance metrics. Most notably, the Gold Line Foothill Extension was brought to the front of the queue despite scoring below a number of other transit projects. In contrast, the Lincoln Boulevard Bus Rapid Transit project was pushed to 2050 despite a high score and relatively low cost. Other projects were phased after they were scored, allowing the lower performing phases to jump ahead of the portions of the project with the greatest benefit. For example, the West Santa Ana Transit Corridor is very high-scoring due to high ridership projections resulting from its location in a heavily transit dependent part of the county without high quality transit. However, the sequence that would adequately serve these disadvantaged urban communities should start earlier than the suburban build-out phase that serves higher-income residents. Highway projects that include smart management practices like ExpressLanes pricing scored worse than widening projects that add general capacity that will induce demand. Meanwhile, a highway project that only proposes to acquire right-of-way and therefore provide no mobility benefit received the highest score, including full marks on safety. These irregularities should be addressed by releasing the full modeling results for public review and independent analysis.

**Inadequate and Inequitable Funding for Active Transportation:** Metro’s Active Transportation Strategic Plan (ATSP) identifies a range of $11.0 to $29.5 billion needed to make all communities in Los Angeles County safe and accessible for transit, walking, and biking, requiring annual expenditures between $737 million and $1.69 billion. In response to this need, Metro proposes a new annual funding source of $15 million per year for projects and programs consistent with the ATSP, totalling $600 million over the 40-year life of the measure. Recognizing that this countywide funding is inadequate, almost all subregions proposed additional funding, bringing the total proposed dedicated funding for active transportation to $2.5 billion over 40 years. While this is indeed a significant increase in current funding for walking, biking, and safe routes to school, it is still far short of the identified need in the region and below Investing in Place’s recommended 10% allocation based on best practices from other counties.

More concerning, the piecemeal approach to funding active transportation is overly reliant on subregions that may or may not prioritize investments to make their cities’ streets safe for walking and biking, particularly for older adults, youth, and people with disabilities. In one subregion, the Gateway Cities Council of Governments did not dedicate any funding for active transportation. This subregion includes the county’s most environmentally impacted communities and sees significant conflicts between trucks and residents walking and biking. Had the Gateway Cities COG made the recommended $500 million allocation to enhance their transportation network for people who walk and bike, the overall measure would have met the
10% funding recommendation for active transportation and complete streets. Instead, the lowest-income and most disadvantaged communities of color in the county will not benefit from safe streets as a result of this measure, failing to meet their most basic mobility needs.

**Leverage Transit Investment for First and Last Mile:** Since the adoption of Metro’s Complete Streets Policy in 2014, all capital projects are supposed to be scoped to include concurrent improvements for walking and biking. It is not clear whether Metro’s planning cost estimates for transit projects in the ballot measure includes first and last mile improvements, as required. The ATSP includes detailed case studies with cost estimates of first and last mile improvements for different station typologies. These costs should be incorporated into the project budgets for all projects funded by the potential ballot measure.

Cities are currently required to pay for 3% of the cost of new transit projects. However, for small cities with major capital projects running through them, they would be required to raid funding sources like local return that would otherwise be available for active transportation projects. This creates a troubling scenario in which those cities that need to increase investments in walking and biking in order to improve access to a new transit line are left with less funding to actually make those improvements. Instead of using limited local funding to contribute directly to the capital cost of the transit project, this local contribution should instead be directed toward first and last mile improvements that will make the transit project a greater success.

**Guidelines for Subregional Funding Programs:** The creation of so many subregional funding programs is a tremendous opportunity for cities to work collaboratively with the flexibility to respond to future needs. In the case of active transportation programs, they still fall short of the estimated funding need for the region, so it is important to leverage these new programs with additional funding sources as well. One opportunity is to require a match from local return, similar to other regional, state, and federal funding programs, to increase the total funding available for these purposes and to incentivize local jurisdictions to propose smart and cost-effective projects.

**Oversight of Local Return:** Local return is an important revenue source for cities to maintain their local transportation infrastructure. Research by the Safe Routes to School National Partnership and Los Angeles County Bicycle Coalition found that most cities use their local return to operate small bus systems and repave streets, with little left over for active transportation. Increased eligibility for uses like stormwater capture and transit-oriented communities are good policy innovations, but create further demands on what is already a limited funding source. Without adequate policy guidance and reporting requirements from Metro, cities may not invest their local return in ways that advance regional goals around traffic safety and mode shift. Stronger guidance around complete streets implementation and clear reporting of expenditures to Metro will ensure that local return funds are spent efficiently and effectively to advance regional goals, while maintaining local control.
What Happens Next?

With the release of this draft expenditure plan, Metro has now started the conversation among communities and outside stakeholders. Metro is requesting feedback, input, and recommendations until June 2016, at which point the Metro board is scheduled to approve a final expenditure plan for the November ballot. Over the next couple months, Metro will host nine public meetings and one online workshop, and accept comments via email and social media. For more information, go to http://theplan.metro.net/.