




**Date:** August 7, 2008

**To:** State Legislation Committee

**From:**  Patrick H. West, City Manager

**Subject:** Update on the Half-Cent Sales Tax Initiative Proposed by the Los Angeles County Metropolitan Transportation Authority (Metro)

On Thursday, July 24, 2008, the Los Angeles County Metropolitan Transportation Authority (Metro) Board of Directors approved an ordinance, expenditure plan, and ballot language for a proposed half-cent transportation sales tax measure. The Board also passed a resolution formally requesting the Los Angeles County Board of Supervisors to place the ordinance on the upcoming November 4, 2008 countywide general election ballot.

The ordinance approved by the Metro Board of Directors is necessary to impose the half-cent sales tax pursuant to the requirements of Assembly Bill 2321 (Feuer), which would extend the time period allowed for implementing the tax from six and a half years to thirty years, require Metro to include in the sales tax measure specified projects and programs eligible for funding, and authorize Metro to incur bonded indebtedness. AB 2321 is currently awaiting consideration in the Senate Appropriations Committee. However, the bill does not appear to have the full support of the Senate Democratic Caucus, with several members requesting changes to the expenditure plan and the addition of projects eligible for funding.

On Tuesday, August 5, 2008, the Los Angeles County Board of Supervisors voted (two in favor, two opposed, and one abstention) to deny placement of the half-cent sales tax measure on the November ballot. However, Supervisor Don Knabe recently announced his intent to enter a motion at the upcoming August 12<sup>th</sup> Board meeting to reconsider the Board's previous vote. He has also decided that, at the time of reconsideration, he will vote in favor of placing the measure on the countywide ballot in order to spare county taxpayers the estimated \$17.5 million it would cost for a separate ballot.

If this ballot measure receives the required two-thirds vote for passage, Long Beach would receive the following:

- **Local Return**—15 percent of sales tax revenues would be returned to cities to be used for local projects including major street resurfacing, rehabilitation and reconstruction, pothole repair, left turn signals, bikeways, pedestrian improvements, streetscapes, signal synchronization, and transit. Since funds will be distributed on a per capita basis, Long Beach could receive an estimated \$11.88 million in funding per year. These funds would become available in FY 2010.
- **Bus Operations**—20 percent of revenues would go toward bus operations, and would be allocated among the various transit agencies in Los Angeles County, including Long Beach Transit.
- **I-710**—\$590 million would be allocated to the three I-710 Early Action projects at Firestone, Atlantic/Bandini, and the I-710 South, which includes the three

downtown ramp projects (Shoemaker Bridge, Pacific Coast Highway, and Anaheim).

- **I-605/I-405/SR-22**—\$590 million would be allocated to the I-605 Hot Spot Interchanges project, which includes the I-605/I-405/SR-22 interchange in Long Beach.

Attached is an update memo from Council Member/Metro Board of Directors Member Bonnie Lowenthal to the Gateway Cities Council of Governments Transportation Committee regarding the half-cent sales tax initiative. We will continue to monitor the status of the sales tax initiative and AB 2321. If you have any questions or require additional information, please contact Tom Modica, Manager of Government Affairs, at 8-5091.

CC: Mayor and Members of the City Council  
Suzanne Frick, Assistant City Manager  
Reginald Harrison, Deputy City Manager  
Michael Conway, Public Works Director  
Tom Modica, Manager of Government Affairs  
Jyl Marden, City Council Liaison  
Mike Arnold and Associates

Attachment  
PHW: TM: jb  
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**TO:** Transportation Committee  
**FROM:** Bonnie Lowenthal, MTA Board of Directors  
**SUBJECT: Update:** MTA ½ Cent Sales Tax Initiative

### **Background**

At the July Board of Directors Meeting, the MTA Board of Directors voted to place a ½ cent sales tax before the voters of Los Angeles County. The wording that will appear on the ballot is as follows:

#### **LOS ANGELES COUNTY TRAFFIC RELIEF, RAIL EXTENSION, REDUCE OF FOREIGN OIL DEPENDENCE:**

- Synchronize traffic signals;
- Repair potholes;
- Extend light rail/connect to airports;
- Improve freeway traffic flow (5, 10, 14, 60, 91,101, 105, 220, 138, 210,405,605, 710)
- Keep senior/ student/disabled bus fares low;
- Provide clean-fuel buses;
- Expand subway/MetroLink/bus service;
- Dedicate millions to each community for traffic relief;

Shall Los Angeles County sales tax increase one-half cent for 30 years with independent audits, public review of expenditures, all locally controlled?

### **Issue**

The MTA Board adopted the ballot language and an Ordinance that reflects projects that were listed in the 2003 Murray Bill and additional projects as nominated by the various subregions. The projects listed in the table will be included in the Ordinance language as well as in AB 2321 which modifies, among other items, the duration of the sales tax from 6 ½ years to 30 years.

In the initial Draft Expenditure Plan, Gateway Cities was assured of receiving \$403 million (I-5 projects) and an unspecified amount of highway funds. Gateway Cities was not due any transit capital funds other than the benefit apportioned from the Metro Gold Line Eastern Extension Phase II and from the Regional Connector. The Final Sales Tax Expenditure Plan includes the below listed projects including GCCOG priorities.

Gateway Cities projects included in the sales tax initiative are:

<b>Gateway Cities Projects</b>	<b>Amount (millions)</b>
<b>Highway Projects</b>	
BNSF grade separations	35
I-605 Hot Spot Interchanges	590
I-710 Early Action Projects	590
Project Escalation	895
<b>Below Listed Fully Funded Projects (2008). Funds will remain in the Gateway Cities subregion</b>	
I-5 Improvement (I-605 – OC Line)	265
I-5 Carmenita Interchange	138
<b>Total - Gateway Cities Highway Projects</b>	<b>\$2,513 (32.9% of the hwy. allocation)</b>
<b>Transit Projects</b>	
Metro Gold Line Eastern Extension Phase II (Whittier Terminus) (half assigned to Gateway Cities)	635.5
West Santa Ana Branch Transit Corridor	240
Portion of Regional Connector (downtown LA) assigned to Gateway Cities	32
Project Escalation	324
<b>Total - Gateway Cities Transit Projects</b>	<b>\$1,232 (8.9% of total transit allocation)</b>
<b>Gateway Cities Local Return (30-years)</b>	<b>536</b>
<b>Gateway Cities Bus Operations Subsidy (30-years)</b>	<b>305</b>
<b>Total Returned to Gateway Cities (30-years)</b>	<b>4,495</b>
<b>Total Sales Tax Contribution Gateway Cities</b>	<b>6,800</b>
<b>Gateway Cities Percent of Return</b>	<b>66%*</b>

\* Does not include % for Metrolink