

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: October 17, 2012

TO: Honorable Members of the Rules, Elections and Intergovernmental Relations Committee

FROM: Gerry F. Miller *GFM*
Chief Legislative Analyst

Council File: 12-0002-S91
Assignment No.: 12-10-0810

SUBJECT: Resolution (Garcetti – Rosendahl - Koretz) to support Measure J.

CLA RECOMMENDATION: Adopt Resolution (Garcetti - Rosendahl - Koretz) to include in the City's 2011-2012 State Legislative Program SUPPORT for Measure J that would extend the existing Measure R half-cent sales tax for an additional thirty years, subject to voter approval, to accelerate the construction of regional transportation and transit projects.

SUMMARY

On October 3, 2012, a Resolution (Garcetti - Rosendahl - Koretz) was introduced to support Measure J, which would extend the existing Measure R transportation sales tax until 2069, in order to take advantage of low interest rates and construction costs and accelerate regional transportation and transit project construction. This sales tax extension would also enable the Los Angeles County Metropolitan Transportation Authority (Metro) to bond against the future tax revenues and build transit projects much sooner than originally contemplated without relying on additional scarce federal or state funding. Accelerating Measure R projects would create thousands of jobs, reduce traffic congestion, and decrease air pollution from single occupant vehicle trips.

The accelerated transit projects include: the second phase of the Gold Line Eastside Extension; the Green Line Extension to Los Angeles International Airport; the Green Line Extension: Redondo Beach Station to South Bay Corridor; the West Santa Ana Branch Corridor transit project; the Regional Connector (links local rail lines); the San Fernando Valley I-405 Transit Corridor; and the second and third phases of the Westside Subway Extension.

The accelerated highway projects include: I-405, I-110, I-105 and SR-91 Ramp and Interchange Improvements; I-5 North Capacity Enhancements: SR-14 to Kern County Line (Phase 2); I-605 Corridor "Hot Spot" (especially congested) Interchanges; highway operational improvements in Arroyo Verdugo and Las Virgenes/Malibu Subregions; county-wide soundwall construction; I-710 South and/or Early Action Projects; and Burlington Northern Santa Fe safety upgrades such as grade separations between tracks and streets.

Measure J revenues will be used to fund the same seven transportation funding categories of the current Measure R for another 30 years and will generate a total of \$90 billion for transportation improvements. Additionally, fifteen percent of the revenues (after administrative costs) would

continue to be allocated to the 88 local cities and Los Angeles County unincorporated areas on a per capita basis for local projects. It is estimated that Measure R will generate \$5.9 billion for the Local Return Program through 2039; Measure J would provide an additional \$13.3 billion for these types of local improvements through 2069.

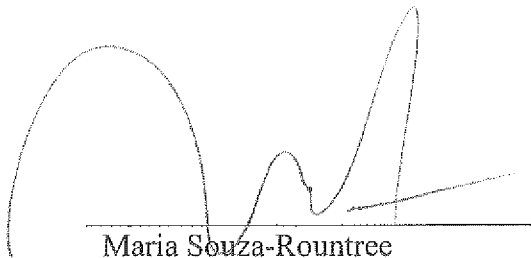
Measure J requires that funding be allocated first to the project list approved by Measure R. Once the Measure R projects are completed, funds could then be directed to projects in the Long Range Transportation Plan (LRTP), which lists the highest priority projects in Los Angeles County. It is important to note that accelerated project completion is anticipated to free up other non-Measure J funds for new projects, which would occur sometime after completion of the accelerated projects in approximately 2025. The Measure J funds themselves are not expected to fund new major transit and highway capital projects until the loans used to accelerate the original Measure R projects are repaid after 2050.

BACKGROUND

Measure R, passed by Los Angeles County voters in 2008, implemented a half-cent sales tax increase over thirty years to pay for transportation projects and improvements. On June 28, 2012, the Metro Board of Directors authorized placing Measure J on the November 2012 ballot and on August 7, 2012, the Los Angeles County Board of Supervisors approved the same action. On September 30, 2012, the Governor signed AB 1446 (Feuer), which was necessary to authorize Metro to impose the sales tax beyond its current duration, subject to voter approval, as well as permit Metro to secure bonded indebtedness payable from the proceeds of the tax imposed to accelerate the completion of specified projects and programs, and to fund specified operations.

DEPARTMENTS NOTIFIED

Department of Transportation



Maria Souza-Rountree
Analyst

GFM:SMT:PS:msr

Attachment: Resolution (Garcetti – Rosendahl - Koretz)

12-002-591

RESOLUTION

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WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, Measure R, passed by Los Angeles county voters in 2008, implemented a half-cent sales tax increase over thirty years to pay for transportation projects and improvements; and

WHEREAS, on June 28, 2012, the Los Angeles County Metropolitan Transportation Authority (Metro) Board of Directors authorized placing Measure J on the November 2012 ballot that would extend the Measure R transportation sales tax until 2069, in order to accelerate the construction of regional transportation and transit projects; and

WHEREAS, on August 7, 2012, the Los Angeles County Board of Supervisors approved the action to place Measure J, the extension of Measure R, on the November 2012 ballot; and

WHEREAS, the Governor recently signed AB 1446 (Feuer), which would authorize Metro to impose that transactions and use tax beyond its current duration, subject to voter approval, as well as permit Metro to secure bonded indebtedness payable from the proceeds of the tax imposed to accelerate the completion of specified projects and programs, and to fund specified operations; and

WHEREAS, this sales tax extension would enable Metro to bond against future Measure R proceeds and build transit projects much sooner than originally contemplated without relying on additional scarce federal or state funding; and

WHEREAS, accelerating Measure R projects would create thousands of jobs, reduce traffic congestion, and decrease air pollution from single occupant vehicle trips;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of the Resolution, the City of Los Angeles hereby includes in its 2011-2012 State Legislative Program SUPPORT for Measure J that would extend the Measure R half-cent sales tax for an additional thirty years, subject to voter approval, to accelerate the construction of regional transportation and transit projects.

PRESENTED BY:

Eric Garcetti

ERIC GARCETTI
Councilman, 13th District

Bill Rosendahl

BILL ROSENDAHL
Councilman, 11th District

SECONDED BY:

Paul Krutz

Justine

ORIGINAL

EPR

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