

Potential Ballot Measure: Operations and other Programs

Introduction

This potential ballot measure is designed to ease congestion by expanding LA County's transportation network. Los Angeles is building the best, most innovative, balanced, customer-focused transportation system in the world. Thanks to Measure R, two more rail lines are opening this year and three more are under construction. The entire region is involved: each city, each transit operator and all the regional stakeholders are shaping the landscape of Los Angeles County.

The region faces many challenges in easing congestion and traffic. With population expected to grow by $\frac{3}{4}$ of a million people in the next decade, it is vital that LA invests in its' transit infrastructure, building and maintaining assets now and for the next century.

A ballot measure designed to provide funding for an integrated, connected, multimodal transportation network to serve all residents of Los Angeles County must include reasonable funding levels for all categories, including countywide transit operations, Metro Rail operations, state of good repair, commuter rail, ADA-mandated paratransit service, and local return.

To reflect the ongoing transportation needs of the region, to seek input from all stakeholders and to establish need-based recommendations for transit operations and other programs categories, a working group of representatives from ten transit agencies (seven of whom are part of cities), two cities and the County of Los Angeles was set up (the "Working Group"). **The intent of the Working Group was to reflect and represent the ongoing transportation needs of the region.**

The results of the Working Group were presented to Metro staff for use as a starting point for the Operating and other programs Category funding in the expenditure plan draft (included at the end of this attachment). The next section details Metro's staff recommendation, including descriptions, justifications, projected need and projected funding allocations for each of the categories.

Metro Staff Recommendation

<p>Transit Operations</p> <p>20%</p>	<p><i>For countywide transit operations (consistent with ridership patterns), Metro and Municipal Operators, allocated through the Formula Allocation Procedure (FAP). Funding will improve system safety and customer service, and fund state of good repair while providing faster, frequent, reliable and accessible services, while prioritizing enhanced services in transit dependent areas.</i></p>
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Los Angeles County requires a robust, accountable and sustainable plan to meet the transportation needs of its 10.4 million residents. In addition to being one of the most populous, Los Angeles County is also the most congested region in the nation after Washington, DC. Los Angeles County residents, on average, spend 80 hours of their time and 19 gallons of fuel in traffic jams each year. With the population expected to grow by another 750,000 people in the next decade, alternatives to driving alone are needed now more than ever in order to ease congestion in the region. In order to encourage use of public transit, improvements must be made in the following areas:

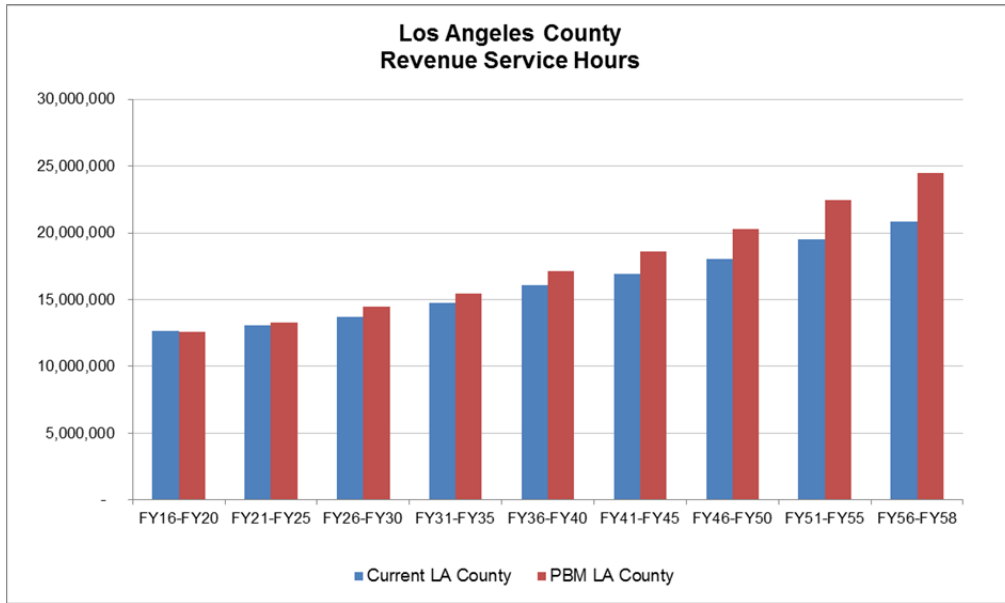
- **Faster Service:** Investing in more BRT services, expanded freeway bus services and other, more direct and on demand “emerging transit alternatives”, will decrease travel times for our customers. In addition, bus stop dwell times will be reduced through additional off board fare payment options and street improvements such as bus stop bulb out (curb extension).
- **Frequent Service:** Establishing all-day frequent bus service on high demand corridors will increase the convenience, usability, and attractiveness of the transit network.
- **Reliable and Accessible Service:** With improved line management, more fixed guideways, transit priorities, and accessibility to more transit services, this provides residents with greater public access, that they can count on, to all parts of the County.
- **System safety:** Providing a safe system for our riders and our communities is essential. The safety of our system includes the maintenance and improvement of our infrastructure (from vehicles, transit facilities, bus stops, stations, etc.) as well as the safety of our patrons.
- **Customer experience:** Enhancing the overall customer experience is essential in attracting more riders to our expanding system. As emerging technology becomes the foundation of everyday life for a changing demographic, we need to ensure the system is simple to use, convenient, and provides instant information. Advancements in technology that not only provides real-time information on schedules and service alerts, but also for promotions relevant to location, time of day, day of week, or discounted fares based on real time service demand, will ensure that our system stays ahead of the technology curve that will be expected from LA County residents and visitors alike.

Focusing on these areas will improve the overall customer experience and provide the region with better transportation options and a balanced transit system for the next century.

With the expansion of Metro Rail service throughout the county, municipal operator systems are critical feeder services and first/last mile connections to new infrastructure expansion. Throughout the region, funding from the potential ballot measure would also be used to expand the regional transportation system in innovative new ways to accommodate demographic and demand shifts. By creating a balanced, more flexible multi-modal

transportation system, more people will be able to travel at the same time, easing congestion and speeding up travel time countywide.

As service expands and mobility improves throughout the region, ridership is projected to increase over the next 40 years. The chart below illustrates the projected the increase in revenue service hours throughout the county over the next 40 years.



Transit services (bus services – Metro and Municipal Operators, BRT, and Metro Rail) throughout the county will have the capacity to double, with transit usage and ridership potentially tripling. With faster, frequent, reliable, accessible services available, shifts in current travel modes to public transit will reduce single occupancy vehicles and ease congestion throughout the county.

Transit Operations			
(\$ in millions)	Annual Allocation	Annual (\$FY18)	Total (\$YOE)
Existing Measure R (ends FY39)	20% of 1/2 cent	\$170.2	\$5,796.0
Potential Ballot Measure Addition			
FY18 - FY39	20% of 1/2 cent	170.2	5,796.0
FY40 - FY57	20% of 1 cent	340.4	18,127.0
Total PBM Addition			\$23,923.0
Total Measure R + Potential Ballot Measure (FY18 - FY57)			\$29,719.0

The Potential Ballot Measure will provide up to an additional \$23.9 Billion, over the next 40 years to ease congestion throughout the county. Transit operations funds will be distributed to Metro and the Municipal Operators according to the Formula Allocation Process (FAP).

Recommendation – 20% over the life of the expenditure plan, providing approximately \$23.9 Billion in year of expenditure.

<p>Local Return</p> <p>16%</p>	<p><i>For 88 local jurisdictions and Los Angeles County, allocated by population. Funds are used for communities' transportation needs, including transit, streets and roads, storm drains, "Green" streets, Active Transportation Projects, Transit Oriented Communities' Investments and other unmet transit needs.</i></p>
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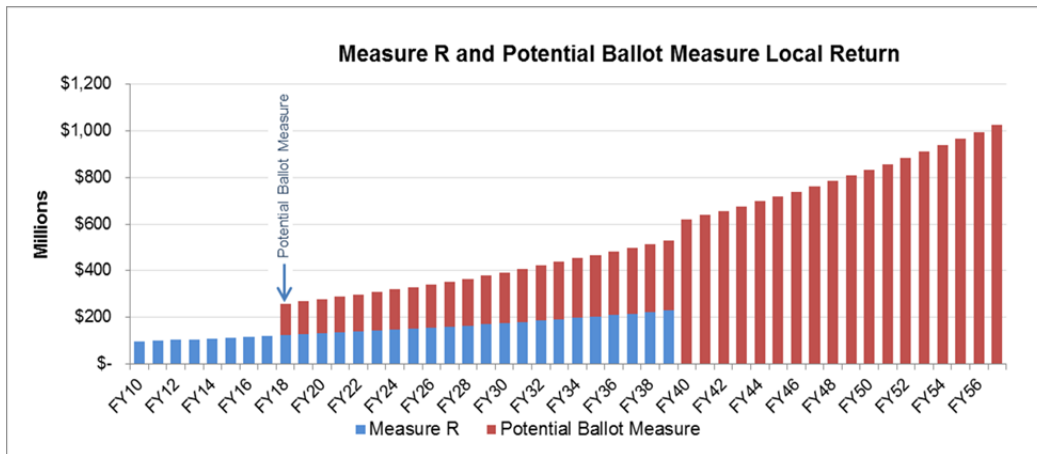
Each of Metro's sales tax measures includes a dedicated funding source for allocation to local jurisdictions throughout Los Angeles County. These funds are used by 88 cities and the County of Los Angeles for their transit services, transportation projects and infrastructure improvements. There are more than 4700 miles of major roads and local streets with hundreds of traffic control devices such as traffic signals, pedestrian crossing signs, and signal synchronization systems.

The Potential Ballot Measure will more than double the Measure R Local Return funds from 2017 to 2057 (forty years), with 15% of Measure R sales tax receipts plus 16% of the new ballot measure's receipts going to Local Return. These additional funds will be used to improve local neighborhoods and communities with projects such as major street resurfacing and rehabilitation, pothole repair, left turn signals, Active Transportation Projects (ATP) such as bikeways, pedestrian improvements, and traffic control measures such as signal synchronization, technological innovations. They will also provide additional funding for local transit services, such as those represented by the LTSS and Tier 2 operators.

Local Return			
(\$ in millions)	Annual Allocation	Annual (\$FY18)	Total (\$YOE)
Existing Measure R (ends FY39)	15% of 1/2 cent	\$127.7	\$4,347.0
Potential Ballot Measure Addition			
FY18 - FY39	16% of 1/2 cent	\$136.2	4,637.0
FY40 - FY57	16% of 1 cent	272.4	14,501.0
Total PBM Addition			\$19,138.0
Total Measure R + Potential Ballot Measure (FY18 - FY57)			\$23,485.0

The Potential Ballot Measure will provide up to an additional \$19.1 Billion, over the next 40 years to pursue each local cities' transportation priorities and needs.

Currently, 9% of the Measure R Local Return funds are used for public transit. The Potential Ballot Measure provides maximum flexibility for local jurisdictions for use of these funds, allowing jurisdictions to potentially double the amount they can allocate for local transit or for other transit projects, based on their priorities and needs.



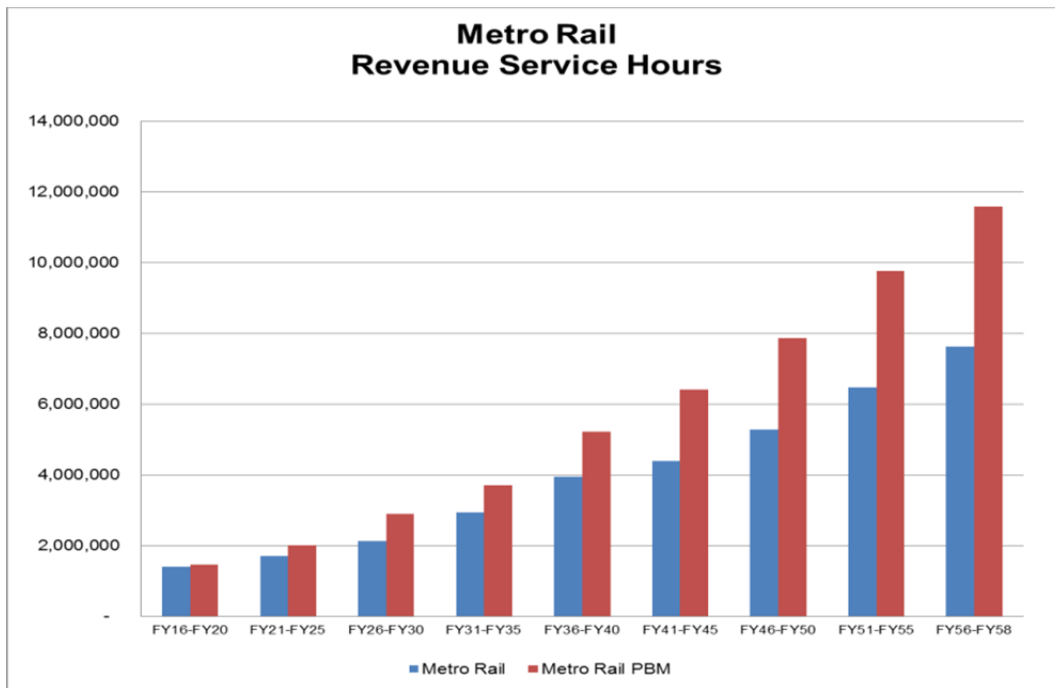
As part of the Local Return program, oversight and maintenance of efforts will be developed, with annual audits, providing for strict oversight and full transparency on the use of these funds to ensure compliance with the ordinance. Local Return program guidelines will be developed through a Working Group that is represented by the cities. The guidelines will provide for flexible financing options, allowing local jurisdictions to issue its own debt or work with Metro to issue bonds on their behalf.

Recommendation – 16% over the life of the expenditure plan, providing approximately \$19.1 Billion in year of expenditure.

<p>Metro Rail Operations</p> <p>5%</p>	<p><i>For Metro Rail Operations, emphasizing system safety, improved customer service and faster, frequent, reliable and accessible services. To fund growing rail operating needs and rail state of good repair due to the expansion of the rail system.</i></p>
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Metro Rail is the backbone of the county’s transit network, providing service in highly congested corridors and moving more riders at greater speeds. Historically, every time a rail line opens, transit ridership has increased, doubling in that corridor. Rail service is provided on fixed guideways, resulting in faster and more reliable service. Not only does rail relieve congestion by offering another transit option, it also transforms communities by presenting transit-oriented development opportunities around rail stations. As these projects open and the Metro Rail network expands, dedicated funding will be needed to operate and maintain the service necessary to serve the mobility needs of the region. Funds can be used to supplement rail state of good repair needs.

In FY15, the Metro Rail system consisted of six lines and 87 route miles. Within the next few months, it will expand to 106 route miles, and by 2030 grow to over 125 route miles. The new ballot measure will provide even more: over 100 more route miles, over 20 light and heavy rail lines and over 70 more stations. New funding dedicated to Metro Rail operations will address this need. Supplementing the 5% allocation for Metro Rail operations from Measure R with another 5% and ensuring the funding will continue until at least 2057 are critical steps to the success of the plan for Metro Rail expansion.



Over the next 40 years, rail service has the capacity to increase up to 10 times, with frequent service allowing for 2 minute headways and more car consists to meet ridership demands. With this expansion and increase, rail service could represent half of the county’s transit services. Rail service increases system speed and capacity for transit, allowing for more boardings per hour and per mile, to ease congestion and traffic in the county.

Metro Rail Operations			
(\$ in millions)	Annual Allocation	Annual (\$FY18)	Total (\$YOE)
Existing Measure R (ends FY39)	5% of 1/2 cent	\$42.6	\$1,449.0
Potential Ballot Measure Addition			
FY18 - FY39	5% of 1/2 cent	42.6	1,449.0
FY40 - FY57	5% of 1 cent	85.2	4,532.0
Total PBM Addition			\$5,981.0
Total Measure R + Potential Ballot Measure (FY18 - FY57)			\$7,430.0

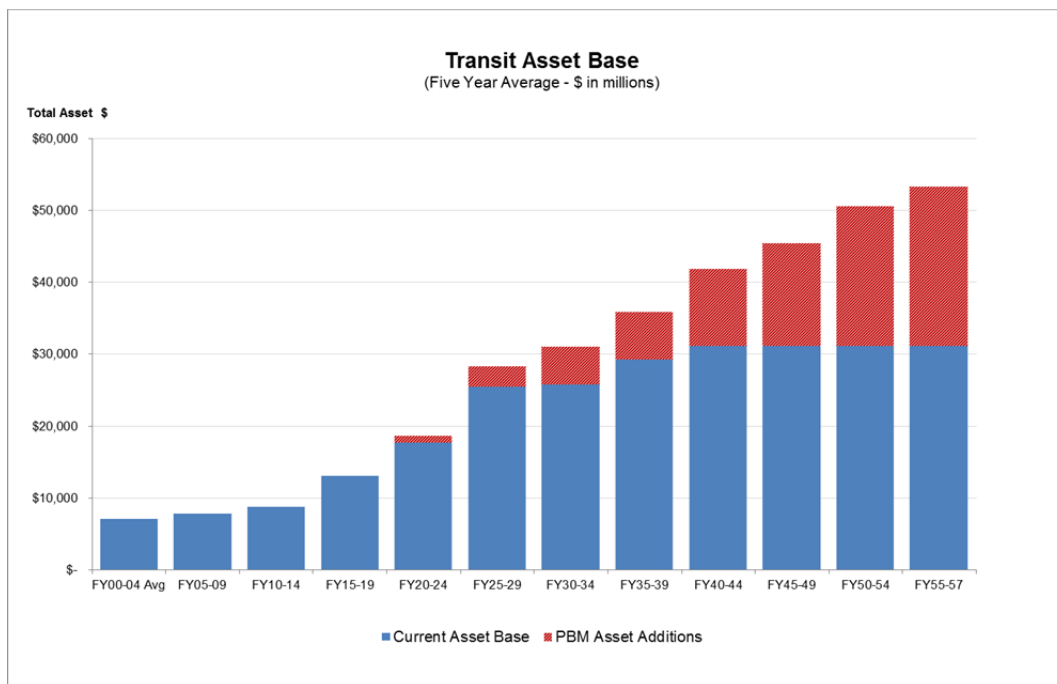
The Potential Ballot Measure will provide up to an additional \$5.9 Billion, over the next 40 years to ease congestion throughout the county.

Recommendation – 5% over the life of the expenditure plan, this would provide approximately \$5.9 Billion.

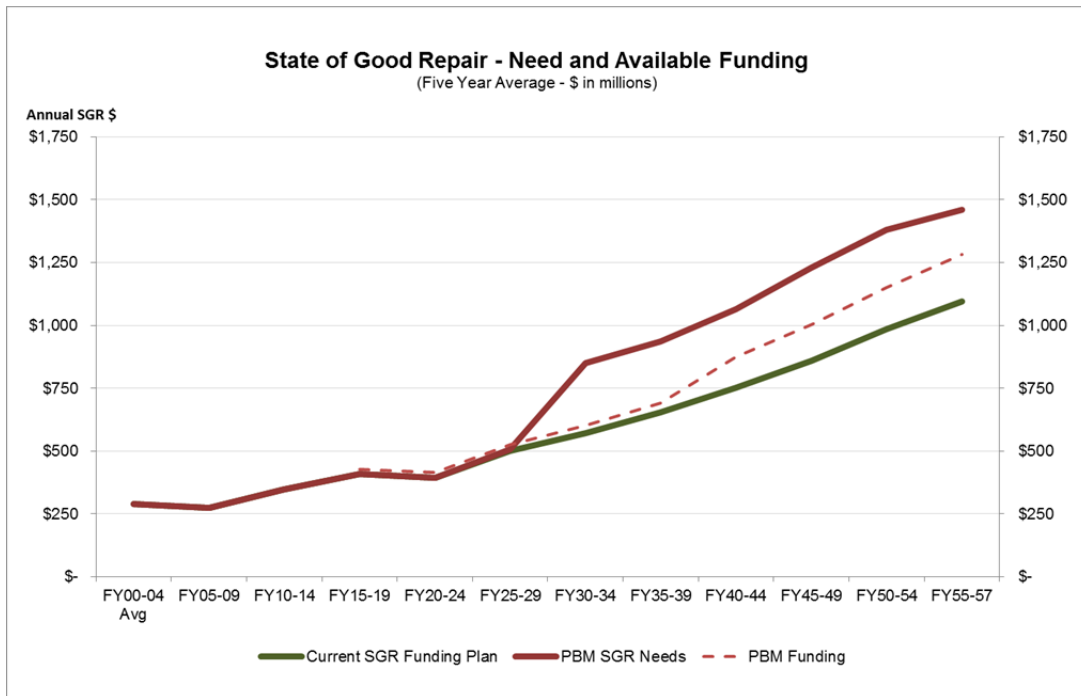
<p>Metro State of Good Repair, Safety Improvements and Aging Infrastructure</p> <p>2%</p>	<p><i>(NEW) A robust state of good repair program is necessary to keep the current aging infrastructure, such as Blue Line, and expanding system in top form. A dedicated funding source will allow for quality, reliable, on-time, and uninterrupted services for our riders. Currently no dedicated funding for state of good repair exists.</i></p>
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State of Good Repair is closely aligned with safety and security and is the first mega-trend that all transit agencies are facing. While we continue to expand, it is critical to take care of what we have and what we will build to prevent safety issues. An emphasis on SGR is critically necessary to keep the expanding transit system in top form. A robust SGR funding program is a top tier priority to ensure safety, earthquake retrofitting of infrastructure, and to prevent breaks in service delivery or unanticipated equipment failures during the course of providing transit service for Metro’s 1.4 million average daily boardings.

Thanks to Measure R, the Metro Rail transit infrastructure will grow to over 125 route miles by 2030. This combination of older and newer rail systems places increased loads on our older rail infrastructure to service the new destinations. To address this, Metro must ensure that we maintain the existing Metro Rail system, which in some corridors is over a quarter century old and does not have a dedicated funding source for its increasing SGR needs. In addition, our asset base continues to expand as we build new lines, and SGR expenses for new services will increase accordingly.



The asset base will continue to grow as Measure R projects are completed and as older assets are replaced. For the FY15-FY19 time frame, the estimated asset base will be over \$14 billion and is estimated to be over \$50 billion, after the term of the new ballot measure. The chart below shows the projected funding need to maintain these assets in a state of good repair. The red line denotes our projected funding need, the green line denotes our current funding plan, the gap between these two lines is the funding gap.



The resources needed to maintain this expanding system will need to grow. Assuming an average asset lifespan of 25 years, revenue sources will be insufficient to keep up with the costs associated with State of Good Repair efforts. In recent years, Metro has been diverting Operations eligible funding to supplement SGR project resources. While this is helping to restore assets in a state of good repair, it is not a sustainable practice. A 2% allocation of the potential ballot measure will alleviate near term funding pressures to maintain SGR. However, with the continued asset growth due to transit expansion beyond Measure R, the 2% allocation is also not a long term solution to the SGR problem as costs to maintain growing Metro assets is expected to outpace available SGR dedicated resources. Metro is taking steps to further mitigate this funding gap in the Asset Management Plan by utilizing a condition-based asset approach, which will assess the assets' condition rather than just the age of the asset.

State of Good Repair, Safety Improvements and Aging Infrastructure			
(\$ in millions)	Annual Allocation	Annual (\$FY18)	Total (\$YOE)
Existing Measure R (ends FY39)	None	-	-
Potential Ballot Measure Addition			
FY18 - FY39	2% of 1/2 cent	17.0	580.0
FY40 - FY57	2% of 1 cent	34.0	1,813.0
Total PBM Addition			\$2,393.0
Total Measure R + Potential Ballot Measure (FY18 - FY57)			\$2,393.0

The Potential Ballot Measure will provide up to \$2.4B over the next 40 years to maintain our expanding and aging infrastructure. This dedicated funding source will allow us to leverage federal and state grants and bond financing.

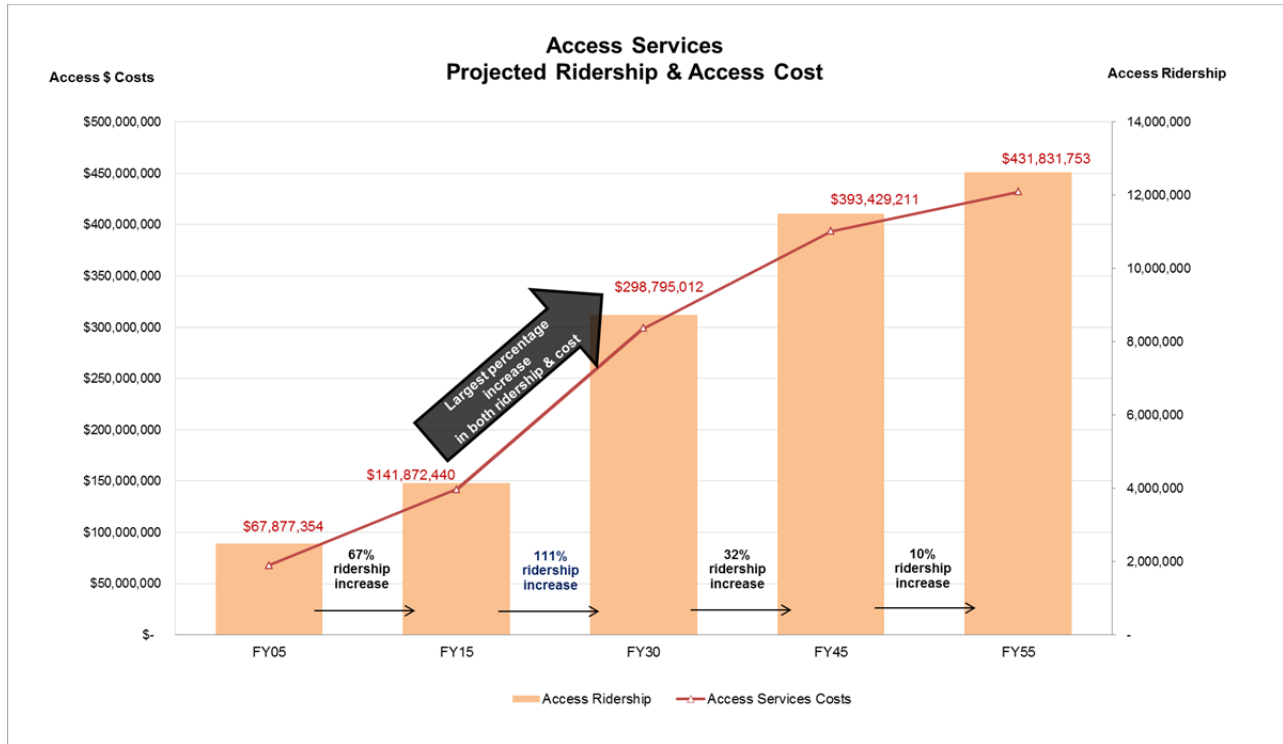
Recommendation – 2% over the life of the expenditure plan, providing approximately \$2.4 Billion in year of expenditure. Note: Create provision where Metro Board can increase State of Good Repair percentage after 2039, based on the condition of assets, when approximately 15 rail lines will be in operation.

Americans with Disabilities Act (ADA) Paratransit Services for the Disabled; Discounts for Seniors and Students
2%

(NEW) To fund paratransit services mandated by the American with Disabilities Act (ADA) and student discounts. Currently no dedicated funding for ADA-mandated paratransit exists.

Paratransit services are mandated by the Americans with Disabilities Act (ADA). In Los Angeles County, ADA paratransit is currently provided by Access Services (Access) on behalf of 44 fixed-route operators including Metro. No funding for ADA paratransit service was included in previous ballot measures. ADA paratransit costs and demands are growing due to demographic shifts of an aging population of baby boomers and cuts in human services transportation funding.

The provision of compliant ADA-mandated paratransit services is considered a civil right under federal law and must be appropriately funded. Access has traditionally been funded using federal and local funds which have not been growing at the same rate as ADA paratransit demand. From 2005 through 2015, demand for ADA paratransit services has increased by 67% and is expected to continue growing at a significant rate in the years ahead, as seen in the graph below. Over the next 15 years, ADA ridership is expected to significantly increase by 111%, with projected costs doubling to \$298M in FY30.



In order to minimize the impact of funding for other fixed route services, there is a pressing need for a new, dedicated source of funding to maintain a quality, compliant ADA paratransit system.

ADA Paratransit Service for the Disabled; Discounts for Seniors and Students			
(\$ in millions)	Annual Allocation	Annual (\$FY18)	Total (\$YOE)
Existing Measure R (ends FY39)	None	-	-
Potential Ballot Measure Addition			
FY18 - FY39	2% of 1/2 cent	17.0	580.0
FY40 - FY57	2% of 1 cent	34.0	1,813.0
Total PBM Addition			\$2,393.0
Total Measure R + Potential Ballot Measure (FY18 - FY57)			\$2,393.0

The Potential Ballot Measure will provide up to \$2.4B over the next 40 years to serve our seniors and people with disabilities in the coming decades, which is one of the primary challenges to transit systems on both an operational and financial basis.

Recommendation – 2% over the life of the expenditure plan, providing approximately \$2.4 Billion in year of expenditure.

Regional Rail 1%	<i>Improvements for regional rail service within Los Angeles County, includes operating, maintenance, expansion, and state of good repair</i>
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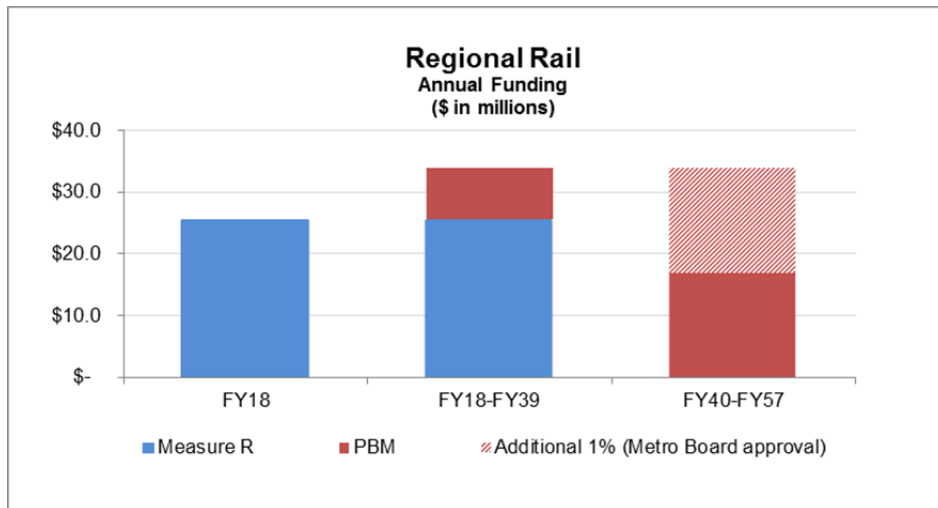
Metrolink is the only inter-county commuter rail system, providing connectivity for Los Angeles County residents with long distance travel options between six counties in Southern California. Commuter Rail funding will be eligible for operating, maintenance, expansion and state of good repair improvements within Los Angeles County.

As Metrolink’s largest partner, Metro is seeking to increase services and safety investments throughout Los Angeles County. Funds will be used to provide strategic investments in additional track capacity, grade crossing and other safety improvements and enhance service levels in the Antelope, San Fernando, and San Gabriel Valleys. Proposed projects include pedestrian and vehicle crossing improvements in the cities of Lancaster, Palmdale, and Santa Clarita and the continued implementation of Sealed Corridor improvements on Metro owned rights-of-way through the San Fernando Valley. Additional projects include track expansion improvements in the San Fernando Valley to allow increases in system speeds and increase service capacity. With increased services the need for vital safety improvements, Metro has also targeted over 160 railroad crossings in Los Angeles County that are in need of vital improvements to enhance the safety of residents, pedestrians, and passengers alike.

Additional service expansion is also expected on the Antelope Valley, as a first priority and San Bernardino Lines, carrying the largest number of Los Angeles County residents. Increased mid-day and nighttime services are necessary to address the reverse peak and off-peak service as Metrolink transitions to a more balanced regional rail system offering bi-directional travel.

Metro currently provides the largest commuter rail funding contribution to the commuter rail agency, Metrolink, among all of the Member Agencies. However, this funding amount is not in alignment with Metrolink’s governance structure. As a partner in Metrolink, Metro’s contributions are matched by up to an additional \$3 dollars by the other Member Agencies and fare revenues – each dollar can equal up to four. Capital Expenditures are matched up to a dollar for dollar basis by Federal, State or other Local Funds.

Regional Rail			
(\$ in millions)	Annual Allocation	Annual (\$FY18)	Total (\$YOE)
Existing Measure R (ends FY39)	3% of 1/2 cent	\$25.5	\$869.0
Potential Ballot Measure Addition			
FY18 - FY39	1% of 1/2 cent	8.5	290.0
FY40 - FY57	1% of 1 cent	17.0	906.0
Total PBM Addition			\$1,196.0
Total Measure R + Potential Ballot Measure (FY18 - FY57)			\$2,065.0



The Potential Ballot Measure will increase Regional Rail allocation by \$8.5M annually from FY17-FY39, for a total of \$1.2 Billion over the life of the measure to pursue vital infrastructure improvements. In addition, Regional Rail capital projects are also eligible to participate in the 2% of the regional asset projects, included in the 32% Transit Construction portion.

Recommendation – 1% over the life of the expenditure plan, providing approximately \$1.2 Billion in year of expenditure. Note: Create provision where Metro Board can increase Regional Rail percentage up to an additional 1% after 2039 based on verifiable service improvements.

Working Group Formation and Process

The final list of categories and Working Group representatives for each category is as follows:

- **Transit Operations:** The Los Angeles County Municipal Operators Association (LACMOA) provided the following representatives:
 - › Art Ida, Culver City Bus Lines
 - › Ed King, Santa Monica Big Blue Bus
 - › Kim Turner, Torrance Transit
- **Metro Rail Operations:**
 - › Melissa Wang, Metro
- **State of Good Repair:**
 - › Greg Kildare, Metro
- **Commuter Rail:**
 - › Art Leahy (replaced by Anne-Louise Rice), Southern California Regional Rail Association (SCRRA)
- **ADA Paratransit:**
 - › Andre Colaiace, Access Service
- **Local Transit Systems:** The Local Transit Systems Subcommittee (LTSS) provided the following representatives:
 - › Justine Garcia, City of Glendora
 - › Sebastian Hernandez, City of Pasadena
- **Tier 2 Operations:**
 - › Kari Derderian, Los Angeles Department of Transportation (LADOT)
 - › Kathryn Engel, City of Glendale
- **Local Return:** The Technical Advisory Committee (TAC) provided the following representatives:
 - › Pat DeChellis (replaced by Pat Proano), Los Angeles County Department of Public Works
 - › Dan Mitchell, LADOT
 - › Mohammad Mostahkami, City of Downey

The Working Group met five times from November 2015 through January 2016. Realizing no single interest group was going to get everything desired, the Working Group negotiated down to three options, each of which had varying levels of support from the representatives, with Option 1 as the preferred option. These three options are presented in the table below.

Working Group Results

The funding breakdowns of the final three options considered by the Working Group are shown in the table below. The augment and extend construct of the Potential Ballot Measure builds on and dovetails with Measure R. For that reason and for comparison purposes, the closest equivalent Measure R categories are also shown.

**Potential Ballot Measure Non-Capital Working Group
Final Funding Breakdown Options and Priority Votes**

Option Number	1	2	3	Measure R (for Comparison)
Option Sponsor	Metro	Local Return	Commuter Rail	
Funding Category				
Transit Operations (Distributed by FAP)	20%	20%	20%	20%
Metro Rail Operations	5%	5%	5%	5%
Metro State of Good repair	6%	3%	1%	2% Rail Imp, \$150M Clean Fuel Buses
Commuter Rail (Ops/Cap Flexible)	1%	1%	5%	3% Capital Only
ADA Paratransit (Ops/Cap Flexible)	3%	1%	2%	0%
Local Transit Systems (LTSS)	0%	0%	1%	0%
Tier 2 Operators	0%	0%	1%	0%
Local Return	15%	20%	15%	15%
Total Percentage of Entire Measure	50%	50%	50%	45%+
Subgroup Priority Ranking (1=highest)				
LACMOA Municipal Operators	1	2	3	
ADA Paratransit	1	3	2	
Commuter Rail	2	3	1	
LTSS/Tier 2	3	2	1	
Local Return	2	1	3	
Metro	1	2	3	
Average Subgroup Priority Score	1.67	2.17	2.17	
Average Subgroup Priority Ranking	1st	2nd (tie)	2nd (tie)	

Limiting the Operations and other Programs funding to 50% of the total created tight constraints for all categories. For example, the Local Return percentage in all three options falls below the 25% level requested by the North County and South Bay COGs in their Initial Stakeholder Input Submittals. In the case of Local Return, the COG's Capital funding requests for Active Transportation Projects and/or Transit projects, eligible categories for Local Return dollars, provides supplemental funding to the percentages listed on this table.