Attachment B

Long Range Transportation Plan and Potential Ballot Measure Framework Working Assumptions

Mobility Matrices/Bottoms-Up Process

Through various correspondences, meetings, and actions, the Metro Board directed that a proposed ballot measure follow a “bottoms-up” process that began with the Mobility Matrix process. The Mobility Matrices, as directed by the Board in February 2014, were completed in collaboration with the sub-regions and received by the Board in April 2015. The work began with an inventory of projects that was drawn from prior planning processes, such as the LRTP Strategic (unconstrained) Plan, but went further to identify any new needs not identified previously. In January 2015, the Metro Board also created a Regional Facilities category that includes Burbank Bob Hope Airport, LAX, Long Beach Airport, Palmdale Airport, the Ports of Long Beach and Los Angeles, and Union Station. Continuing discussions are being held with Regional Facilities representatives and other Stakeholders on the appropriate role for Metro in addressing the presence of these facilities within Los Angeles County. In the end, this process identified over 2,300 projects totaling over $273 billion in 2015 dollars.

Concurrent with the work of the sub-regional and regional facilities groups, staff worked closely with other stakeholder groups described above to determine their priorities and policy considerations. Metro executives attended several productive meetings with coalitions of leadership representatives from environmental, active transportation, business, and disadvantaged community organizations. These leaders jointly expressed significant support for a potential ballot measure, if it properly balances their mobility, economic development, and environmental justice concerns. In December 2015, the Board adopted performance metrics framework for analysis of proposed projects.

Performance Based Planning Improves Systemwide Results

The evaluation process for the elements of the Plan above was intended to determine whether to include and how to sequence new projects to be added to the plan relative to other new projects. In addition, the Performance Metrics were used to guide recommendations regarding the potential acceleration of some Measure R projects already in the LRTP relative to other Measure R projects. The Metro Board of Directors also stipulated that these acceleration recommendations be considered by staff only to the extent that other existing LRTP projects remain on their current LRTP funding schedules and no later. The intent is to prevent any existing LRTP project delays, while at the same time enabling the possible acceleration of highly beneficial major projects.

Subregional Input on Project Priorities

As of September 1, 2015, Metro received the project priority and policy input from the Sub-Regional Planning Areas. Attachments D contains draft Stakeholder Input project lists that staff has synthesized in order to summarize the subregional input. Attachment D completed one phase of the multi-phase stakeholder and public input process, except for the Westside Cities Council of Governments (COG). The Westside Cities COG submitted an unconstrained list of transportation priorities December 1, 2015. Attachment D now reflects that unconstrained request along with the amount requested in excess of their target. The staff recommendation is to remain constrained to no more than the working assumption target provided to the Westside Cities COG.

The subregional targets, as well as other working assumptions for the Ballot Measure framework that were presented to the Board in December 2015 include the following:

Augment, Extend, and Sunset Assumptions

The 2017 LRTP is currently assumed to cover the time period from 2017 – 2057 (forty years) and incorporate projects funded by the Metro Board in the 2009 LRTP that sunsets in the year 2039 with Measure R. The three principle alternatives to this assumption revolve around these decisions: extend the existing tax or not; augment the existing tax or not; and place a sunset on the new tax or not.

SB 767 (de León) provides the Metro Board maximum flexibility for all three of these alternatives. For example, the Metro Board could alternatively elect to propose an extension only, like Measure J, or it could elect to propose only an increase, without an extension, like Measure R. Finally, the Metro Board could change the sunset year of the tax (now tentatively assumed to be 2057) or eliminate it altogether, like Proposition A and Proposition C.

The following considerations led staff to the 2057 LRTP augment, extend, and sunset assumption, as follows:

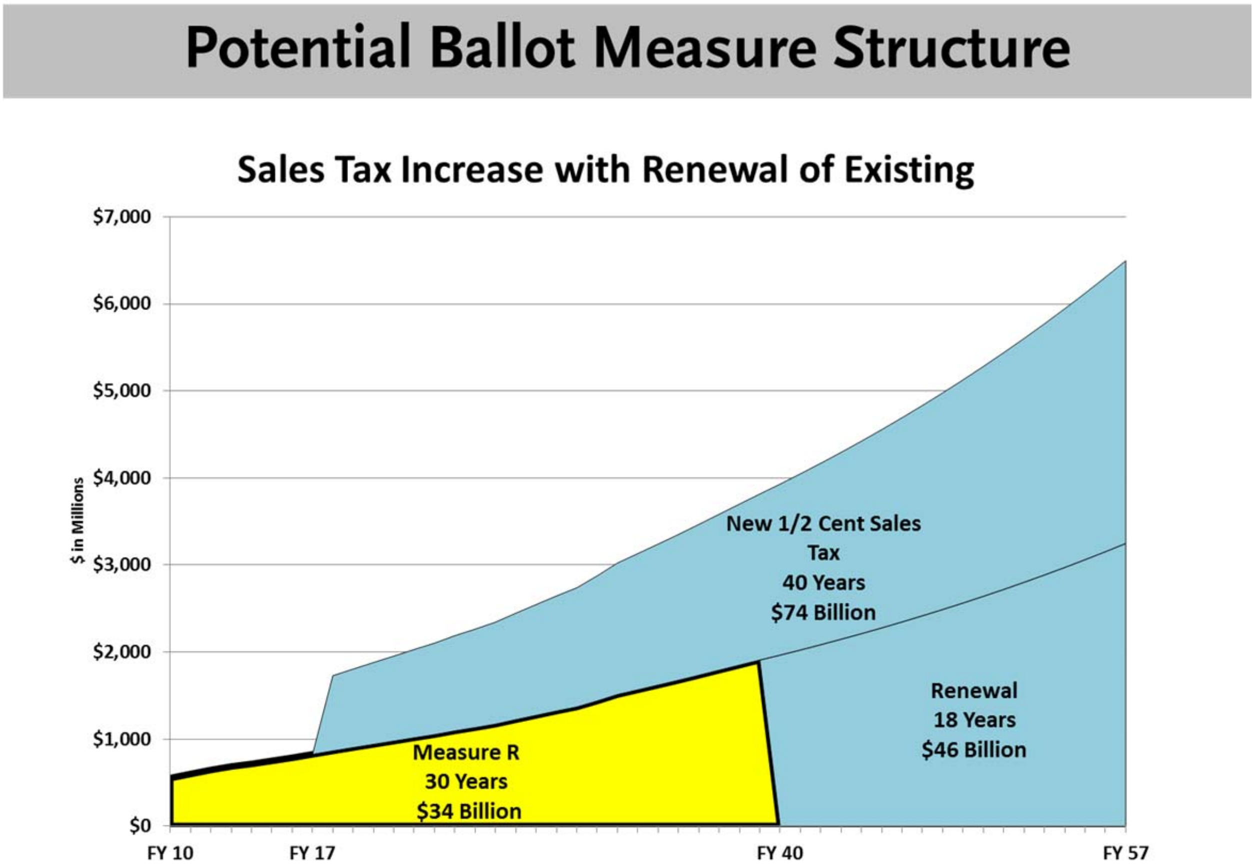
- Unmet transportation infrastructure improvement needs: The Mobility Matrix process concluded that the entire inventory of needs for transportation capital improvements countywide was between $157 and $273 billion (in 2015 dollars). Shorter sunsets did not provide enough resources to develop the necessary level of consensus given this need;

- Market research indicates public support for transportation improvements: Past statistically reliable quantitative surveys conducted found no significant advantage to including a sunset clause in a Los Angeles County transportation sales tax ballot measure;

- Alameda County super majority: In November 2014, 70% of voters in Alameda County approved a ballot measure that augmented an existing ½ cent transportation sales tax while at the same time extending the original ½ cent transportation sales tax when it expired; and

- Subregional feedback included a desire to accelerate existing Measure R priority projects, which could be facilitated, in part by replacing the Measure R tax when it sunsets.

As a result of these considerations, the LRTP Framework assumes an augment and



extend approach similar to the Alameda County strategy, as shown in Table 1 below:

Augmenting Metro's existing transportation sales taxes for at least a 40 year period (through the year 2057) and also replacing an existing sales tax (Measure R) expiring in 2039 will provide the best opportunity to secure the necessary resources to address the public's desire for transportation improvements. Prior to making a final decision next year, the results of further market research will be provided to the Metro Board.

Project Cost Inflation and Sales Tax Revenue Growth Assumptions

The SB 767 (de León) expenditure plan requirement to schedule projects and show approximate completion dates raises the need to assume the impact of inflation over time on project and program costs. The initial project costs were requested in 2015 dollars and our cost inflation assumption is 3% per year.

The sales tax revenue growth assumption is 3.8% per year through 2040 and 3% thereafter. The difference between inflation cost growth and revenue growth through 2040 is primarily economic growth from the UCLA Anderson School Forecast of taxable sales for Los Angeles County. Countywide Planning staff has found the UCLA Anderson School Forecast to be the best available for our long term planning needs.

Optimal Subregional Target Assumptions

The transparent process required by SB 767 (de León) and the bottoms-up process directed by the Metro Board required Countywide coordination of subregional revenue assumptions. To prioritize the enormous unmet transportation capital needs identified in the Mobility Matrix process, the subregions needed to know roughly what they could expect for capital improvements from the assumed augment and extend approach to the potential ballot measure.

Staff worked with the subregions to develop subregional revenue targets they could use for their priority setting process. To divide revenues into subregional targets, staff considered prior discussions with the subregions before developing a new approach. The purely current population and employment approach in Measure R led to later disagreements about extending that approach beyond 2039 in Measure J. Representatives from high population and/or employment growth areas felt the 2005 data used for Measure R was inequitable for taxes that would extend well beyond 2039, as proposed in Measure J.

To respond to these very valid concerns, staff interpolated Southern California Association of Governments 2008 population and 2035 employment information to establish 2017 and 2047 population and employment data points, as shown in Table 2:

Basis for Optimal Targets Vary by Subregion

Optimization Will Require Supplemental Non-Measure Funds by the LRTP Horizon Year

40 Years	12.11% =	$4.5 billion

Subregion	Population		Employment		Pop/Emp, 2017/2047 Blend	Optimal Sub-Regional Share %	Δ%
	2017	2047	2017	2047			
Arroyo Verdugo	4.99%	4.79%	7.54%	7.82%	6.28%	7.82%	1.53%
Central Los Angeles	18.98%	19.12%	18.05%	18.01%	18.54%	19.12%	0.58%
Gateway Cities	19.84%	19.27%	16.63%	16.15%	17.97%	19.84%	1.87%
Las Virgenes/Malibu	0.85%	0.81%	1.38%	1.42%	1.12%	1.42%	0.30%
North Los Angeles County	7.42%	9.40%	5.42%	6.84%	7.27%	9.40%	2.13%
San Fernando Valley	14.66%	14.19%	14.21%	14.09%	14.29%	14.66%	0.37%
San Gabriel Valley	16.17%	16.14%	13.10%	12.76%	14.54%	16.17%	1.63%
South Bay	10.62%	10.13%	10.60%	10.16%	10.38%	10.62%	0.24%
Westside Cities	6.46%	6.14%	13.06%	12.75%	9.60%	13.06%	3.46%
Grand Total	100.00%	100.00%	100.00%	100.00%	100.00%	112.11%	12.11%

- Source Data: SCAG RTP12 Socio-economic Data (SED)
- 2017 and 2047 year data interpolated/extrapolated from SCAG 2008 and 2035 Projections. Back-up data available on request.
- In this version, Arroyo Verdugo consists of Burbank, La Crescenta-Montrose, La Canada Flintridge, Glendale, Pasadena and South Pasadena. That means both Pasadena and South Pasadena have been taken out of San Gabriel Valley to be included in Arroyo Verdugo subregion.

REVISION #3

As one can see from the data in Table 2, at least one subregion had a credible argument to use each of four differing basis for the targets. To avoid disagreements over the basis of the targets to be used, Metro staff offered a blended approach and an optimal approach. The blended approach added-up to 100%, but the optimal approach would not at 112%. This meant the optimal approach would require approximately $4.5 billion in non-measure funds from existing taxes beyond the 2009 LRTP planning horizon of 2039, but within the new LRTP planning horizon of 2057. The subregion's all preferred the optimal target approach and Metro staff found it to be workable and concurred, making the optimal basis the consensus choice for the initial subregional priority setting exercise.

Before calculating the subregional revenue targets, assumptions were also needed about how much of the anticipated revenue from the augment and extend approach might be dedicated to multi-modal capital improvement purposes. Measure R had 55% dedicated to these purposes. It should be emphasized that for discussion purposes, staff assumed that roughly half of the new tax, about $60 billion, could go for multi-modal capital improvement purposes, though we cautioned that this was ultimately a decision expressly reserved for the Metro Board when more information about all needs were known.

Roughly half the tax, about $60 billion, is on a year of expenditure basis while the project cost data identified in the Mobility Matrices is based on current year dollars instead. This required that the value of the $60 billion, again roughly half the tax, be deescalated before being made available to each subregion as a target on a current dollar basis. This enabled the subregions to directly compare their target to the project cost data they already possessed.

Table 3 shows the end result of the target setting consensus, subregional targets in deescalated dollars comparable to project cost data on the same basis:

Table 3, Consensus Subregional Targets:

Optimal Capital Improvement Targets
Year of Expenditure $'s (includes inflation) vs. Current $'s (excludes inflation)

Subregion	Optimal Sub-regional Share %	Pay-Go (YOE, No Bonds)			De-escalated to Current 2014 $		
		Tier 1 - New 1/2 Cent 40 Years (FY 18-57)	Tier 2 - 1/2 Cent Renewal 18 Years (FY 39-57)	Total	Tier 1 - New 1/2 Cent 40 Years (FY 18-57)	Tier 2 - 1/2 Cent Renewal 18 Years (FY 39-57)	Total
Arroyo Verdugo	7.82%	$ 2,889	$ 1,772	$ 4,661	$ 1,125	$ 506	$ 1,631
Central Los Angeles	19.12%	$ 7,062	$ 4,332	$ 11,394	$ 2,750	$ 1,237	$ 3,987
Gateway Cities	19.84%	$ 7,328	$ 4,495	$ 11,823	$ 2,853	$ 1,284	$ 4,137
Las Virgenes/Malibu	1.42%	$ 525	$ 322	$ 842	$ 204	$ 92	$ 296
North LA County	9.40%	$ 3,472	$ 2,130	$ 5,602	$ 1,352	$ 608	$ 1,960
San Fernando Valley	14.66%	$ 5,415	$ 3,321	$ 8,736	$ 2,108	$ 949	$ 3,057
San Gabriel Valley	16.17%	$ 5,973	$ 3,663	$ 9,636	$ 2,325	$ 1,046	$ 3,371
South Bay Cities	10.62%	$ 3,923	$ 2,406	$ 6,329	$ 1,527	$ 687	$ 2,214
Westside	13.06%	$ 4,824	$ 2,959	$ 7,783	$ 1,878	$ 845	$ 2,723
Subregional Total	112.11%	$ 41,411	$ 25,399	$ 66,810	$ 16,123	$ 7,255	$ 23,378

1) Optimal targets are each subregion's share of the proposed revenues based on the greatest percentage of four possible measures: i) current population; ii) future population; iii) current employment; or, iv) future employment. The following table has more information.
2) Dollars in millions.
3) YOE = Year of Expenditure.
4) Santa Clarita included in North LA County.
5) Arroyo Verdugo includes Burbank, Glendale, Pasadena, So. Pasadena and La Canada-Flintridge, and La Crescenta-Montrose.

Financial Constraints

All projects submitted are anticipated to be included in the LRTP update, they must be categorized in one of two ways: financially constrained (funding plan) or financially unconstrained (no funding plan). These financial constraints are defined in federal planning regulations as revenues that can be reasonably expected to be available. The assumptions focus on revenues reasonably expected to be available. Tax and other revenues not yet authorized in law or by a policy body can only be included if based on reasonable assumptions, such as a pattern of periodic authorizations by the applicable legislature or policy making body. Aggressive assumptions that have no reasonable basis are not permitted by the Clean Air Act and other policy actions of the federal government. For transit agencies seeking New Starts funds, periodic reviews of financial capacity reasonableness are also required. These reviews can be stricter than regulatory reviews stemming from the federal planning regulations.

Cost Effectiveness

One key performance metric that is applied to all major highway and transit projects is an evaluation of costs versus benefits, with the benefits defined as those in the Performance

Metrics Framework. While a specific cost effectiveness measure is not shown in Attachment A, it will be calculated through the performance evaluation process using the other measures of project benefit. This explains why a specific weight is not assigned to cost effectiveness, even though it is important that all projects recommended through this process meet cost effectiveness criteria.