

Measure J



Extending the Half-Cent Sales Tax to Accelerate Traffic Relief and Job Creation

Overview

In June 2012, the Metro Board authorized placing Measure J on the November 2012 ballot to extend an existing voter approved half-cent transportation sales tax, until 2069, in order to accelerate the construction of regional traffic relieving highway and transit projects. The measure will also provide 30 additional years of funding for local transportation improvements and operation of regional transit services.

What is Measure J?

Measure J will extend for 30 additional years the existing one-half cent sales tax that was approved in 2008 (Measure R) and is currently set to expire in 2039. The additional funds will be used to sell bonds, which will allow Metro to accelerate construction of transportation improvements. According to a 2008 study by the private non-profit Los Angeles County Economic Development Corporation (LAEDC), the current tax costs residents an average of \$25 per person per year. Because Measure J will extend the existing sales tax, it is anticipated the costs will remain the same, adjusted for inflation. Tourists and businesses also contribute money through the sales tax. The Measure also allows transit and highway funding priorities to be shifted between projects within subregions of Los Angeles County, if approved by a two-thirds vote of the Metro Board.

Regional Impact

LAEDC reports that the projects accelerated through Measure J will advance the creation of 250,000 new local jobs (direct, indirect and induced workers). By starting construction on seven rail and rapid transit projects, and up to eight highway projects within the next five years, instead of the twenty years currently planned, this job creation will be accelerated. The measure will also provide an additional thirty years of continued funding for local transportation improvements (ex. pothole repair, signal synchronization, local roadway and bridge safety improvements), countywide bus and rail service operations, Metrolink and Metro Rail Capital improvements, and administration. The LAEDC concludes that these activities will generate another 220,000 (direct, indirect and induced) jobs after 2039 in addition to the employment advanced by the transit and highway project acceleration noted above.

Taxpayer Oversight

Under the existing Measure R, there is an annual independent audit and report to taxpayers, and ongoing monitoring and review of spending by the independent taxpayer oversight committee. The reports are available for public review on the internet and in public libraries. This oversight will continue with Measure J.

The 2008 Half-Cent Sales Tax Measure for Transportation

A half-cent sales tax increase was passed by the voters of LA County in 2008 to provide local resources to finance new transportation projects and advance those already in the pipeline. This measure appeared on the ballot as Measure R and is in place for 30 years, until 2039. Not all projects are fully funded and some won't be completed until the end of that 30-year period. It also provides funding for Metro bus and rail operations, money for local jurisdictions to complete their own transportation projects, and for Metro's administrative costs.

Measure J

Measure J would extend the half-cent sales tax another 30 years, to 2069. Metro would bond against the amount of monies forecasted to be generated during these additional 30 years in order to accelerate construction of seven rail and rapid transit projects, and up to eight highway projects.

Revenue Generated

Measure J is forecast to generate approximately \$90 billion more in local sales tax revenue over the 30 year period from 2039 to 2069.

Acceleration of Projects via Measure J

Congress recently expanded a federal loan program called the Transportation Infrastructure Finance and Innovation Act (TIFIA). This program allows Metro to sell more bonds (up to 35 years) and the proceeds from the sale of these bonds would accelerate the construction of transportation projects. The bonds will be repaid over time, with interest (currently 2.73%).

Administrative Costs

Measure R provides for Metro administrative costs of no more than 1.5% each year. Measure J would continue this appropriation.

Projects That Will Be Accelerated By Measure J

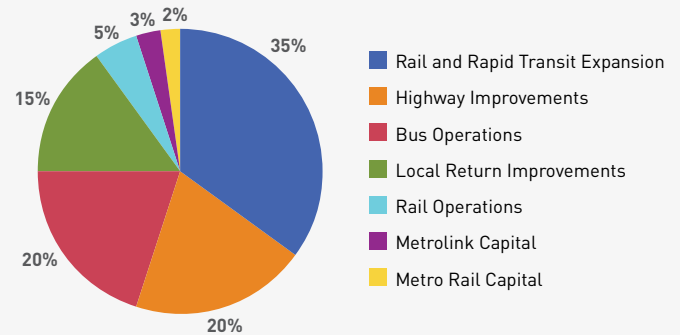
All projects will be within Los Angeles County. The accelerated transit projects include the second phase of the Gold Line Eastside Extension; the Green Line Extension to Los Angeles International Airport; the Green Line Extension: Redondo Beach Station to South Bay Corridor; the West Santa Ana Branch 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.

Metro anticipates that the following highway projects will be accelerated: 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.

Other Eligible Projects and Programs

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.

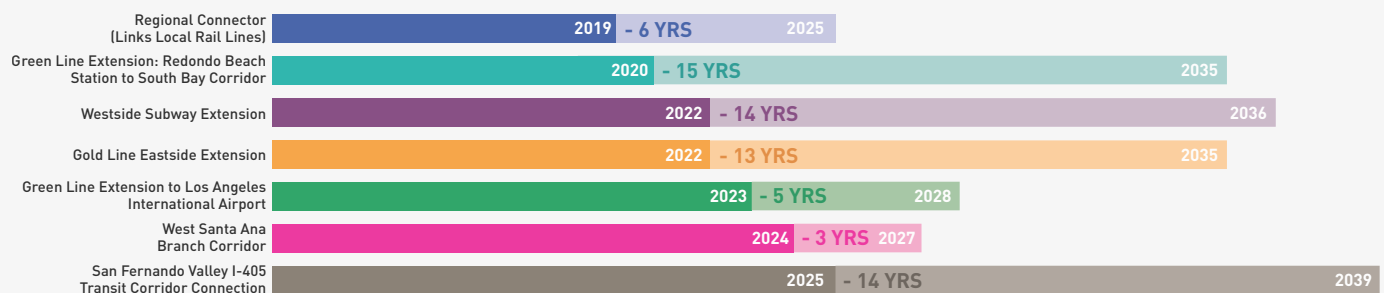
Expenditure Plan After 1.5% administration costs



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. (Visit metro.net/measurej for a city listing.)

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.

Transit Project Acceleration



Transit and Highway Projects to be Accelerated by Measure J



Project Names

Rail and Rapid Transit Expansion

- R1 Exposition Boulevard Light Rail Transit
- R2 Crenshaw Transit Corridor
- R2* Crenshaw Transit Corridor
- R3 Regional Connector: Links Local Rail Lines
- R4 Westside Subway Extension (to be opened in segments)
- R5 Gold Line Eastside Extension* (one of two routes TBD)
- R6 Gold Line Foothill Light Rail Transit Extension
- R6* Gold Line Foothill Light Rail Transit Extension
- R7 Green Line Extension: Redondo Beach Station to South Bay Corridor
- R7* Green Line Extension: Redondo Beach Station to South Bay Corridor
- R8 Green Line Extension to Los Angeles International Airport*
- R9 San Fernando Valley North-South Rapidways: Canoga Corridor (Metro Orange Line Extension Completed 2012)
- R10 San Fernando Valley East North-South Rapidways*
- R11 West Santa Ana Branch Corridor*
- R12 San Fernando Valley I-405 Transit Corridor Connection*
- R13 Metrolink Capital Improvement Projects (Los Angeles County)

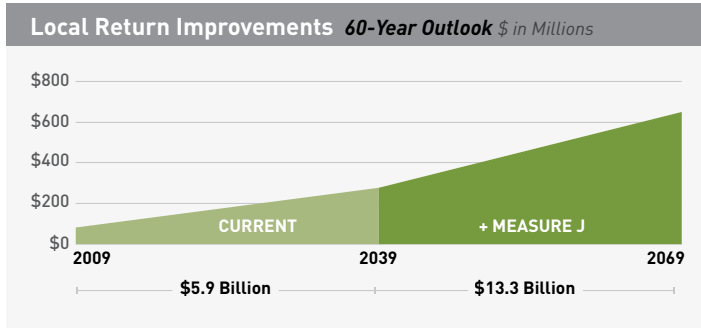
Highway Improvements

- H1 I-5 Capacity Enhancement: SR-134 to SR-170
- H2 I-5 Capacity Enhancement: I-605 to Orange County Line
- H3 I-5/Carmenita Rd Interchange Improvement
- H4 I-5/SR-14 Capacity Enhancement
- H5 I-405, I-110, I-105 and SR-91 Ramp and Interchange Improvements: South Bay*
- H6 I-5 North Capacity Enhancements: SR-14 to Kern County Line (Truck Lanes) (Phase 1)
- H6 I-5 North Capacity Enhancements: SR-14 to Kern County Line (Phase 2)*
- H7 I-710 South and/or Early Action Projects*
- H8 SR-138 Capacity Enhancements*
- H9 High Desert Corridor (environmental)*
- H10 I-605 Corridor "Hot Spot" Interchanges*
- H11 Highway Operational Improvements in Arroyo Verdugo Subregion*
- H12 Highway Operational Improvements in Las Virgenes/Malibu Subregion*
- H13 SR-710 North Gap Closure*
- H14 Burlington Northern Santa Fe Grade Separations in Gateway Cities*
- H15 Alameda Corridor East Grade Separations Phase II*
- H15 County-wide Soundwall Construction

* Specific routing and funding to be determined through the environmental process and Metro's Long Range Transportation Plan

Projects that can be funded include:

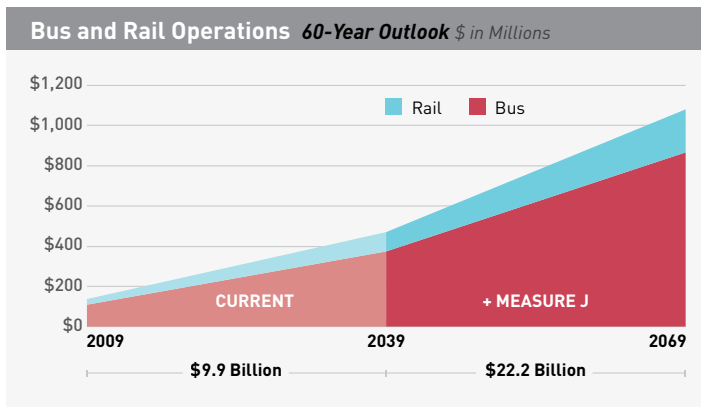
- > pothole repair
- > signal synchronization
- > local roadway and bridge safety improvements
- > bikeway and pedestrian enhancements
- > local transit services
- > carpool and rideshare programs
- > discounted transit fares for residents



Measure J for Bus and Rail Service

Under the current Measure R, 20% of the funds go to bus operations and 5% go to rail operations (after 1.5% for administrative expenses are collected).

Measure R will generate \$9.9 billion for transit operations and is scheduled to end in 2039. Measure J will generate \$22.2 billion for bus and rail services over an additional 30 years, until 2069. These revenues can also be used to help keep fares low for seniors, students and the disabled.



Projects Completed or Under Construction Using Current Measure R Funds

Two rail projects are currently under construction: the second phase of the Expo Line between Culver City and Santa Monica, and the Gold Line Foothill Extension between Pasadena and Azusa.

Environmental studies have been completed for three other rail projects – the Crenshaw Transit Corridor Project, the Regional Connector (links local rail lines) and the Westside Subway Extension.

The first Measure R project, the Orange Line Busway Extension to Chatsworth, opened on June 30, 2012.

Measure R highway projects under construction include: a carpool lane on the 5 freeway between the 134 and 170; the carpool lane connector between the 5 and 14 freeways; and the widening of the 5 freeway at the Orange County line.

Funding for Operating New Projects

Metro will have sufficient funding to operate all new projects once they are completed.

The Federal Transit Administration (FTA) reviews Metro’s financial plans on a regular basis and the FTA’s latest rating indicates that Metro can pursue future building plans.

Measure J will allow Metro to continue a dedicated source of funding for transit operations for another 30 years beyond the current period. Metro also has identified several sources of revenue in future years that may be used for operating new transit lines: lease revenue from new development at Union Station, new ad revenue from rail expansion, and federal Congestion Mitigation and Air Quality funds available between now and 2040.

Funding for New Projects

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 is a required document listing the highest priority projects in LA County. Accelerated project completion is anticipated to free up other non-Measure J funds for new projects. This would occur sometime after completion of the accelerated projects in approximately 2025. The Measure J funds themselves are not expected to be available to fund new major transit and highway capital projects until the loans used to accelerate the currently planned projects are repaid after 2050.

Expenditure Plan Amendments

Measure J would also allow funds to be shifted between transit and highway projects within the same geographic subregion of Los Angeles County, if approved by a two-thirds vote of the Metro Board. Under the current Measure R, Metro is permitted to make these revenue transfers once every 10 years, and only after 2019.



For additional information, visit metro.net/measurej.

