

**SENATE TRANSPORTATION & HOUSING COMMITTEE**  
**SENATOR MARK DESAULNIER, CHAIRMAN**

**BILL NO: SB 1037**  
**AUTHOR: HERNANDEZ**  
**VERSION: 3/24/14**  
**FISCAL: NO**

**Analysis by: Eric Thronson**  
**Hearing date: April 29, 2014**

**SUBJECT:**

Measure R project cost estimates

**DESCRIPTION:**

This bill requires the Los Angeles County Metropolitan Transportation Authority (LACMTA) to update its expenditure plan and Long-Range Transportation Plan (LRTP) before presenting another measure before the voters.

**ANALYSIS:**

In order to efficiently plan the state's near-term transportation expenditures, existing law requires regional transportation planning agencies to adopt, every odd-numbered year, a five-year regional transportation improvement plan containing all projects funded with state and federal dollars. These fiscally constrained plans are derived from regional transportation planning efforts identifying long-term transportation needs based on forecasted population growth and addressing mobility needs. The long-term regional transportation plans are not fiscally constrained, which means they include many more projects than there is likely to be resources available to build.

In the region overseen by the Southern California Association of Governments (SCAG), which includes the counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura, each county develops and adopts its own transportation plan and then submits that plan to SCAG for consolidation. The LACMTA adopted its LRTP in 2009, which includes projects for which it has identified funding as well as unfunded projects for future consideration. In developing its 2009 LRTP, LACMTA designated and partnered with nine subregions within Los Angeles County that identified their own transportation needs and priorities to be included in the LRTP.

Existing law permits a county board of supervisors to create a countywide transportation authority to plan and fund transportation projects within the county. These transportation authorities may impose a local sales tax for transportation purposes, if the tax ordinance is within statutory limits and abides by restrictions on local taxes contained in the California Constitution. Counties that have chosen to tax themselves for transportation purposes call themselves "self-help" counties because they have approved measures to help themselves address their own transportation problems.

In 2008, the Legislature passed and the governor signed AB 2321 (Feuer), Chapter 302, which authorized LACMTA to place before the voters an ordinance to increase the local transportation sales tax for 30 years by 0.5% in Los Angeles County. The statute required LACMTA to adopt an expenditure plan prior to submitting the ordinance to the voters, and identified 18 projects to

be included in that expenditure plan and in the LRTP. AB 2321 required LACMTA to include in the expenditure plan the anticipated completion date for each project. In November 2008, LACMTA placed the sales tax ordinance, referred to as Measure R, on the ballot and 67% of the voters approved the measure.

At the time voters approved Measure R, LACMTA estimated that the 30-year program would raise about \$40 billion. Because of the recession and general economic malaise that followed that vote, LACMTA adjusted its revenue estimates downward and now only expects the sales tax measure to generate about \$36 billion. To address this funding shortfall, LACMTA began a search for additional revenue or funding mechanisms to meet its transportation needs. In 2012, the Legislature passed and the governor signed AB 1446 (Feuer), Chapter 806, which authorized LACMTA to place before the voters an ordinance to either eliminate or extend Measure R's 30-year sunset date. The measure, put before the voters in November 2012, failed to achieve the two-thirds majority necessary for passage.

**This bill** requires LACMTA, prior to submitting another Measure R extension to the voters, to do the following:

1. Amend its expenditure plan and, for the 18 projects included in the original Measure R legislation, update the following information:
  - The identification or the specific program or source of non-Measure R funds.
  - The identification of the accelerated cost, if applicable, for each project and program.
  - The expected completion dates for each project and program.
2. Include in a revised and updated LRTP both the Measure R expenditure plan and all capital projects adopted and submitted to LACMTA by each of the nine Los Angeles County subregions.

#### **COMMENTS:**

1. Purpose. According to the author, LACMTA's process for determining cost estimates for projects in its expenditure plans is internal, and the agency may or may not solicit estimates from outside sources. Some have criticized this process and suggest it results in out-of-date figures and cost projections. Because of the uncertainty in how LACMTA determines its estimates, there is general unease between various subregions in Los Angeles County, and some worry that one project is being treated more favorably than another behind the scenes. This bill attempts to bypass efforts by individual project sponsors to increase their own share of funding by instituting a transparent method for determining cost estimates in which subregions submit their own updated estimates to LACMTA.
2. So what does this bill do? Given the problem identified by the author — the potentially questionable cost estimates in the expenditure plan — it is unclear how this bill provides resolution. It appears this bill either (1) puts into statute actions LACMTA already takes, such as including the expected completion dates for each project in the expenditure plan, or (2) requires information from LACMTA that may be difficult or impossible to obtain, such as the specific source of non-Measure R funds necessary for completion of each of the projects. While the bill requires LACMTA to update accelerated costs, if any, it does not require updated cost estimates for all projects. If the author wishes to resolve the stated

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problem, then the bill should be amended to require LACMTA to update the cost estimates of every project in the expenditure plan through a transparent process. The bill may also be amended to remove elements of the bill that do not address the problem. **In light of this, the committee may wish to amend the bill to reflect a solution to the stated problem of unclear cost estimates for all projects in the expenditure plan.**

3. Updating the LRTP. As stated earlier, LACMTA includes both projects with identified funding and unfunded projects in its LRTP. This bill requires LACMTA to include in a revised and updated LRTP all capital projects adopted and submitted to LACMTA by each of the nine subregions. It is unclear, however, whether including these projects presupposes that each would therefore become a funded project. **The committee may wish to amend the bill to clarify that including a project in the LRTP does not presuppose that the project will be funded at any particular point in the future.**
4. Previous legislation. SB 314 (Murray), Chapter 785, Statutes of 2003, established a list of projects that LACMTA was to construct with proceeds from a voter-approved 6.5 year, 1/2-percent sales tax. AB 2321 (Feuer), Chapter 302, Statutes of 2008, superseded SB 314.
5. Double-referral. The Rules Committee referred this bill to this committee and to the Governance and Finance Committee.

**POSITIONS: (Communicated to the committee before noon on Wednesday, April 23, 2014.)**

**SUPPORT:** None received.

**OPPOSED:** None received.