

8-4.5 FISCAL AND ECONOMIC CONDITIONS

8-4.5.1 Setting

a. Introduction

The setting describes baseline fiscal and economic conditions (i.e., local and regional employment levels and property tax revenues) by which the project alternatives are assessed in the impacts section. Data for the setting were obtained from the Southern California Association of Governments (SCAG), County and City of Los Angeles, U.S. Census Bureau, and the State Board of Equalization.

b. Employment and Economic Activity

Regional Economy

The study area for the San Fernando Valley is a part of the larger Southern California Association of Governments region (SCAG region) which encompasses Los Angeles, Orange, Imperial, Riverside, San Bernardino, and Ventura counties. However, most of the economic effects (e.g. property tax revenue losses) of the three Rapid Bus alternatives would primarily occur within the City of Los Angeles, where the majority of the proposed routes would be located. SCAG anticipates that employment in the City of Los Angeles as well as in the San Fernando Valley will continue to grow through the year 2020. See **Table 8-4.3-2** (Population and Employment Projections, 1990 - 2020) in Section 8-4.3 for detailed employment projections.

Local Economy

The local community directly affected by the RB-3, RB-5, or RB-Network alternatives would be the San Fernando Valley in the City of Los Angeles, a portion of the City of San Fernando, and a portion of the City of Burbank. In the 1980s, major employment centers were built in the Valley. While in recent years the Valley has lost many high-paying, skilled jobs in the aerospace and defense industry, it still retains a large, diversified economic base. Two major industries in the Valley are entertainment and tourism, which support the Warner Brothers, Disney, and MCA/Universal movie studios. By some accounts, approximately 70 percent of Los Angeles' entertainment companies are based in the Valley. Other leading employment areas in the Valley are service jobs in health, business, engineering, and wholesale trade.

c. Tax Sources & Revenues

This section describes the tax revenues generated in the County and City of Los Angeles. The tax revenues addressed are property taxes, sales taxes, and business license fees.



❑ Property Taxes

The RB-3, RB-5, or RB-Network alternatives would be on existing streets, and no properties would be acquired. Therefore, implementation of any these three Rapid Bus alternatives would not result in property tax losses because of property acquisitions.

❑ Sales Taxes

The RB-3, RB-5, or RB-Network alternatives would be on existing streets, and no businesses would be acquired or have their operations terminated. Consequently, implementation of any these three Rapid Bus alternatives would not result in sales tax losses because of displacements.

❑ Business License Fees

The RB-3, RB-5, or RB-Network alternatives would be on existing streets, and no businesses would be disrupted or acquired. Consequently, implementation of any these three Rapid Bus alternatives would not result in business license fee revenue losses.

8-4.5.2 Impact Analysis Methodology and Evaluation Criteria

The following impact section identifies the jobs generated by the operation of the RB-3, RB-5, or RB-Network alternatives. The impact section also discusses the losses in local jobs and property tax revenues due to property acquisitions. For purposes of this environmental document, a loss of jobs in excess of 1 percent of area employment would be considered a significant effect under CEQA. Property tax losses in excess of 1 percent of the area tax base would be considered a significant effect under CEQA.

8-4.5.3 Impacts on Fiscal & Economic Conditions

a. Employment Loss

The RB-3, RB-5, and RB-Network alternatives would not require any property acquisitions; therefore, no jobs would be displaced, and there would be no significant effect under CEQA on the local and regional job supply.

b. Employment Generated by Operation Expenditures

Operating expenditures generate direct (onsite and offsite) and indirect full-time equivalent employment (FTE). Direct, onsite FTE are the jobs generated to operate the bus system (e.g., bus drivers, road supervisors, maintenance workers, security personnel, and administrators and staff). Direct, onsite FTE figures for the additional alternatives were estimated by MTA and its consultants based on annual operations and maintenance expenditures. Direct, offsite jobs are



those jobs associated with the direct operation of the transit system and include employment in business services, insurance, motor vehicles, utilities, real estate, chemicals, petroleum/natural gas, and other industries. Indirect FTE jobs are the jobs required to support the direct employment and include employment in the service, restaurant, and hotel industries. Direct, offsite FTE and indirect FTE were derived by multiplying the estimated maintenance and operation costs by regional multipliers provided by the American Public Transit Association (APTA).

Table 8-4.5-1 (Full-Time Employment Generated by Annual Operations and Maintenance Expenditure) summarizes the FTE generated by the three RB alternatives in comparison to the BRT Alternative. Note that because FTE figures are estimated based on annual operations and maintenance expenditures, FTE figures increase with increasing costs. As discussed in detail in Section 8-6 (Financial Analysis and Comparison of Alternatives), the annual operating and maintenance costs are higher for the three RB alternatives than for the BRT Alternative. Accordingly, the three RB alternatives generate higher calculated FTE figures than does the BRT Alternative.

Table 8-4.5-1: Full-Time Employment Generated by Annual Operations and Maintenance Expenditure

| | BRT Alternative (\$22.50)¹ | RB-3 Alternative (\$21.23)¹ | RB-5 Alternative (\$22.18)¹ | RB-Network Alternative (\$30.63)¹ |
|-----------------------------|--|---|---|---|
| Direct Onsite ² | 237 | 304 | 321 | 440 |
| Direct Offsite ³ | 219 | 206 | 216 | 298 |
| Total Direct ⁴ | 456 | 510 | 537 | 738 |
| Indirect ⁵ | 622 | 697 | 733 | 1,007 |
| Total Annual FTE | 1,078 | 1,207 | 1,269 | 1,745 |

Notes:

FTE (Full time-equivalent employment) is a 40-hour work week regardless of the actual number of employees used to comprise that week, and is used to account for variations in weekly average work hours among industries.

¹ Dollars are in 2001 million dollars and represent annual system operation and maintenance costs.

² Direct onsite FTE was estimated by MTA and its consultants based on annual operations and maintenance expenditures.

³ Direct offsite FTE is equivalent to the operation and maintenance costs multiplied by a regional multiplier of 972.04 that assumes \$100 million in annual operations and maintenance expenditures. The regional multiplier was provided by the American Public Transit Association (APTA). Direct offsite FTE includes jobs in business and professional services (24%), insurance (16%), transportation (8%), motor vehicles (8%), utilities (7%), real estate (6%), chemicals (6%), petroleum/natural gas (5%), and other industries (20%).

⁴ Total Direct FTE is the summation of direct onsite FTE and direct offsite FTE.

⁵ Indirect FTE is equivalent to the total direct FTE multiplied by a regional multiplier of 1.365 that was provided by APTA.

Source: UltraSystems Environmental, Manuel Padron & Associates, MTA, 2000, 2004; American Public Transit Association, April 1, 1983.



❑ RB-3 Alternative

It is estimated that annual operation and maintenance expenditures for the RB-3 Alternative would generate 304 direct, onsite FTE jobs (see **Table 8-4.5-1**). These employees could be hired from either the local area or from outside the County of Los Angeles.

Direct offsite and indirect employment would also be required for the operation of the bus system. As shown in **Table 8-4.5-1** the annual operation and maintenance expenditures for the RB-3 Alternative are anticipated to generate 206 direct offsite FTE jobs, and 697 indirect FTE jobs, for a total of 1,207 FTE jobs.

The creation of these new jobs would be a beneficial impact to the local and regional economy.

❑ RB-5 Alternative

It is estimated that annual operation and maintenance expenditures for the RB-5 Alternative would generate 321 direct, onsite FTE jobs (see **Table 8-4.5-1**). These employees could be hired from either the local area or from outside the County of Los Angeles.

Direct offsite and indirect employment would also be required for the operation of the bus system. As shown in **Table 8-4.5-1**, the annual operation and maintenance expenditures for the RB-5 Alternative are anticipated to generate 216 direct offsite FTE jobs, and 733 indirect FTE jobs, for a total of 1,269 FTE jobs.

The creation of these new jobs would be a beneficial impact to the local and regional economy.

❑ RB-Network Alternative

It is estimated that annual operation and maintenance expenditures for the RB-Network Alternative would generate 440 direct, onsite FTE jobs (see **Table 8-4.5-1**). These employees could be hired from either the local area or from outside the County of Los Angeles.

Direct offsite and indirect employment would also be required for the operation of the bus system. As shown in **Table 8-4.5-1**, the annual operation and maintenance expenditures for the RB-Network Alternative are anticipated to generate 298 direct offsite FTE jobs, and 1,007 indirect FTE jobs, for a total of 1,745 FTE jobs.

The creation of these new jobs would be a beneficial impact to the local and regional economy.

c. Tax Revenue Loss

The RB-3, RB-5, and RB-Network alternatives would not require any property acquisitions; therefore, there would be no loss of tax revenues and thus no significant effect under CEQA.

8-4.5.4 Mitigation

The RB-3, RB-5, and RB-Network alternatives would not result in any loss of employment or tax revenues. These three Rapid Bus alternatives would generate a number of new jobs, which would be a beneficial effect to the local and regional economy. Thus, the three Rapid Bus alternatives would not present a significant impact under CEQA to fiscal and economic conditions, and no mitigation measures would be necessary.

